

JACARANDA COUNTRY CLUB VILLAS CONDOMINIUM ASSOCIATION, INC

C/O Sunstate Association Management Group, Inc.

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TREASURER'S REPORT

JCCV Annual Meeting 3/22/2021

Major Financial events in 2020:

- 1- We are on schedule to repay the "loans" from reserves resulting from the asset failures in the summer of 2019. We had to drill 2 new wells for the geothermal heater at the pool, repair the resulting landscape damage, and fix the pond bank between 831 and 833. This was \$20,000 of work, of which \$4349 was expensed by cutting back other areas of the expense budget, and \$15K was borrowed from reserves to be paid back in 2020-2021.
- 2- Phase 2 of 3 phases was completed on the driplines project. When this is completed in first quarter 2021, the the buildings can be repainted. Until then the rust staining is too much of a problem.
- 3- We bought the rest of the new furniture for the pool in December 2019 for delivery in January 2020. This was \$5621. We are budgeting for no more pool furniture for 7 years.
- 4- We finished the year with net income of \$14,845 and reserves balance of \$53,757 on assets of \$107,000.
- 5- Total capital expenses for 2020 were \$0, reserves additions were \$16,372. The long range plan is to have reserves in the \$85,000+ range by December 2022. We have budgeted to add \$16,622 to reserves in 2021.
- 6- The biggest expected expense from reserves is \$20,000 to replace the pool liner when the Health Department inspection says "its time". Normal replacement date is January 2025, however the expense is covered now if it has to be refurbished earlier.

Financial Plans for 2021

1-Major budget categories are:

50.53% Insurance

27.67% Grounds

12.5% Pool

9.3% Admin

100% Total (\$242,430)

2-Dues are \$820/quarter for 2021 so that we repay the geothermal well drilling expenses and pond bank erosion projects (\$15,212) back into Reserves by December 2021 and for the other reasons discussed below.

3-We are also budgeting a 15% increase (\$9,000) in insurance for 2021, vs 0% increase we had in 2020. Our insurance increased by \$11,000 in 2020 which was more than we budgeted, so we increased our wind deductible from 3% to 5% which kept our costs the same as 2019. We anticipate increases in casualty insurance rates, especially reinsurance, not only for recent hurricanes (FL Panhandle) but wildfires in California, tornadoes and flooding in the Midwest, and similar acts of nature that all compete in the reinsurance market. For frame of

reference, our annual insurance topped out at \$147,046 in 2014-2015 before it started decreasing, compared to \$118,000 budgeted for 2021-2022.

4-Why can't we self finance our insurance premium using reserves like some Associations do?

Because our Reserves are \$53,000 on an asset base of \$107,000 and our insurance premium is over \$109,000 so the math will NEVER work. Consequently we finance thru Premium Assignment Corp which requires \$18,333 down and 10 payments of \$9242/month which includes a 6% annual interest rate to borrow \$107,000.

Also our condo documents require the owner rather than the Association to pay to replace roofs, paint building exteriors, and maintain driveways/walkways. Consequently our reserve requirements are lower than these other types of Associations.

5-Why don't we look for another insurance agency to lower our insurance cost?

Because Brown & Brown, our current agency, sends our request for quote *to every carrier in Florida that writes condo insurance and has the financial ability to pay our claims (as rated by Demotech, AMBest, or a review of their financial statements)*. This is done 120 days prior to the renewal date (June 18) and the carriers start releasing their quotes about 30 days prior to our renewal date. The 39 page Insurance Summary the Board receives (about June 7), shows the carriers' responses. For 2020 we received responses from 23 carriers.

There is no reason to change agencies as Brown & Brown is already including all FL carriers in their Request For Quotes. *Given the size of Brown & Brown, they can hands down negotiate the most competitive/comprehensive program available for our association. In the 10 years we've been with Brown & Brown, they've saved us \$47,645 by identifying lower cost carriers as market conditions changed.*

Brown & Brown is the largest insurer of condo properties in the state of Florida and the nation's 4th largest insurance broker. The Sarasota office handles over \$50,000,000 in annual premiums and represents over 5,000 clients with a 95% retention rate. Our agent has a staff of 40 people supporting him. Before this, we were with Moody Agency from 2003-2011. In 2011 Brown & Brown gave us a quote that showed we could *save \$23,000* with a comparable carrier so we switched to Brown & Brown since they were doing a better job of finding lower rates in the market.

We have 6 policies that cover Property, General Liability, Directors & Officers, Crime, Workmen's Comp (just in case) and Umbrella. The Association does not carry Flood Insurance but each owner can get a Preferred Flood policy if they so choose. Because we are a *condo* association, the Association is required to carry insurance on the buildings (up to and including the drywall). Owners need to carry H06 policies to cover build out from the drywall in, that makes a room a kitchen, bathroom, living room etc (sinks, toilets, showers, cabinets, flooring, wall covering, appliances, lighting) and upgrades to the original construction,(e.g. PGT hurricane windows/doors, high end air conditioners/heat pumps and similar upgrades from "basic, as originally built" in the 1980's.)

6-We are budgeting \$6400 for the last of 3 phases of the dripline project in January 2021. This is a prerequisite to painting the buildings in 2021-2022 (painting to be done by owners contracting with their painter.)

7-We are budgeting a \$700 increase in legal due to a condo amendment being prepared for owners to vote on at the annual meeting.

Judy Liston

Director, Finance & Insurance

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