Gatsby Insurance Update for Homeowners

Rick Ahern – Vice President Kari Olson - Secretary Robert Ness - Treasurer Stuart Hoarn – At Large Michelle Hoffland – At Large

Why Are Gatsby's Insurance Premiums Increasing?

- Current Insurance Carrier cancelled our Policy as of Dec 31, 2023 due to age of Buildings
- Secondary High Risk Insurance Market
 - \checkmark Age of Building
 - ✓ Hail Damage Insurance Claim
 - ✓ Zinsco Electrical Panels are a Fire Hazard

ſ			Annual	Ins. Monthly		Total	Percent to
			Insurance	Fees	Ga	tsby Fees	Insurance
ſ		'20-21	\$28,425	\$41.56		\$174.88	24%
		'21-22	\$36,278.00	\$53.04		\$182.98	29%
		'22-23	\$124,639.00	\$182.22		\$287.82	63%
	A 🔶	ug-Dec '23	\$61,379.00	\$89.74	1	\$257.13	35%
		Jan 1-	\$132,875.50	\$194.26	Τ		

\$104.52

What happens to our Insurance Payments?

- Regular Insurance \$61,379
 12 Monthly Payments -\$5,115
 - Secondary High Risk \$129,789
 Payment in Full Upfront
- Loan \$132,875 Downpayment - \$34,416 9 Monthly Payments - \$10,940 Includes \$3,086 Interest

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Steps that were taken to reduce Insurance Costs

- Association had to take loan to make Premium Payment
- Loan required a down payment of \$34,416.13 on by Dec 31st.
- 1st Loan 17% Interest Rate \$6,884.63
- Negotiated 13.95% \$5,629.04
- 2nd Loan 6.2%, \$500 Fee \$3,101.00

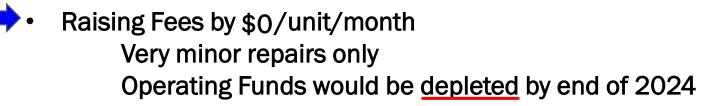
- Saved \$3,798.63
- Negotiated 1st Loan 7.7%, no Fee \$3,086.00
- Saved \$5.55/unit/month
- Any \$fee/unit/month mentioned is an average fee or due for all of Gatsby. Each unit fee may vary slightly.

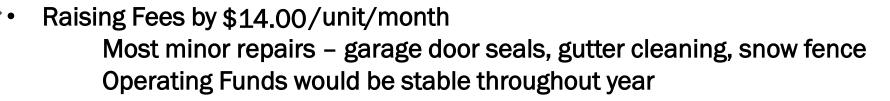
Steps that were taken to reduce Insurance Costs

Obtained Lower Cost Insurance from Aug-Dec Saved - \$29,790 Saved - \$104.52/unit/month for 5 month or \$43.55/unit/month annually Reason fees for this year were dropped

Stopped putting Money in the Capital Reserve Fund for 3 month Saved - \$15,000 Saved - \$21.92/unit/month annually Reduces Site Repairs by 1 Medium Size Project

How Does This Affect Association Fees?





Raising Fees by \$50.00/unit/month Minor repairs + 1 medium repair – i.e., replace some steps, one water management project Operating Funds would be stable throughout year

Raising Fees by \$104.52/unit/month

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Minor repairs + 1 medium & large repair – i.e., replace pergola and roof overhangs Operating Funds would be stable throughout year

'23-'24 Reserve Plan



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Reduced Transfers to Reserve by \$15,000 Put all Projects on temporary hold Landscaping for Water Mitigation Pergola and Roof Entryway Repairs Stair Entranceway Repair

'22-'23 Reserve Spend									
Concrete		\$22,337.00							
Plumbing Sewer		\$10,841.00							
Landscape/Water	\$23,163.36								
Garage Doors		\$2,433.00							
	Total	\$58,774.36							
'23-'24 Reserve Spend									
Concrete/Brick		\$2,478.00							
Garage		\$1,853.15							
Sewer Repairs		\$7,283.95							
Electric, Zinsco Re	\$22,060.00								
	Total	\$33,675.10							

'23-'24 Operating Budget Plan

Office Supplies			\$200.00	\$0.29	0.11%
Miscellaneous Administra	ation		\$400.00	\$0.58	0.23%
Transfer to Reserves				\$87.72	34.12%
Plants/Trees/Flowers Rep	placement	t	\$2,400.00	\$3.51	1.36%
Landscaping/Grounds Ma	in		\$8,000.00	\$11.70	4.55%
Special Snow Removal			\$1,000.00	\$1.46	0.57%
Asphalt/Driveway			\$4,000.00	\$5.85	2.27%
Repairs & Maintenance			\$16,000.00	\$23.39	9.10%
Garage			\$3,000.00	\$4.39	1.71%
Audit/Review/Tax Prep			\$1,200.00	51.75	0.68%
Legal Fees			\$ 500.00	\$0.73	0.28%
Management Fees			\$11,796.00	\$17.25	6.71%
Consulting				\$0.00	0.00%
Insurance	\$:	132,875.50	\$121,379.50	\$89.74	34.90%
Electric	\$	11,496.00	\$6,000.00	\$8.77	3.41%
Total Operating Expenses			\$175,875.00	\$257.13	

Where Does This Leave Fees?

