

## **BOARD NOTES**

**September 2022**

**By Janet Newman, RAI President**

### **New Fiscal Year Budget**

Your RAI Board meets throughout the year, with late summer being when budget planning occurs. At our regular meeting last month, we established the new fiscal year budget (November 1, 2022-October 31,2023), but some budgetary items have a timeline not in sync with our fiscal year. Such is the case with our property insurance, which has an annual term starting in April. As Tyler Schick, RAI Treasurer, communicated to you last month, our property insurer required that we undergo a construction cost re-valuation this year, with the understanding that our premium may increase mid-year as a result.

The dramatic increase in our valuation resulted in an additional premium, due in one lump sum, which exceeded our ability to pay without a special assessment or a loan. This necessitated a special Board meeting in August. We decided to adjust our coverage to a level which is adequate based on the damage we experienced with Hurricane Maria but may not satisfy all mortgage lenders. We see this as a stop-gap measure while we grapple with the options we'll have at renewal time in April 2023.

### **Property Insurance in Budgetary Context**

Let me give you a sense of the significance of this expense and next year's decision. At the rate quoted to us in August for \$23 million storm coverage with a 10% deductible, we would be paying \$332,500 for property insurance (plus \$40,000 for auto, liability, and flood insurance).

Insurance is part of our general and administrative expense. Aside from insurance, our general and administrative expense for FY 22-23 is budgeted at \$220,700; payroll, including benefits, is budgeted at \$667,000; and operating expenses are budgeted at \$536,000.

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## **Property Insurance Task Force**

In order for the Board to make a decision which best protects everyone's interest and investment, John Dickinson, RAI Vice-President, will head up a task force to scrutinize our valuation, consider creative coverage options, review what mortgage options exist on the island, and secure bids from multiple insurance companies. If you have either the expertise or the desire to help, you would be a welcome addition to the task force, which will begin its work in November.

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Another part of establishing the RAI budget is to determine the compensation of RAI employees, including wages and benefits.

## **General Manager Performance Review**

The Board directly supervises the General Manager and has determined his compensation based on a review of performance. The review included assessing the extent to which Jason has met expectations and achieved goals.

All owners will no doubt agree that Jason, having completed his second year as our General Manager, continues to be responsive and diligent in carrying out requests and has taken the initiative to improve many services which enhance quality of life at The Reef. Over the last year, he has made significant improvement in controlling spending, particularly by having various projects completed in-house rather than with subcontractors. A skilled networker, Jason has assumed the presidency of an island-wide condo management group, which has knowledge-sharing and professional development benefits as well as the opportunity to leverage group purchasing power.

Jason's goals for next year focus on the financial performance of the golf operation, implementation of long-range planning projects, and utilization and cross-training of staff.

Please join me in thanking Jason for his dedication, which was most recently on display last weekend during tropical storm Fiona. We're glad he's here!