



**Ultimar Three Condominium Association Inc.  
1560 Gulf Blvd. Clearwater, Florida 33767**

## **ULTIMAR THREE SPECIAL BOARD MEETING MINUTES**

**January 4, 2023**

### **1. CALL TO ORDER**

The meeting was called to order at 5:03 pm by Board President Rick Coté.

### **2. PROOF OF NOTICE AND ROLL CALL**

Mr. Reily advised that the meeting notice and agenda were posted on December 30, 2022.

The following Board members were in attendance:

**Rick Coté, President**  
**Said Gabriel, Vice-president (via ZOOM)**  
**Sergei Shishkin, Secretary (via ZOOM)**  
**Larry Hallas, Treasurer**  
**Jim Panzarella, Director (via ZOOM)**

The quorum was confirmed by roll call.

### **3. INVESTMENTS**

Mr. Hallas presented an option of investing the Reserve Fund money that are not needed for immediate reserve projects in Treasury Direct Account which currently produces more than 4% a year. That could give additional income of around \$40,000 annually for our Reserve Fund.

Mr. Hallas made a motion for the Board to authorize the investment in US Treasury securities as an appropriate investment vehicle. The motion was seconded.

Mr. Gabriel suggested to consider some other short-term investment options like Fidelity bonds. Mr. Shishkin commented that any investments should be in accordance with Association's governing documents.

The motion was reformulated as: The Treasurer be authorized to invest in US Treasury securities from our Truist Bank account subject to verification with the Association's statutory documents. The authorization shall remain in effect until revoked. This motion was unanimously approved.

The item was opened for owners' discussion. Mr. Fleites commented that investments rather than CDs in Florida banks may not be in accordance with our by-laws.

#### 4. INSURANCE

Mr. Hallas presented several slides to illustrate the development of the insurance situation of the Association.



**ULTIMAR III**  
The ultimate point of view.

**Board Meeting**  
**4 JANUARY 2023**  
**- Insurance**



**19<sup>th</sup> September- Broker Meetings**  
 ✓ new roof= good risk  
 ✓ expect +/- \$350,000 premium

**28 September- Hurricane Ian ≈\$30B**

**15 October- Board Meeting**  
 ✓ Proposed Budget \$355,000, \$4,700 deficit

**09 November- Hurricane Nicole ≈\$2B**  
 ✓ Insurance markets freeze up

**30 December- Insurance Finalized**

Description	2022 Forecast	2023 Budget	2023 UPDATE
<b>INCOME</b>			
Total Income	1,031,658	1,220,613	1,220,613
<b>EXPENSES</b>			
Insurance	241,280	354,787	557,004
Utilities	238,762	248,047	248,047
Payroll & Benefits	144,457	155,254	155,254
Contracted Services	51,222	72,275	72,275
Repair & Maintenance	43,847	56,866	56,866
Professional Services	36,046	16,704	16,704
Administration	7,566	6,350	6,350
Reserve Pool	287,489	315,043	315,043
Total Expenses	1,050,669	1,216,932	1,419,148
<b>Net Surplus/(Loss)</b>	<b>(19,011)</b>	<b>(4,712)</b>	<b>(198,535)</b>



**Ultimar III 2023 Budget**  
(v.15 unaudited)

**UPDATE:**  
**Property/Wind**  
**INSURANCE**  
**Budgeted: \$180,000**  
**Expected: \$375,000**

**SHORTFALL is**  
**\$195,000**

<b>INSURANCE HISTORY(\$K)</b>			
<b>Item</b>	<b>2022</b>	<b>2023</b>	<b>Δ %</b>
<b>Property ex Wind</b>	90.4	126.9	40
<b>Wind/Hurricane</b>	110.8	375.0	238
<b>Other Insurance*</b>	41.8	54.4	30
<b>Total</b>	243	556	<b>130%</b>

\* Excludes Flood through July '23 of \$16.3

Mr. Hallas explained the situation on the Florida insurance market that had negatively affected our financial position. He reminded that we increased our insurance expense by 42% to cover a 28% increase in our Building appraisal (\$59.9 million from \$46.7 million before) and expected the market increases due to the deteriorated Florida market conditions. All our policy renewals, except for Wind/Hurricane were within the expected ranges. However, Wind/Hurricane coverage for a building on a barrier island is totally out of reach with private insurance companies (premium quotes exceeded \$1 million). Therefore, we had to go to the Florida State insurance carrier - Citizens, to obtain coverage. Their annual premium is \$375,000 against our planned expense of around \$170,000. That translates to a 2023 budget gap of approximately \$200,000.

