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To: All Fellow Reef Owners

Date: 8/31/22

Re: Reef Associates Incorporated

Monthly common maintenance and infrastructure fee & insurance costs for FY 2023

I hope everyone is doing well & staying safe.

We have completed our annual operating budget review and as approved by our Reef Associates Inc. Board of Directors have put in place a 3% increase in our monthly common maintenance fee (effective 11/1/22). The board continues to work to reduce costs and mitigate the effects of 40 year record high inflation as best as possible while steadfastly maintaining and improving our facility. Additionally, your Reef board agreed to continue the \$ 81 monthly infrastructure fee to be allocated specifically to help fund our long-range plan. This capital plan is designed to protect our investment by repairing and replacing our aging infrastructure.

Under the terms of our current property insurance policy, we were required to update the cost to rebuild our structures as our previous valuation was performed in 2014. Our total insured valuation increased from \$ 15,693,817 to \$ 23,334,000 with a corresponding significant additional premium. The following 20% increase in monthly insurance billings will most likely not fully prepare the Reef to make a onetime annual payment for our next policy in 2023. In the Spring of 2023, we will be looking at our property insurance options and the market to potentially reduce costs and extend payment terms to conserve cash.

There will be a 20% increase (effective 10/1/22) in the monthly insurance payments to partially address current insurance cost increases. The monthly billing reflecting the increase will be as follows;

Section I - \$ 208.26 / month

Section IV - \$ 243.83 / month

Sincerely,

Tyler Schick  
Reef Associates Inc.  
Treasurer