

# Eagle River Commercial Condominium Association

## Board Meeting Minutes

October 19, 2023

A Meeting of the Board of Directors of the Eagle River Commercial Center Association was held on Thursday, October 19, 2023, at the hour of 3:00 PM, in the office of the managing agent Walter Realty Group, Inc, 105 Edwards Village Blvd., C208, Edwards, CO 81632 and available via ZOOM Meeting video conference.

**Attendance:** Dan Lambert, Hugh Schmidt, Robert Warner, Johnny Cross, Ken White, Steve Mock, Skip Nichamin

**Others in Attendance:** Dave Zippie – CPA and Michael Walter – Managing Agent

**Call to Order / Quorum:** Dan Lambert – President called the meeting to order at 3:05 PM and with a majority of the Board members in attendance, a quorum was established to conduct business.

**Update on Fire Restoration:** The first item on the agenda was an update on the restoration of the units damaged by the fire in unit 302 in December of 2022. Dan Lambert explained that the restoration was approximately 90% completed but construction was at a standstill over the last couple of weeks due to the lack of communication from Serv Pro. Some of the units have been completed while others require minor drywall work, electrical, installation of gas lines, installation of the garage door and a resolution on addressing the individual HVAC units. Dan stated he would have further information in the next couple of days and will report back on the status and estimated timeline for completing the work.

**Financial Impact of Fire to Association:** Michael Walter reported the associations insurance policy covered by “Auto Owners Insurance” claimed the insurance was deficient in its coverage based upon an unrealistic value for the buildings and therefore took the position that the association would be subject to a penalty equal to 1/3 of the expense for the restoration portion of the claim. With the bid for restoration currently at \$325,000 the association is on the hook for approximately \$108,333.33. Walter went on to report that the association currently held approximately \$250,000 in the reserve account which would have to fund the shortfall in the insurance.

Further impacting the association financially, our insurance carrier (Auto Owners Insurance) refused to reinsure the property due to the excessive loss run associated with the claim severely limiting the number of insurance carriers willing to bid on coverage. All the major insurance carriers refused to provide a quote, leaving only those in the secondary insurance market willing to provide coverage. To this end, the lowest comprehensive insurance proposal available came in at \$181,889.00 for the property insurance along an additionally \$7,250.00 for the Directors and Officers insurance, liability, workman’s compensation, and an overall umbrella totaling \$189,139.00 The property insurance payment structure

required a \$22,063.48 downpayment with monthly installments of \$ 16,522.24 commencing November 6, 2023. coupled with the additional coverage for the liability, Directors / Officers, Workman's Compensation and umbrella for the policy of \$7,250.00 up front results in a total cash outlay for insurance through the remainder of this fiscal year at \$62,357.92.

In summation, the financial impact to the association over the next couple of months for the to fund the insurance penalty of \$108,333.33 along with the outlay for the new insurance of \$62,357.92 results in a \$170,691.25 hit to the reserve balance of \$250,000 leaving the reserves balance at an approximate balance of \$79,208.75 plus/minus as of today.

**Financial Loss Recovery:** Dan Lambert made the motion for the Board to direct Management to make inquiry with legal counsel to investigate what recourse the association may have against the insurance carrier along with any other responsible parties for the lack of insurance coverage. Hugh Schmidt seconded the motion and with a vote taken, the Board unanimously approved the motion directing Management to contact legal counsel and get back to the Board as soon as possible.

**Financial Report:** Dave Zippie – CPA highlighted the current financial statement through September 30, 2023, with the Board and restated much of what Walter reported above and summarized the financial forecast going into the next fiscal year commencing January 1, 2024, the Board should plan to look at a budget approximating \$325,000. Dave further stated that with the any capital improvements the Board might want to entertain in 2024 the current reserve balance would be depleted, leaving the association without adequate resource to address any further emergency incidents, improvements or safety net. Dave went on to suggest that the Board should seriously consider adopting a one-time Special Assessment to bring the reserves back to a reasonable level to be determined by the Board.

**Special Assessment:** Dan Lambert made the motion that the Board schedule a meeting a of the Board for Wednesday, November 1<sup>st</sup> at 3:00 PM to discuss a special assessment. Johnny Cross second the motion and with a vote taken, the motion to schedule a meeting of the Board to discuss a Special Assessment was passed with no dissenting votes cast.

**Policies and Procedures:** In the review of the Associations records as they relate to the governance policies, Michael Walter stated the association did not seem in compliance with section 38.33.3-209.5 of the Colorado Common Interest Ownership Act (CCIOA) as of October 2019 as required by law. Walter went on to state that the association appears to be operating under an unexecuted draft of the Governance Policies & Procedures document which would not be in compliance with the nine (9) governance policies and procedures required under state statute.

Dan Lambert made the motion to direct Management to provide an example of the existing Policies & Procedures utilized by other associations Walter managed to present to the Board for further review leading to the eventual adoption of the nine (9) Policies and Procedures required under CCIOA.


**Creation of an Association Website:** The last item on the agenda was a discussion on the need for the association to provide convenient access to all the association members to the association's governance policies, budgets, meeting minutes and the like.

Dan Lambert made the motion to direct Management to undertake whatever action is necessary to establish a website for the association and get back to the Board with a proposal as soon as possible.

**Other Business:** No other business was presented.

**Adjournment:** With no other business presented, Hugh Schmidt made the motion to adjourn, with the motion duly seconded and a vote taken, the meeting was adjourned.

APPROVED:

Dan Lambert  
  
pres.

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