La Riva Del Lago BOD Minutes

January 7th 2025 4pm

I. Call to Order → 4:08pm
   a. Armani Zangari and Kevin Lovett from SRG were present on the call.
   b. La Riva Del Lago BOD members present on the call include
      i. Wayne Sullivan Member at Large
      ii. Fred Willumsen
      iii. Alex Henes President
      iv. Beth Bourgeois
      v. Jonathan Bourgeois
      vi. Mark Rudolph
      vii. Maris Davies – Altitude Law

II. Minutes
   a. The November 19th BOD meeting minutes were presented and approved with a motion made by Wayne Sullivan and seconded by Fred Willumsen. With no dissent the motion passed.

III. Board of Directors, Officer Positions
   a. Alex Henes volunteers for the role of President, Fred motioned to elect Alex and Beth seconded. The motion passed.
   b. Mark volunteers for Vice President, Alex motioned to elect Mark and Beth seconded. The motion passed.
   c. Peggy, who was not able to attend the meeting, was re-elected for her position as treasurer. A motion was made by Mark and seconded by Alex.
   d. Beth volunteers for the position of Secretary. A motion was made by Mark and seconded by Alex.
   e. Member at Large positions were assigned as follows. A motion was made to elect Fred and Wayne to these rolls and it passed.

IV. Insurance Renewal Update
   a. The 2024-25 Insurance Policy Renewal has been completed effective 12/18/2024 with Assured Partners. It was noted that multiple insurance carriers, including HUB Insurance (the insurance agent used by the La Riva Commercial Owner) were unable to provide competitive quotes. It was

further noted that the Association was no longer eligible for insurance on the primary market and had to move to the secondary market due to the addition of the new night club in 2024. Premiums on the secondary market are much higher than those on the primary market.

b. Armani Zangari from SRG reported that Assured Partners has received the initial down payment in the amount of $64,307.90. It was noted that these funds came out of the association's reserve account.
c. It was reported that the assc. will now have 10 installments of $16,176.53 to pay monthly starting on the 18th of January and reoccurring on the 18th of every month going forward.
d. Insurance rebilling to the Commercial Owner; The Board discussed the billing to the Commercial Owner for their portion of the Annual Insurance premium. This billing occurs each January. Upon discussion the Board approved the Commercial rebilling formula as follows, which includes the typical 34.6% billing amount as presented in the Governing Documents as well as the addition of the excess premium charged for the need to move to the Secondary insurance market due to the Night Club exposure as this is supported by Section 13.6 of the Declaration.

   Billing Amount; the Amount to Bill the Commercial unit Owner was calculated based on the following.
   The formula for calculating the bill to Commercial is:
   2024 Total Premium: $50,752.37 (34.6 % billed to Commercial and 65.4% billed to residential)
   Estimated Premium Increase: Based on an average insurance premium inflation rate of 30%. This figure is supported by SRG's managed HOA portfolio increase as well as emails from 3 independent insurance agents. We can confidently support 30% as the industry standard in court.
   Calculation: $50,752.37 x 30% (Anticipated 2025 increase supported by multiple carriers, and on the high side giving benefit to Commercial) = $65,978 for the 2025 premium.
   Residential Portion: The Residential Group is responsible for 65.4% of the premium, leaving 34.6% to the Commercial Group according to **exhibit B of the Declarations** which equals $43,149.61.
   Total Premium for 2025 (including finance charges): $227,075
   After deducting the Residential Group's portion ($43,149.61), the remaining amount for the commercial unit is **$183,925.38.**

V. Financials

Armani Zangari reported on the financials as follows: As of November 2024, close the assc. has $58,409 in the operating account and $90,762 in the reserve account. However, the down payment for insurance has not yet hit that account, so the reserve sits at about $26,454.

VI. The November YTD P and L reports an overage of 2.2% or $273,794 in expenses versus a budget of $267,856.Updated 2025 Budget and Ratification
Due to the extraordinary increase to the insurance premium expense (increase from $50,000 for the year to $227,000 for the year) a cash short fall is eminent. While the Commercial Owner will be billed the $183,925.38 as noted above, in order to have sufficient funds on hand to ensure that the insurance premium will be paid the Board agreed that an update to the 2025 Budget to include an increase to dues is necessary. The proposed updated budget was presented with a 62% increase to cover the monthly insurance costs. It was noted that the association is not allowed to use a special assessment to pay for insurance costs as the declaration does not allow this. This budget was approved to go into effect on March 1, 2025.

The Budget Ratification meeting will be held on February 24, 2025.
Notice of the Budget Ratification meeting along with the updated 2025 budget and dues will be sent to Owners January 24th.

Upon discussion the Board approved proceeding as stated.

VII. New Business
It was noted that the Fire Alarm inspections will be taking place on January 22nd 2025. SRG stated that they will send a reminder to all owners on January 15th.

VIII. Next Board Meeting Date – The next Board of Directors meeting is TBD.

IX. Adjournment – The meeting adjourned at 6:26pm