

APPROVED

THE ELIZABETH LOFTS CONDOMINIUMS
BOARD OF DIRECTORS MEETING
JANUARY 24, 2023
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**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE ELIZABETH LOFTS CONDOMINIUMS
HELD ON TUESDAY, JANUARY 24, 2023, AT 5:00 PM VIA ZOOM ELECTRONIC VIDEO CONFERENCING
FORMAT**

PRESENT: Brenda Peterson, Chair
Bob Steele, Vice Chair
Jim Kennedy, Treasurer
Forrest Gist, Secretary
Steve Rose, Director
Bob Steele, Director
Otto Riesenber, Director
Jay Sickler, Commercial Director

BY INVITATION: Karina Haley, CCM, CMCA, AMS, Community Manager
Vern Newcomb, American Benefits Insurance

OWNERS: Denise Ambrosio, Michelle Heckman, Teresa Jankus, Lucy Karter, Larry Rosenblum, Barbara Shimek

I. CALL TO ORDER

Chair Brenda Peterson called the meeting to order at 5:00 PM.

II. APPROVAL OR AMENDMENT OF THE AGENDA

The agenda was accepted unanimously as presented.

III. INSURANCE RENEWAL

Vern Newcomb, from American Benefits Insurance (ABI), informed the Board that the building value for The Elizabeth Lofts went up 4%, but the increases in premium were very reasonable: The package premium increased by 3%, and the earthquake premium increased by 1%. The Elizabeth Lofts has had an excellent claims history, with very few claims filed. ABI shopped the policy to various carriers, but they could not compete with the quality and pricing of the current policy. Vern noted that insuring to 100% of the building's full value for the earthquake portion of the coverage may reach a threshold where it becomes unaffordable. Most high-rise HOAs insure for 50-75% of the building value, rather than 100%.

By way of example, Vern described the situation in Christchurch, New Zealand, where there was a large earthquake. Although very few buildings actually collapsed from the earthquake, many buildings still had to be demolished due to structural damage and/or updates in building codes. This is the only applicable comparison, as New Zealand's building codes are more similar to ours, as oppose to countries like Japan where there are earthquake risks but much different building codes.

Jay Sickler informed the Board that, at The Encore, the association was only insured to 50% of the building value. He tried to get coverage on his own policy to cover the difference and it was virtually impossible to do so. He recommended polling residents for their input on the amount of earthquake insurance that The Elizabeth should carry. Board members noted that polling owners had been discussed following the last renewal.

Steve Rose reminded the Board that the prior year policy had to be paid with working capital funds and a loan from the reserve fund, which is still in the process of being paid back. It is likely the Association will have to borrow from the reserve fund again, and once again put a payback plan into the budget.

Board members briefly discussed whether changing the fiscal year to begin January 1 so that it more closely follows the insurance renewal period could simplify funding. Vern will look into options for short-term policies or an extension to 16 or 18 months, to see if any pricing advantages may be possible.

AGREED: Steve Rose moved to accept the insurance renewal totaling \$289,738.50 which includes 100% earthquake coverage. Jay Sickler seconded the motion, which carried unanimously.

AGREED: Steve Rose moved that the money in the Association's insurance account be used to pay the insurance premium, and that the remaining balance be borrowed from reserve funds, to be paid back by the \$21,900 collected monthly in the Association's insurance account through the end of the current fiscal year, and with the balance being rolled into the next fiscal year budget. Bob Steele seconded the motion, which carried unanimously.

Steve will work on preparing a new resolution to memorialize the borrowing of reserve funds to pay for the insurance premium and to set forth a payback plan. He also reminded the Board that the owner poll that was previously discussed, was not circulated because Board members determined that it was difficult in a poll to adequately explain the changes in the budget and the reasons for the increases in a concise manner.

IV. ADJOURNMENT

There being no further business, the meeting was adjourned at 5:54 PM.

Minutes approved at the January 17, 2023, Board Meeting.

Approved: _____


Forrest Gist, Secretary