



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
 - ✓ Age of Building
 - ✓ Hail Damage Insurance Claim
 - ✓ Zinsco Electrical Panels are a Fire Hazard

	Annual Insurance	Ins. Monthly Fees	Total Gatsby Fees	Percent to Insurance
'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%
Aug-Dec '23	\$61,379.00	\$89.74	\$257.13	35%
Jan 1 -	\$132,875.50	\$194.26		

\$104.52

What happens to our Insurance Payments?

-
- ```
graph TD; A["Regular Insurance - $61,379
12 Monthly Payments - $5,115"] --> B["Secondary High Risk - $129,789
Payment in Full Upfront"]; B --> C["Loan - $132,875
Downpayment - $34,416
9 Monthly Payments - $10,940
Includes $3,086 Interest"];
```
- 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

# 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 31<sup>st</sup>.
  - ✓ 1<sup>st</sup> Loan – 17% Interest Rate - \$6,884.63
  - ✓ Negotiated – 13.95% - \$5,629.04
  - ✓ 2nd Loan – 6.2%, \$500 Fee - \$3,101.00
  - ✓ Negotiated 1<sup>st</sup> 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.
- Saved \$3,798.63

# 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 \$0/unit/month  
Very minor repairs only  
Operating Funds would be depleted by end of 2024
- ➔ • Raising Fees by \$14.00/unit/month  
Most minor repairs – garage door seals, gutter cleaning, snow fence  
Operating Funds would be stable throughout year
- ➔ • 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  
Minor repairs + 1 medium & large repair – i.e., replace pergola and roof overhangs  
Operating Funds would be stable throughout year

# '23-'24 Reserve Plan

- ✓ 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 Management |       | \$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 Replacement |       | \$22,060.00 |
|                              | Total | \$33,675.10 |

# '23-'24 Operating Budget Plan

|                                  |              |              |              |          |        |
|----------------------------------|--------------|--------------|--------------|----------|--------|
| Office Supplies                  |              |              | \$200.00     | \$0.29   | 0.11%  |
| Miscellaneous Administration     |              |              | \$400.00     | \$0.58   | 0.23%  |
| Transfer to Reserves             |              |              |              | \$87.72  | 34.12% |
| Plants/Trees/Flowers Replacement |              |              | \$2,400.00   | \$3.51   | 1.36%  |
| Landscaping/Grounds Main         |              |              | \$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   | \$1.75   | 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%  |
| <b>Total Operating Expenses</b>  |              |              | \$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 10<sup>th</sup> 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
- ✓ 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 \$12,500-\$16,667 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 1<sup>st</sup>

# 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 licensed and insured. 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  
[www.woodburyloans.com](http://www.woodburyloans.com).
- ✓ **Minnesota Housing Agency Rehabilitation Loan** – Provides low interest loans to low-income homeowners with a 15-year 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](http://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. [www.mnhousing.gov/homeownership/improve-your-home.html](http://www.mnhousing.gov/homeownership/improve-your-home.html)
- ✓ **New grant program** – Created during the 2023 legislature which allocates grants to homeowners to replace electrical panels. Grants do not need to be repaid. [www.mn.gov/commerce/energy/consumer/energy-programs/](http://www.mn.gov/commerce/energy/consumer/energy-programs/).
- ✓ **Rebuilding Together** – Agency that provides home repair assistance to senior households  
[www.rtmn.org/apply-for-help/home-repair-program/](http://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