Mr. Coté added that, as we are required to have insurance covering the appraised value of our building, we have no choice but to pay these premiums. We will continue to explore options, during 2023 in order to obtain Wind/Hurricane insurance at better premiums. Hopefully we can get better rates going forward.

## 5. OTHER BUSINES

- **FUNDING**

In the following discussion Mr. Coté reviewed the available options to fund a deficit of about \$200,000 in our 2023 budget as follows:

- Increased dues by about 16% on top of the already introduced 14% increase for 2023;
- Partially funding the gap from prior year operating surpluses that are anticipated at about \$150,000 in owners' equity after the 2022 audit;
- Utilization of a Special Assessment of owners. A \$200,000 special assessment equates to about 2 months maintenance dues for each owner.

Mr. Hallas expressed his opinion that increasing dues again is not the right choice, as we hope to find better insurance options (or hopefully the insurance market improves) for 2024. It would be possible to partially fund the 2023 gap using prior year surpluses, but we should not reduce this reserve as the amount of \$150,000 covers only less than 2 months' worth of our operating

expenses. A better solution would be to fund this gap for 2023 by having a special assessment which on average is approximately a \$2,000 one-time payment for each unit.

Mr. Coté reminded that the Association would probably incur expenses from the Reserve Fund in excess of \$250,000 planned for the replacement or elimination of the building's glass towers. The excess may reach \$200,000. The glass towers' options were discussed at December Board meeting. To cover the 2023 insurance gap and the cost of glass towers' resolution would probably require approximately \$400,000 in special assessments to adequately address both issues. The \$400,000 special assessments equate to about 4 months regular maintenance dues for each owner. If your dues are \$1,000 then your assessment would be a \$4,000 one-time payment. We intend to go out to owners in the next 30-60 days, requesting their vote on funding the insurance premium gap and the glass towers' replacement or demolition options.

Mr. Gabriel suggested to create a separate fund to cover unexpected insurance expenses to avoid big special assessments.

- **MANAGER'S REPORT**

Mr. Reily informed that he was preparing a comprehensive report to the Board concerning issues related to our building and reported to the Board in his email of December 21, 2022 which read as follows:

“I continue to have serious concerns regarding the level of oversight and critical decisions made towards existing structural deterioration issues and failed environmental impact mitigation efforts. I believe the manner in which these repairs are carried out in general, with regard to the perimeter areas of the property, lack any predictive logical consideration and will continue an ongoing accelerated deterioration leading to a diminished integrity of the structure. The areas of concern and executive decisions I will be referencing are specific to the HOA common areas surrounding the building. I am in the process of compiling a more comprehensive report with pictorial documentation that will be presented when I have confirmed my beliefs with the City of Clearwater Building Department and specialists in this field.”

Mr. Coté stated that the Board is anticipating receiving this report soon.

- **OPEN DISCUSSION WITH OWNERS**

Ms. Hakim suggested that the Board consider raising deductibles to mitigate the increasing insurance costs. Mr. Coté responded that the Board had already investigated this issue, but the higher deductibles had an almost negligible effect on insurance premiums.

Mr. Fiedler proposed that, considering potentially significant budget deficits, the Board delay the implementation of Reserve projects like painting or gym renovation until the costly insurance and glass towers issues are resolved.

Mr. Schriver stated that the Board did not abide by the rules on the increase of fees.

Mr. Fleites commented that the repeated increases of fees were not a desirable step. He also suggested that more coordination and discussions on rising insurance costs should be held with two other Ultimar buildings, HOA and neighboring condominiums. That could create a bigger bargaining power vis-à-vis insurance companies.

Ms. Coté questioned the adequacy of insurance coverage for our common properties, especially the absence of flood insurance for HOA.

Mr. Schriver argued that property under HOA responsibility was properly insured.

Mr. Coté advised that, with time, more information on insurance issues would be available. Coordination on insurance matters with other buildings is difficult because of the differences in policy timing. There were discussions with other condominium associations aimed at creating a lobby group to promote more state regulation of the insurance market in Florida.

Mr. Foulds complained that his ZOOM connection was shut off at the last meeting before he finished his statement.

## **6. ADJOURNMENT**

The meeting was adjourned at 6:14 p.m.

The minutes were prepared by Sergei Shishkin