

Meeting Minutes  
Meeting of the Board of Directors of the Rocky Ridge Property Owners Association  
July 20, 2018, 12:00 noon  
Telephonic Special Meeting

**Notice of Meeting:** Bill (Yates) Bauder confirmed that property owners received notice of the scheduled July 20, 2018 board meeting as follows: (i) on July 5, 2018, Yates posted the notice and agenda for the meeting on the message board at the Rocky Ridge Road entrance gate; (ii) on July 5, 2018, Yates emailed the notice and agenda to all property owners who (as reflected in the Association's books and records) have authorized receipt of notices by email, at the email addresses they have provided; and (iii) on July 6, 2018, Yates deposited into the US mail (for delivery to all other property owners, addressed to the mailing addresses that said owners have provided to the Association) the notice and agenda for the meeting.

**Quorum:** President Steve Dohrmann called the meeting to order at 12:00 pm. Directors Steve Dohrmann, Bob Schuchardt, Laura Bertone, Curtis Sproul, Frank Pagliaro and Bruce Shepherd attended the meeting telephonically, and accordingly a quorum was present (Steve and Bob participated from the Rocky Ridge office at 2005 North Lake Boulevard, behind the rental office located at 1877 North Lake Boulevard). Director Nick Farwell did not participate in the meeting. Yates, Ray O'Neal and owners Daniel Duggan and Paul Gray also participated telephonically in the meeting.

1. **Approval of Minutes of 5.29.2018 Meeting.** The minutes of the May 29, 2018 meeting of the board of directors were approved, in the form circulated to the directors prior to the July 20, 2018 meeting, except that the language of item 5 of those minutes was revised to clarify that the Board appointed Ray O'Neal as Inspector of Election (motion by Bruce; second by Bob; 6-0 vote).
2. **Election Regarding Amendments to CC&R's and Bylaws.** Property owners Dan Duggan and Paul Gray expressed concern that, in their view, insufficient notice was provided to homeowners regarding the effect of language within Section 7.03 of the proposed Amended and Restated Declaration of CC&Rs, and that accordingly members (when they voted) may not have understood what members Duggan and Gray considered to be an important change in Association policies regarding short-term rentals of units at Rocky Ridge. Dan noted that his primary concern was that, in his view, the language imposed new limitations upon the ability of homeowners to use internet services to effectuate short term rentals of their units, and that this change was not highlighted in the explanatory materials that accompanied the ballot. Dan also objected to the lack of circulation of a redline showing all changes within the CC&R's. Given these concerns, Dan and Paul proposed that the election to approve the amendments to the CC&Rs and the Bylaws be suspended.

After Dan and Paul had completed their comments, Steve and Curt explained that, in their view, Dan and Paul were misconstruing the magnitude of the change effected by the language of Section 7.03. Both Steve and Curt acknowledged that in several outreach communications to the owners prior to the start of balloting it was determined that no further regulation of short term rentals was needed at this time. Section 2.04 of the proposed Amended and Restated Declaration of CC&R's (the principal provision discussing the rights of owners to rent their units) makes this clear. Steve and Curt's analysis on this issue is based upon a number of reasons, including the following:

- The existing CC&R's already authorize the Board to adopt rules from time to time with respect to (i) limiting commercial operations within a unit (such as serial or near continuous short term

rentals) and (ii) regulating the manner in which short term rentals are implemented. The language of section 7.03(b) of the proposed Amended and Restated Declaration of CC&Rs is intended to reiterate this existing authority of the Board, without adopting any new rules or regulations on these issues. The language thus does not really change either the rule-making authority of the Board, the Association's adopted rules, or the current rental policies applicable to units within Rocky Ridge.

- Further, the proposed amended Bylaws (and new California laws that were not applicable to the old CC&Rs) together impose new restrictions upon the Board's power to actually effectuate the adoption of new rules or regulations on these issues. Under the new requirements, a rule materially affecting the use or operation of a unit (which is termed an "Operating Rule" under the amended Bylaws and applicable California law) only can be adopted after (i) provision of 30-day notice of the new rule to homeowners, and (ii) the homeowners have been given an opportunity during this period to challenge the new rule. If 5% of the owners timely object to the proposed rule, then the owners can require the Board to submit the issue to vote of the owners before it becomes effective. These requirements thus mean that the authority of the Board to adopt rules hereafter actually will be constrained, rather than expanded, and that members will be empowered to participate in an evaluation process with respect to any new rule relating to the rental of units, before any such rule is adopted.

