

LAKE FOREST HOA MEETING MINUTES

Location: Zoom
Date: 04/02/24
Time: 7:00pm
Facilitator: Bob Seibert

Agenda items

1. Attendees: Pete S., Keith W., Sally D., Magaly B., Bob S., Skip, Doug W., Steven G., AnnMarie, Ken D., Dave, Ben D., Kristina/Mark P., Lisa K., John H., Sue S., Elizabeth K., Sherri K., Karen B., Jim R., Phillip L., Cindy L.
 2. Meeting started at 7:05pm, skipping meeting minutes approval from last HOA meeting.
 3. Bob to share and review what is going on and why we are here related to recent leaks causing damage to various units.
 - a. Recent losses on 11/27/23 and 12/28/23
 - b. Water damage caused by leaks.
 4. Concerns:
 - a. Uninsurable/loss of coverage if file claims now (prior claim \$481k)
 - b. Increased renewal charges from insurance
 5. Conclusion:
 - a. Self-payment for damages to "as conveyed condition"
 - b. Individuals to file for costs not covered by HOA insurance.
 6. Actions for Board after approval of Special Assessment
 - a. Committee to review cause and prevention.
 - (a) Hot water heater, dishwasher, ice maker line, water shut off valve.
 - b. Board advised not to pursue but still looking at recouping expenses.
- ****Reminder: 3 seats up for election in June 2024******
7. Financial breakdown:
 - a. Exposure cost: \$551k

- b. Balance sheet: \$490,806
 - c. To repair the 6 damaged units there are 3 options:
 - (a) Raise \$600k via an assessment.
 - (b) Tap into reserves (\$249k) to lower assessment cost.
 - (c) File claim with insurance and risk being uninsurable.
8. Bob: motion to move towards an assessment for \$600k
- a. All board members motion to agree.
 - b. Pete favors option #2
9. Homeowners Forum
- a. **Karen:** Do the homeowners personal insurance cover any of the damages?
Bob-Homeowners insurance only covers personal belongings inside the units.
 - b. **Ken D.:** Why did this happen? Need to know so we can prevent any future events. Making all homeowners responsible is disappointing to hear; but understand and mostly venting. If we are self-insuring, is there even a need for individuals to have any personal insurance? Will this new set up (\$50k deductible) allow us to file a claim for future event? **Bob-**Yes, we all still need to have catastrophic insurance. The cause was related to frozen/leaked pipes. Still investigating root cause to determine prevention plan. Pete and maintenance committee still working with professionals to determine cause and what proactive actions are needed.
 - c. **Dave:** Owners need to have access to shut off own water. It is better to have a leak running for a few minutes vs. a few hours by allowing owners access. Why can't individual insurance pay for these damages vs. the HOA (aka: all homeowners via assessment)? Will there be unit inspections to make owners accountable and compliant to the HOA rules/recommendations? **Bob-**For water shut off, there is no access to just turn off just one unit; this needs to be explored further for possible options. It is not legal in Colorado to make unit owners responsible for items typically covered by HOA insurance. Yes, committees are working towards prevention plans and audits to minimize damaging events.
 - d. **Annemarie:** With the insurance policy moving from \$10k to \$50k deductible, if there is another issue does this mean that I am responsible for the \$50k deductible and the rest would be the HOA responsibility? I did not see anything in the email about the assessment regarding a payment plan, is that going to be offered? If the re-payment plan is applied, would it come out of my monthly HOA dues via ACH? **Bob-**Yes, owners responsible for first \$50k (deductible). For those that need a payment plan, this will be reviewed on an individual bases and owners are

to reach out to Bob to initiate. **Sally**-requests must be made by individuals to ACH if want it automatically withdrawn each month.

- e. **Phillip Y.**: Thank you to the board for all they have done.
- f. **Elizabeth**: Thank you to the board for all they have done.
- g. **Kristina/Mark. P.**: Is there an update to Pozlok and what other risks are there? **Pete**-The elbow pipe with PozLok froze one time, the other leak issues not related to Pozlok. The Pozlok project is to determine when it should be replaced, timeline and replaced with best option possible.
- h. **Ben**: Met with insurance and pointed out that when an insurance company reviews a claim, they are looking to see if it was an accident or if it was due to negligence/no maintenance.
- i. **Sue**: Thank you to the board members for all they do.
- j. **Cindy L.**: Supports options provided and hopes the Kona plan is updated/used to outline where reserve expenses should go to etc.
- k. **Lisa**: What if we have another occurrence, do we need to self-insure and pay again with an assessment? What is the long-term plan? **Bob**-we need to time out claims on the books. **Skip**-We need to have no claims for the next 2 years per Farmers insurance.
- l. **Sherri**: Thank you to all the board members. Agree we should not tap into the reserves available. Will each unit be audited? The payment that is expected for a 2BR vs a 3BR, is based on what? Also, we need to ensure we have a better warranty plan for work being done in future. **Keith**-Yes, an audit will be done but right now, all are spread too thin. Will revisit in the spring. **Bob**-Payment is based on declaration.

Bob – motion to place special assessment of \$600K

2BR units-\$7,968

3BR units-\$8,622

Payment made by all owners by May 15, 2024

Motion passed: 5 for, 1 absent, 1 against.

Meeting adjourned at 8:50pm