To: Unit Owners

From: Dan Sheridan, President

Date: November, 2021

Re: COA dues increase

I am writing this letter to make you aware of a proposed increase in the COA fees for 2022. Rather than just taking a vote of the Directors and notifying you after the fact, I wanted to reach out to explain our rationale for the proposed increase.

Currently, the COA fees are $500 per month (which amounts to $1500 per quarter or $6000 per year). The proposed increase is to **$583.34 monthly (which amounts to $1750 per quarter or $7000 per year)**.

The Board realizes this is a substantial increase and there is never a good time to raise fees. However, we believe it necessary to remain fiscally sound. Through our COA fees, we must not only cover our current operating costs, but also fund our reserves for capital expenditures and deferred maintenance. Florida Statute Chapter 718.112(2)(f).

Our insurance costs have skyrocketed, as they have throughout the island and beyond. Our COA expenses have increased considerably over the years. As you can see from the attached slides, our total insurance costs alone have gone from less than $65,000 in 2017 to over $153,000 for 2022. In 2017, we were contributing $72,500 per year towards our reserves. To maintain that same level of contribution towards our reserves, we would need to raise our COA fees to $1876 per quarter. With the proposed increase in COA fees at $1750 per quarter, we will contribute $46,700 towards our reserves. We are trying to achieve a balance between keeping our COA fees as low as possible while at the same time covering our expenses and maintaining a proper reserve.

A healthy reserve is imperative to cover future capital expenditures and deferred maintenance (roofs, elevators, railings, awnings, concrete, pavement resurfacing, masonry pavers, fire suppression and life safety systems, lighting, stucco, cement and siding, painting, and any other deferred maintenance or replacement cost expected to exceed $10,000) while minimizing assessments to owners. A healthy reserve is also important when owners go to finance, refinance or sell their units.

Our insurance agent at Statewide puts our insurance out to all available carriers that write for the Marco Island market. As we know from Irma, it is vital to have an insurer that will be there and come through for us when a claim comes in. The Board, in conjunction with Resort Management, will continue to monitor our insurance costs, seek the best policy for our needs and monitor all of our other expenses to help hold the line on costs wherever we can.

I also want to take this opportunity to remind owners of the need for proper insurance coverage your units, the property inside and liability coverage should someone be injured in your unit. Our Declaration of Condominium, as amended, states in relevant part:

 15.3          Unit Owner Coverage. Each Unit Owner shall obtain and maintain at all times, individual casualty and general liability policies insuring the property lying within the boundaries of their Unit and for their personal liability arising in the use of their own Unit and other areas of the Common Elements for which they have exclusive use, or for which they have an obligation to repair or replace.

If you should have any questions or concerns, please do not hesitate to contact me at dsheridanq@aol.com