

**LAKE FOREST CONDOMINIUMS
BOARD OF DIRECTORS MEETING
April 27, 2023**

I. CALL TO ORDER

The Lake Forest Board of Directors Meeting was called to order at 2:01 p.m. via zoom.

Board Members Participating Were:

Skip Hale, President, 101C

Patti Tofe, Treasurer, 302B

Pete Shaub, 101A

Sally Delong, Vice President, 103B

Douglas Weigand, Secretary, 201B

Keith Willy, 203F/ 302E

Owners Participating Were:

E 301 Leanne Thane Depuey

E 201 Ben Duhl

Representing Summit Resort Group was Kevin Lovett.

Nick Strong from Kinser Insurance attended.

II. MEETING NOTICE

It was confirmed that the meeting was properly noticed.

III. INSURANCE DISCUSSION WITH KINSER INSURANCE

Discussion took place with regard to future insurance strategies to ensure insurability. Nick noted that loss control steps taken have allowed for current insurability. Current coverages were reviewed.

Future coverage and deductible options were discussed with the intent to limit claims on the HOA policy to include the option of moving to bare walls coverage, as well as, increased deductible options. Both will affect individual unit Owner HO 6 policies. Nick did not believe a change to bare walls coverage would have a significant impact on individual Owner premiums.

Nick presented a premium matrix depicting the resulting premiums at \$25k deductible with both current coverage as well as bare walls coverage.

Nick said there are ways to maintain insurability and preserve loss history

1. Lower the wildfire risk score – Farmers Insurance looks at individual parcels instead of a Summit County wide wildfire risk.
2. Remediation efforts of prior losses – Lake Forest provided Farmers Insurance the heat sensor and 3rd floor attic tenting efforts to minimize water leaks. He said Lake Forest's risk management loss control efforts have shown fruits by making it through the 2022 – 2023 winter season without a loss. This is a good first step to mitigate losses.
3. Raise the deductible to minimize triggering a loss - Lake Forest is considering a \$25,000 or \$50,000 deductible next year. Lake Forest owners would need to increase their HO6 deductible to match Lake Forest's deductible. Note: Farmers Insurance does

not go above \$50,000 deductible. In fact, few carriers take on deductibles above this amount. When this is desired, insurance is sought in the excess market in a layer program that is atrociously expensive.

4. Change to policy from covering the “original” state to bare walls that includes dry wall tape and the subfloor. The owner would be responsible for everything else inside the unit.
5. When buildings get to be about 30 years old besides replacing the siding and other exterior items, the HOA needs to consider replacing what is inside the walls that causes losses such as water pipes, sprinkler systems and electrical lines.

Premium savings are overall minimal, the main advantage to moving to bare walls or an increased deductible is that both will limit claims on the HOA policy.

A deductible change will not necessitate a modification of the HOA Governing Documents.

The move to bare walls coverage would require an amendment to the HOA Governing Documents.

If the HOA pursues moving towards at large HOA deductible (i.e., \$50,000) or Amendment to the Governing Documents and Bare Walls coverage, Nick recommended that we pay particular attention to Associations Authority to assess deductibles.

Layered insurance coverage was discussed. This is a last resort option as layered programs result in extremely high deductibles with less coverage.

Losses associated with the Poz-Lok Fire Sprinkler System were discussed. Nick stated that yes, if there is a loss associated with a failure of the fire sprinkler system that this would be a covered loss. Nick recommended moving forward with addressing future repairs of the Poz-Lok system.

Further discussion will take place with the Owners at the 2023 Annual Owner Meeting.

The Board discussed having a consolidated Board recommended approach with regard to future insurance coverage. Keith will work to prepare a presentation for the Owners at the Annual Meeting.

The Board discussed engaging an attorney to investigate options to move to bare walls coverage. Pete moved to engage an attorney to investigate options to move towards bare walls coverage and obtain information on what that would entail; Patti seconds and the motion passed.

IV. LICENSED CONTRACTORS WORKING IN UNITS

The Board discussed “who” can do work within units. It was noted that the Board will require licensed and insured contractors (plumbers, electricians) to complete projects in units. Owners are not permitted to do plumbing or electrical work in units. The Board stated that we want insured contractors only to work in units as in the event something goes wrong with the project and there is a loss, the contractor’s insurance will be in play.

V. UNIT INSPECTIONS

The Board discussed having regular inspections of units completed in order to prevent losses. Frequency was discussed and varied between weekly, semi annual or annual. An idea to add to budget for 2024 and discuss with Owners at the annual meeting.

VI. OWNERS FORUM

An Owner recommended that the Board not vote on any modifications until the Owners have had a chance for discussion at the annual meeting.

An Owner asked when will the results be available from the unit inspections completed in 2023. The full report is not yet available. It was noted that any immediate issues identified have been addressed.

An owner recommended the Board not appoint the vacant positions at this time and wait until the annual meeting and let the owners vote on the Board positions.

VII. NEXT BOARD MEETING DATE

The next Board Meeting will be held May 9, 2023 at 4:00 pm. The Board briefly discussed the format for the Board of Directors candidate appointment meeting. The Board has taken the position that executive session is appropriate for a portion of the meeting as candidate selection is a personnel issue. The Board discussed continuing with the current candidate Board appointment plan versus waiting until the Annual Owner Meeting to complete the election. The Board directed SRG to contact Legal Counsel to determine if executive session is appropriate for Board Candidate discussion. It is noted that Altitude Law has stated no, executive session is not appropriate for Board Candidate discussion.

VIII. ADJOURNMENT

At 3:33 p.m. the meeting adjourned.

Approved: _____