

The Oceanage Association, Inc.
Finance Committee Meeting
May 15, 2025
Meeting Minutes

Attendance:

Committee Members Present:

Michael Crowley (272) – Chair
Jody Dreyfuss (107/108)
Ed Paneque (164)

Committee Member Not Present:

David Burka (186/187)

Insurance Broker Present:

Peter Catallo

Property Manager Present:

Sean Arena

Agenda:

- 1) 2025 Insurance Renewal Proposal
- 2) 2024 Audit Report Approval
- 3) March 2025 Financial Statements
- 4) 2025 Reserve Study Process

Discussion:

- 1) 2025 Insurance Renewal Proposal

Discussion of the Renewals of the Association's Insurance Policies. (Discussion led by Peter Catallo, our insurance broker from Risk Strategies/Tanenbaum Harber):

- a. Peter first addressed the policies that are renewing as of May 1, 2025:
 - i. General Liability Incl Inland Marine
 1. Due primarily to a proposed significant increase in the annual premium, Peter recommended a change from our current provider, Philadelphia Indemnity Insurance, to James River Insurance Company
 2. Protects the association and the board primarily from legal liability for bodily injuries and damage to owner's property
 3. The new annual premium quoted from James River is \$49,789.96 reflecting a 35% decrease from the prior year.
 - ii. Member comments:
 1. Randy Cotter and Jody Dreyfus questioned why the insurance policies renewing on May 1, 2025 were not presented to the Finance Committee in April, in advance of the policy renewals. Mike Crowley and Ed Nappa responded that since there was no Finance Committee or elected Treasurer until May, Ed, Mike, and Sean had

met with Peter Catallo in April to authorize the renewal of these policies. Since the initial premium payments were due on May 1 without a significant change in the amounts, a decision had to be made and the President and past Treasurer of the Association made that decision.

2. Susan Aprill asked why we are not considering other carriers for our windstorm policy since the market seems to be softening for other carriers to enter the marketplace. Peter responded that the current carriers entering the market are not the quality carriers that we require. There is no guarantee that these carriers will be around in the future for our long-term needs. As more quality carriers enter the marketplace, they will be considered in the future.
- iii. Directors and Officers Liability:
 1. Coverage through Philadelphia Indemnity Insurance
 2. Protects against claims made by others of decisions made by directors, committees, volunteers, and the property manager.
 3. Coverage excludes defense costs
 4. The new annual premium is quoted at \$4,246.00 reflecting a 9% increase over the prior year.
- iv. Commercial Umbrella:
 1. Coverage through Midvale/Navigators
 2. Liability coverage against negligence from death or injury
 3. The new annual premium is quoted at \$4,851.24 which is a 6% increase from the prior year.
- v. Crime/Fidelity Bond:
 1. Coverage through Travelers Insurance Company
 2. Coverage is required by Florida Statute 718.
 3. Liability coverage related to the theft of maintenance fee revenues. The limit of insurance of \$2,500,000 should cover the total cash balance in the association's bank accounts. This limit adequately covers the association's cash balances.
 4. The new premium is quoted at \$1,589.37 which is a 2% increase from the prior year.
- vi. Glass – Common Area
 1. Coverage through US Plate Glass Insurance Company
 2. Coverage for common area glass, specifically in the clubhouse.
 3. The new premium is quoted at \$1,491.00 which is no change from the prior year.
- vii. Workers Compensation:
 1. Coverage through PMA Insurance Company
 2. Coverage outside of the association's payroll company
 3. Coverage for designated members and contractors of the association while during volunteer activities directly benefiting the association.

