

Donner Place HOA Board Minutes December 8, 2023

Call to order by Hugh Barlow at 4:30pm.

Roll Call: Present, Hugh Barlow, George Durham, Layne Guerts, Randy Jenson.
Also present, Emily Webster, Welch Randall Property Management.

Approval of minutes from the November 10, 2023 HOA Board Meeting. A motion to approve the minutes was made by George and seconded by Randy. The motion carried by unanimous vote.

Manager's Report. Emily reviewed the balance sheet, delinquencies, and annual budget comparatives. Following a discussion by the Board a motion was made to approve the Manager's Report by George and seconded by Randy. The motion carried by unanimous vote.

Insurance

Ed presented the Board the following draft of a letter he prepared to the unit owners that outlined what happened with the HOA's insurance, including background and next steps.

"The Board was made aware in November that our property insurance may go up to \$250,000 annually. The current policy expired December 8. However, Buckner assured us that was an absolute worst-case scenario. At that time, we started to discuss with several other insurance agents about this potential increase and with other HOA's on Donner Way on what they were facing. On December 6 Donner Place received shocking news about the cost of property damage insurance. The Board and Welch Randall received an insurance renewal from Buckner where our insurance premium would increase from \$50,000 a year to \$381,000 for the same coverage. (The HOA's 2023 policy covered general liability, director and officers, crime, \$25,000,000 for replacement and \$25,000,000 for earthquake) The current policy expired on Friday December 8 at midnight.

A new policy had to be bound by Friday night and the premium had to be paid by the following Monday. The result would be an increase in monthly HOA's dues between \$1,000 to \$1,500 each month depending on the size of the unit.

It was incredibly short notice. From the time the Board heard about the increase until the Board meeting on Friday at 4:30pm, Ed and Welch Randall worked with Buckner,

with the other agents and legal counsel to see what alternatives there were, if any. We were also faced with the reality we didn't have reserves to cover the premium amount which was also due by December 8.

On December 8 the Board met to come up with an alternative plan. The Board made the decision that the building could not be uninsured. Both our CC&R's and Utah state statutes require the building to be insured, particularly the replacement cost of the building.

A proposal was submitted to the Board by Ed and Emily, in conjunction with Buckner. The HOA would take out a policy effective December 8, for general liability, directors and officers, crime, \$10,000,000 for replacement and no earthquake insurance. The cost of that policy would be \$158,283. There would be several carriers in the policy (called layering) that would make up the proposed insurance policy.

The Board would enter a premium financing obligation with Capital Premium Financing to pay for the premium. The obligation would be for 12 months at 12.45% interest. The HOA would be required to make a \$44,000 first payment, with 10 equal payment starting February 1, 2024. This proposal was a stop gap effort that would give the HOA minimum insurance but would give us time to look at alternatives. After a great deal of discussion, the Board approved the proposal and authorized Ed to sign the appropriate documents. The \$44,000 would be paid out of current reserves. The remaining amount of the note owed would be paid by the unit owners, starting February 1 as a special assessment. The 2024 annual budget would not reflect the special assessment.

On December 8 the Board was able to bind the insurance and financing of the premium.

NEXT STEPS

The Board will give unit owners 30 days prior notice of the 2024 Annual Budget and 2024 Insurance Special Assessment.

The Board will also include, in the 30 day notice, the amount each unit owner will owe, starting February 1, 2024 in HOA dues and a separate amount for the Special Assessment. We are working towards having a small increase in the monthly dues and a special assessment cost for 2 bedrooms under \$300, 3 bedrooms under \$400 and the two penthouses under \$600 per month.

The Board will immediately begin to interview new insurance agents.

The Board will dig into why and when the insurance industry made their decision not to insure buildings like Donner Place. According to Buckner they approached 36 underwriters and were turned down by all of them. The primary reasons given were the building is in a fire zone, the building does not have adequate sprinkling, the age of the building, they have stopped insuring our type of building entirely. As indicated above the policy we received includes several carriers as no one insurance company would cover

the cost of the insurance.

The upcoming Annual Owners meeting in February will be primarily focused on insurance.

The Board, prior to the Annual Owners meeting, will provide to owners more complete and comprehensive details of what happened and the direction the Board would like to take, with the input of owners, moving forward.”

Following an extensive discussion, a motion was made by George and seconded by Randy to approve the recommendations set forth in the draft letter and give Ed the authority to execute the applicable documents prior to the expiration of the HOA's current insurance policy. The motion carried by unanimous vote.

Reinvestment Fee. Emily went over the draft language for the Reinvestment Fee. The Board discussed the Reinvestment Fee. A motion was made by Layne, seconded by George to approve the Reinvestment Fee, and directed Emily to formalize the documentation that will be sent to the homeowners.

Rental Cap Amendment to the CC&R's. The Board reviewed draft language presented by Emily to cap rentals to 3 units at any one given time. At the suggestion of George language should be included about an exception for LDS church volunteer/humanitarian trips for 3 years. After discussion a motion was made by George, and seconded by Randy to approve the Rent Cap Amendment to the CC&R's including George's suggestion and direct Emily to have prepared the appropriate documents. The motion carried by unanimous vote.

Xfinity bulk rate for the HOA. The Board was interested in having Emily look at the HOA's current bulk interest deal with Xfinity. She will report back to the Board on what she discovers.

Outstanding Remodel Update. Ed updated the Board on the 102 and 301 Remodels. 102 is near completion and 301 was still in the process of obtaining bids for the windows. At present there is no construction activity in the unit.

Putting 90K into a high yield savings account. Emily

Reminder of Annual Homeowners Meeting on February 6, 2024, at 6m in Unit 702.

2024 Budget. There was a discussion by the Board on increases, if any, for the 2024 budget. Ramiro, Emily, and Ed had reviewed the proposed budget. With several adjustments, and with the special assessment coming up, the Board, by affirmation approved the 2024 budget with no increases from last year.

Donner Place Newsletter. Emily indicated that a newsletter should go out only if there is pertinent information about HOA projects for the upcoming week. The Board approved Emily's recommendation.

The next meeting of the Board was set for Friday January 5 at 4:30pm.

There being no further business the meeting was adjourned at 6:30pm.