

**Three Seasons Condominiums  
Board of Directors Budget Meeting Minutes  
Wednesday, April 29<sup>th</sup>, 2025 ~ 5PM MT  
Conference Call**

**Call to Order**

Jeff Steere called the meeting to order at 5:01p.m. MT.

**Proof of Notice**

Notice was emailed and posted to the HOA's website.

**Roll Call/Establish Quorum**

In attendance-

Jeff Steere  
Walt Mauro  
Jeff Scelza  
Michael Pugh  
Joe Schoen  
Wanda Bearth (also w/management)

A quorum was established with all 6 board members in attendance.

Also in attendance-Sierra Bearth and Michael Geheb, Crested Butte Lodging & Property Management (CBL).

**Reading and Approval of Past Minutes**

J Steere made the following-

Motion: Waive formal reading and approve the minutes of the March 12, 2025,  
meeting as submitted by CBL  
2<sup>nd</sup>: J Schoen  
Vote: Unanimous approval

**Budget Discussion**

Operating Budget-S Bearth opened the operating budget discussion by confirming that the budget numbers were based on either historical trends or actual quotes and due to the outrageous insurance quote, more funding either by increased dues, special assessment or both would be necessary. Arch Insurance discontinued Fireman's Fund condominium product known as Allianz, resulting in numerous 'non-renewals' in our valley and the western slope. W Bearth shared details of the efforts that have been put into finding traditional property coverage, yet the only quote that has come in is from E&S lines (Excess & Surplus). The final quote is not yet complete but expected to total \$250,000. The current agency, Mountain West, represents over 900 HOAs on the western slope and have reported declining options for years now. Notes from Mountain West, Farmers and Hub International:

- The market started to change significantly in October of 2021 and has continued to harden ever more after the last few years of catastrophic losses including the most recent Palisades Wildfire losses.

- California, Colorado, Florida and Hawaii have extreme challenges in obtaining HOA property and liability insurance coverage.
- Last year, Farmers and American Family announced they would limit coverages to \$15MM and \$25MM, respectively. The other captive carriers, State Farm and Farm Bureau, denied requests for quotes because Three Seasons is not fully sprinkled. The board directed CBL staff to get quotes for adding fire suppression to the units.
- Mtn West shared renewal premiums for several other HOAs that aligned with what we were finding for Three Seasons.
- Mtn West has found another carrier that may offer a proposal, a traditional carrier; that agency is coming on-board in a few weeks and they might have interest in providing our coverage.
- E&S carriers take a 'minimum earned premium' of 25 to 35%. So, the first opportunity to cancel, should the HOA be offered coverage by a new carrier with a better rate and wants to terminate, is 3 to 4 months. Additionally, some E&S lines add a short-rate penalty which can be another 10% of the premium for the remaining months.
- W Bearth suggested amending the declaration to reduce the insurance coverage that the HOA is required to provide, perhaps a structural only policy. This is the direction that many HOAs are headed to manage loss and control the premium. A single accident can result in non-renewal for the HOA, putting us back into the E&S lines. Homeowners coverage for the individual units is more abundant, with several options available. So, in the event that a homeowner files a claim, even if their policy isn't renewed, there are numerous other carriers that will issue policies. Insurance metrics seem to calculate the (lesser) chance that a single unit will again report a hazard, versus an HOA.
- J Steere lead a discussion regarding loss assessment coverage, an add-on available from most property carriers. Homeowners will be encouraged to shop for this, rates and limits vary. Loss assessment coverage could come into play if the HOA suffered a claim and had to assess the membership to recover the deductible and/or found that the HOA insurance was not sufficient to repair the damage.
- Board members agreed to a declaration amendment, which 67% of the membership must approve; adding information regarding loss assessment coverage to the annual meeting materials; and continuing the search for a traditional carrier.
- S Bearth presented the operating budget which calls for a \$75,000 operating assessment, because 25% of the premium will be due on May 2<sup>nd</sup>. The operating balance will not be sufficient to carry the HOA through until the June dues come in. And, then, every HOA needs a financial cushion for the winter months which are always more expensive due to snow removal. Every HOA's expenses exceed their revenues in the winter months. She illustrated the need for a dues increase to carry the remaining monthly payments for the \$250,000 insurance premium.
- The board weighed several options for obtaining a lower property insurance premium and the meeting lasted more than 2 hours. Amending the declaration to a structural type coverage was considered cost effective and CBL will look into that immediately. The prohibition of STRs in the building is out of the question. All agreed that we need to continue to work on other options toward obtaining coverage from a standard carrier and managing the HOAs insurability.

## **Operating Budget**

J Steere made the following-

Motion: Approve the operating budget, including the 37% dues increase and \$75,000 operating assessment. The dues structure will be implemented on June 1, 2025, and the assessment will be due by June 30, 2025.

2<sup>nd</sup>: W Mauro

Vote: Unanimous approval

J Steere made the following-

Motion: Engage the HOA's legal counsel to draft an amendment to the declaration, reducing the HOA's insurance responsibilities.

2<sup>nd</sup>: J Schoen

Vote: Unanimous approval

Capital Plan and Budget – The board agreed to discuss the capital plan at next week's meeting.

## **Reports**

Manager's Report – Insurance related report, as addressed above.

Financials – The April (to date) financial report was emailed earlier. Due to time constraints, board members were encouraged to email questions.

## **Old Business**

Remodel Guidelines – Pending

## **New & Pending Business**

T Sanderson's Vacancy-Two Year Term Discussion

## **Establish Date for Next Board Meeting**

The next board meeting will be held on May 7, 2025, at 5:00 p.m. MT.

## **Adjournment**

W Bearth made the following-

Motion: Adjourn the meeting

2<sup>nd</sup>: J Schoen

Vote: Unanimous approval

The meeting adjourned at 7:20 p.m.