4. The new annual premium is quoted at \$509.00 which is no change from the prior year.
 - viii. Legal Defense Gap:
 1. Coverage for excess legal fees over the General Liability policy
 2. The new annual premium is quoted at \$3,176.00 which is no change from the prior year.
 - ix. 100% of the May 1, 2025 premiums were paid in May.
 - x. The Finance Committee accepted the non-flood, property and windstorm policies as presented by Peter.
 - b. Peter then addressed the policies that are renewing as of June 1, 2025:
 - i. Flood Insurance:
 1. As was the coverage for the prior year, flood insurance is provided by Wright National Flood Insurance Co.
 2. The annual premium for the past year was \$132,791. The increase in the annual premium will be 13% which will increase the annual premium to \$149,500.
 - ii. Property Insurance:
 1. As was the coverage for the prior year, property insurance is provided by Trisura Specialty Insurance Company.
 2. Coverage for fire, vandalism, and water damage.
 3. The annual premium for the renewal period will be \$90,001.40
 - iii. Windstorm Insurance:
 1. Coverage through Citizens Property Insurance Corp.
 2. This new annual insurance premium will be \$631,964 which is a 2% increase over the prior year. The increase relates to an increase in the property valuations only with no rate increase.
 3. Due to our prior property appraisal being dated in April 2022, it is recommended that we obtain a new appraisal as soon as possible.
 - c. Financing of the annual premiums:
 - i. Citizens Insurance offers a program requiring quarterly payments at a rate of 4%. However, this option requires a significant down payment in June when we do not have the cash to make the payment.
 - ii. Since the interest rate to finance our flood, property and windstorm policies is a reasonable 6% with no required down payment, it was recommended to finance these premiums as we have in the past.
 1. Jody Dreyfus recommended that we inquire as to the effect on our monthly payments and interest by making a \$100,000 down payment.

2) Discussion of the 2024 Audited Financial Statements:

 - a. Mike Crowley stated that although the 2024 audited statements had been presented to the Board and the community at the March Annual Meeting, he wanted the current Finance Committee to receive the statements and authorize the posting of the audited statements on the Oceanage website. The Finance Committee agreed.

3) March 2025 Financial Statements:

a. Balance sheet:

- i. In the balance sheet, the Due to/from Operating and Reserve accounts has been fully funded and zeroed out as of March 31, 2025.
- ii. Account 3169 Deferred Revenue-Bwd Cty bond with a balance of \$8,525 at March 31 – the proceeds from this bond have been received and deposited in the Operating account. However, it has been confirmed that this bond relates to the Reserve account. Accordingly, this balance will be written off to our pooled reserve in May and the related cash will be transferred from the Operating cash account to the Reserve cash account.
- iii. Account 3710-3 Current year expense (related to Reserve interest) – the \$300 paid to Merrill Lynch has been refunded in April.
- iv. Account 3770-3 current year expenses (related to the Pooled reserve) – Ed Paneque requested the detail of the 2025 activity in this account for tracking purposes.

b. Statement of Revenues and Expenses

- i. Account 8060 Legal – March expense of \$1,638 related to the attorney review of our proposed window and door regulations, our website review and our requirements related to the Corporate Transparency Act.
- ii. Account 8097- Miscellaneous – includes a \$1,823 reclassification from Account 8220 Maintenance supplies related to a February 2025 Minute Man payment for saving our files on electronic media.
- iii. Account 8170 Health/Life Ins/Retirement – favorable to budget due to employees who have elected for their health insurance to be transferred to Medicare
- iv. Account 8220 Maintenance supplies – see ii above
- v. Account 8223 Janitorial supplies – favorable to budget due to 5 old checks totaling \$1,019 that were voided in March.
- vi. Account 8250 Miscellaneous repairs - \$1,117 expense relates to the repair of the walkway at units 163 and 164.
- vii. Account 8430 Water & Sewer – favorable to budget due primarily to the receipt of a refund check of \$2,384 related to unit 133.

4) Reserve Study Process

- a. Mike Crowley opened the discussion by proposing that future reserve studies include a coordinated effort of the Building Committee, Finance Committee, and an independent reserve analyst. The independent analyst would be required every 2-3 years. Mike also stated the updated reserve study be performed to coordinate with the 2026 budget process.
- b. Discussion followed related to the requirement and timing of the use of an independent reserve analyst.
- c. The consensus was to hold a combined Building Committee/Finance Committee meeting within the next month to discuss the 2025 process. Also, it was recommended to hold off on the use of the independent reserve analyst until either the end of the 4th quarter 2025 or the first quarter 2026.

5) To-do:

- a. Follow-up with Peter Catallo on financing options for the June 1 insurance policy renewals
- b. Provide Ed Paneque with the detail of the 2025 expenses charged against the pooled reserve.
- c. Schedule a joint Building Committee/Finance Committee meeting during the next month
- d. Schedule an updated appraisal of our property