Board is having discussions on all options on previous slides

Final decision will be made at Jan 10th Board Meeting

Any fee change will be sent to homeowners after meeting 30-day notice Any fee change would take affect in March

Steps that are being taken to reduce Future Insurance Costs



Working with Gavnatt to resolve hail damage insurance claim this spring Potential shingle, rain gutter, and window/garage trim replacement summer/fall '24



- Need to replace all Zinsco Electrical Panels in Gatsby by July 1
- When first two items are resolved, the Board can start looking for lower cost insurance again Contractually can start looking in mid May

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Gatsby Board is having discussions with: Other Associations Government Agencies (future) Local Representatives (future)

New Insurance Highlights



New Deductible

\$50,000 per unit per occurrence

New HO6 Insurance information will be coming out in Jan to each homeowner. If you do not have HO6 insurance, you will be responsible for <u>\$12,500-\$16,667</u> if the association makes a claim under this insurance

Grill Policy

Updated Grill Policy in Jan/Feb

Zinsco Panel Replacement



Zinsco Panels are a significant Fire Hazard.

- Having the Panels places the Association in a Secondary High Risk Insurance Market.
- Only 2 Insurers bid, 11 declined. Zinsco Panels were a Major Reason
- Association has replaced over 20 Panels that are common use
- Homeowners have replaced 28 of the 57 in Townhomes

Remaining 29 need to be replaced by July 1st

Zinsco Panel Replacement

- Contractors for Replacing Zinsco Electrical Panels
- Several Contractors have given prices for replacing the average size panel found throughout Gatsby:
- 1) Park Grove Electric, 651-459-8888
 - ✓ \$1,700 for 30 circuit panel, permit, surge protector, and 100 amp main breaker
 - 2) Eco Electric, Inc. Samer Alzoubi (612) 802-0140
 - ✓ Approximately \$1,450
 - You can use any contractor as long as they are <u>licensed and insured.</u> You must also submit a modification form and receive approval prior to starting work. The form can be mailed to:

Cedar Management 7260 University Ave NE, Ste 200 Fridley, Mn 55432

Financial Aid Options for Replacing Zinsco Panels and other Homeowner Property Repairs

Low Interest Loan/Grant Options:



Woodbury Neighborhood Reinvestment Fund – 3% interest loans with a 15-year repayment term <u>www.woodburyloans.com</u>.

Minnesota Housing Agency Rehabilitation Loan – Provides low interest loans to low-income homeowners with a 15year repayment term. The loan is forgiven if the home is not sold during the term of the loan.

www.mnhousing.gov/homeownership/improve-your-home.html

Minnesota Housing Agency Fix Up Loan – Low interest loans with a 20-year repayment term. Household income limit is \$185,700. <u>www.mnhousing.gov/homeownership/improve-your-home.html</u>

New grant program – Created during the 2023 legislature which allocates grants to homeowners to replace electrical panels. Grants do not need to be repaid. <u>www .mn.gov/commerce/energy/consumer/energy-programs/</u>.

Rebuilding Together – Agency that provides home repair assistance to senior households www.rtmn.org/apply-for-help/home-repair-program/.

Zinsco Panel Replacement

Gatsby By-Laws, Article VI, Section 3 Maintenance and Repair

- (a) Every apartment owner must perform or have performed promptly all maintenance and repair work within his own apartment. Which, if omitted, would adversely affect the Property in its entirety or a portion thereof belonging to any other apartment owners, the Association or the Corporation. Any owner not performing such required maintenance shall be expressly responsible for the damages and liabilities arising therefrom.
- (b) All maintenance and repair of internal installation of an apartment such as water, light, gas, power, sewage, telephones, air conditioners sanitary installations, doors, windows, lamps, and all other accessories belonging to the apartment and not common facilities, including water faucets, water tank, and fixtures, but excluding water meters, shall be at the owner's expense.
- (c) An apartment owner shall reimburse the Association for any expenditures it incurred in repairing or replacing any common area or facilities damaged through his fault.

Questions

Thank You For Attending