

TALL SHIP ASSOCIATION BOARD OF DIRECTORS

MINUTES OF SPECIAL MEETING

Meeting Date: January 26, 2011

Place: 491 Tall Ship Drive, Unit 229

Present: Barry Stuart, Lester Essex, Lea Allison, Frank Patterson, Kathy Stanton, Carol Rolf, and Rob Routman and Carol Ackerman, who arrived at 7:30 PM

I. Call to Order: 7:13 PM

II. Tall Ship G & L Policy: Frank Patterson presented four proposals for one million dollars in liability insurance coverage in addition to building coverage. The premiums quotes for the policies were as follows:

- Auto-Owners -- \$43,772.75
- Philadelphia -- \$32,425
- Travelers -- \$35,887
- Zurich -- \$26,506

Currently the Tall Ships are insured by Travelers Insurance through the Upstate Insurance Agency. The Board decided not to consider Auto-Owners and Philadelphia, a small company, because they did not include any liability coverage for directors and officers which would require another insurance policy with premiums starting at around \$2,500 +.

The Board compared the Travelers and Zurich quotes for one million and five million in liability coverage. On the motion of Carol Rolf, seconded by Lea Allison, the Board unanimously voted to purchase the Zurich policy from Hutton Vincent Williamson McLean Insurance Group with five million in liability coverage, one million in code upgrades coverage should any buildings be destroyed and require demolition and rebuilding, and \$50,000 in backup of sewers or drains coverage based on the following issues that were discussed:

- Liability coverage has remained at one million for many years even though costs have increased, so liability coverage needs to increase to five million dollars;
- The Travelers premium for five million of liability coverage was quoted at \$42,467, while the Zurich premium would be \$28,598;
- The deductible for the Travelers policy was quoted at \$5,000, while the Zurich deductible would be \$2,500;
- Coverage under both the Travelers and Zurich policies include fireplaces and grills on balconies, as the underwriters were made aware of these conditions at Tall Ships;
- If buildings should be destroyed by fire or natural disaster and need to comply with building codes and ordinances when rebuilt, Travelers included an

allowance of \$2,500 for code upgrades, while Zurich included \$25,000, which the Board felt should be increased to one million, thus raising the cost of the Zurich premium to around \$29,500;

- The Zurich policy also included additional coverage items not included in the Traveler's policy; and
- The Board agreed that coverage for backup of sewers and drains should be increased from \$25,000 to \$50,000 based on a report from Carol Ackerman that a recent backup at another condominium development within Keowee Key cost over \$25,000.

III. Trees: Mary Williams, the owner of Merryscapes, has identified some potential trees that may need removal to prevent destruction to the foundation in the Clipper Building and crowding of trees in the parking lot next to the Frigate Building. Mary will be asked to present a report at the February Board of Directors meeting, including a cost estimate for tree removal and pruning.

IV. Adjournment: Lea Allison moved for adjournment, which was seconded by Frank Patterson. The meeting was adjourned at 8:20 PM.

Respectfully submitted: Carol Rolf, Secretary