

July 21, 2025

Minutes of the Heritage Estates HOA Board Meeting, taken by Bruce Wade

In attendance: Don Breinholt-president, Michael Bowen-V.P., Bruce Wade-Treasurer, Ivan Adams and Claudia Conder-Finance Committee.

Also in attendance: Golden West Insurance Brokers Braden Gray and 2 assistants.

The main focus of the meeting was to get an overview of the past, present and potential future status of the insurance issues affecting our HOA. Braden explained that when Nationwide decided, in 2023, to no longer insure HOA's, it caused premiums to explode. Other insurance companies have since likewise left the market, keeping premiums high. With Nationwide, we were paying approximately \$19,000 per year. Last year, we were insured by ARDEN and paid over \$34,000. This year, we are insured with WCF and are paying just over \$29,000. Braden shared with us that we do not have earthquake coverage because it became cost prohibitive. The big concern for the last several years has been fires. Our HOA sits close to a red zone and our current fire hazard score is 24. This is a main factor keeping our rates as high as they are. There is nothing we can do about this. (Scores often range from 0 to 30.)

Don Breinholt pointed out that by paying the entire premium at the first of the year, we could save approximately \$1500. The board agreed to consider this option for next year.

Ivan Adams presented a chart which showed how inflation will put pressure on our premiums over 5, 10 and 15 years requiring our individual home owners HOA dues to likewise increase.

Bruce Wade pointed out that our last increase was approximately 27% and that that increase should be factored in before passing on more increases to our monthly fee.

A discussion followed reviewing the future possibility of having each homeowner cover the insurance needs individually. Don pointed out that our neighboring HOA has done just that.

Claudia stressed the importance of educating all HOA members of this possibility. All agreed that we must first do our homework and determine the best course going forward. It was decided that the finance committee will meet again in about 3 months and assemble the individual research done between now and then. The finance committee will then make a recommendation to the board which they will evaluate and decide which way to go forward which will be the best for all members.

It was also pointed out that the CCR bylaws may need to be revised and should be studied to make sure that we stay in compliance with legal statutes. Ivan suggested that we study the Utah State Regulations governing HOA's sections 57-58 to make sure that our CCR's are in compliance with Utah Law. Ivan also pointed out that there is an "inconvenience" factor that we should consider as well as legal fees to change our bylaws. We were reminded that any

changes we suggest must receive a 50% vote of attending members when wishing to make any change.

Braden and his assistants offered their assistance to any HOA member who would care to get help evaluating if their individual insurance policy meets any standards that we as a board would require to meet minimum insurance levels acceptable to the HOA.

After Braden and his team left, further discussion was had reviewing our findings, discussion and decision to research further with a goal to make our recommendation at our January HOA member meeting. We also reviewed briefly a draft of our recent "Reserve Study" and agreed that some revisions should be made.

Bruce agreed to forward meeting minutes to Gaylinn Thompson (secretary) who will forward same to Welch-Randall. Bruce also agreed to send a text or email to Amber at WR informing her of forthcoming "Reserve Study" draft changes which he has since shared with Amber at Welch Randall.

Don reviewed preparations for our August HOA picnic and reminded us that expenses relating to the gathering would be coming. It was recommended that next year's summer picnic should possibly be held at a park with shade trees, tables and benches.

The meeting was adjourned.

Email from Ivan Adams dated July 22, 2025.

I have reviewed the Heritage Estates HOA Reserve Study dated 7-15-2025. I offer the following.

- 1.) The significant data error made in the study is that the HEOA has been budgeting a reserve since its formation in 1995. The rate has been \$13/mo per owner. That turns out to be \$6,240 per year. So, the budgeted reserve over our 30 years of existence amounts to \$187,200. They should be requested to consider that data in their charting.
- 2.) There is no advantage to take issue with their assumptions of depreciation and expense replacement. They are applying judgement at the apparent '3-sigma' distribution level, which is ridiculous. We have no obligation to adopt their recommendations. Accept the 70 percent "strong" rating. We thus have satisfied the requirements set by State Statutes and are good for the next three years.
- 3.) My recommendation to the board is to assume a few guidelines as we proceed; (a) make no effort to operate at level higher than 70 percent. Any level between 50% and 70% should be acceptable. If we appear to be approaching the 40-50% level, then take corrective action. (b) for the sake of finding the vanishing point for projections, assume that the HEOA goes into dissolution in 2045. If we find that a few years before 2045 the assumptions need changing -- do so.

Thanks for the info.
Ivan