After discussion regarding this issue was concluded, Bruce moved that the Board proceed to count the ballots with respect to the proposed amendments. Bob seconded the motion and the motion passed 6-0.

Ray O'Neal, as Inspector of the Election, then counted the ballots. The amendments were approved with 71 owners voting in favor, and 1 owner voting in opposition. Bruce moved that the Board accept the election results and authorize the officers and management of the Association to take all steps which, in their judgment, are reasonably necessary or appropriate to memorialize and implement the amendments, and to cause the amendments to take effect. Bob seconded the motion and it passed 5-0 (Curt had left the meeting before the completion of the counting of the ballots). Bruce and Yates will work with Curt to implement the amendments per the motion.

3. **Update re Election of Directors.** Bruce noted that only Steve Dohrmann, Nick Farwell and Robert Schuchardt timely submitted self-nominations for the director seats on the Board coming open at the September 1 annual meeting of the owners. Bruce moved (and Bob seconded) that the officers and management of the Association prepare a ballot with these three names and then take all steps to hold the election for the director seats. The motion passed 5-0.

4. **Property Manager's Report.** Yates reported as follows:

- Almost all of the decks on the units have been repainted (only the entrances at 117 and 122 remain to be done).
- The tennis courts have been repaired and recovered.
- The beach driveway and parking lot has been fully re-paved.
- The pavers work has been completed for all of the walkways.
- Yates's team is currently in the midst of painting (Yates thinks it is a great crew).
- The association's finances are in even better shape than predicted in the budget, in part because Chum left early this summer and has not yet been replaced (thereby reducing labor expenditures).

- There have been bear problems almost every night, particularly over the 4<sup>th</sup> of July time period.
- Burton Creek State Park still is working towards the tree project, but it now looks like the project may be delayed until next year.
- Unit 54 has a leak issue – snow blows under the roof and then leaks into the interior of the unit. The owner made a special request that the association pay for repair of stains on the interior wood (NOTE: the association generally does not pay for interior painting or staining work). Given that it looks like the leak may emanate from the outside, Yates proposes that the association bear the repair expense so long as the owner waits until Spring to do the work (so Yates can be sure that he has cured the leak before the work is undertaken). The board approved this approach but stressed that this is a special case (given that design issues may be the cause of the leak).
- Unit 24 has installed some exterior modifications without association approval. The modifications consist of a metal colored vent on the exterior wall and large pipes emanating from the roof. The Board instructed Yates to tell the owner of unit 24: (a) that the vent must be replaced with a vent made of a brown color that matches the hue of the other browns on the building exterior (as determined by Yates); (b) the pipes must be revised as shown in drawings the contractor submitted to Yates (the sketches call for the pipes to be replaced with smaller pipes with a brown color); and (c) if these changes are not made, then the Board will begin a disciplinary proceeding, which could result in a fine, an order to replace the vent and pipes, and/or both. Frank will work with Steve and Yates to prepare a letter communicating these points to the owner.
- Bruce will prepare a newsletter noting (i) the requirement that structural or exterior alterations require Board approval, (ii) the persistence of bear issues (and the need for owners to be careful in closing the dumpsters), (iii) the approval of the CC&Rs, and (iv) the election regarding the directors.

#### 5. **Report Regarding Status of Leases.**

- Bruce reported that Ray O’Neal has signed the new lease for the real estate office space. Bruce moved that the officers and management take any and all steps which they determine to be reasonably necessary or appropriate in order to execute and enter the lease. Bob seconded the motion and it passed 5-0.
- Loverde lease: Frank will work with Bob to prepare the new lease. The board unanimously confirmed the lease terms approved during the May 29, 2018 board meeting (see the minutes of that meeting for details).

#### 6. **Next Meetings.**

- a. Next Board of Directors Regular Meeting -- Saturday September 1, 2018 at 9:00 am. Location: Rocky Ridge Beach Clubhouse, Tahoe City. Frank asked that he be permitted to participate telephonically.
- b. Next Annual Property Owners’ Meeting -- Saturday September 1, 2018 at 11:00 am. Location: Rocky Ridge Beach Clubhouse, Tahoe City
- c. Tentative Schedule for Subsequent Regular Board Meetings Between September 2, 2018 and June 30, 2019:
  - i. Tuesday November 13, 2018 at Noon. Telephonic - Location to be determined.
  - ii. Tuesday February 12, 2019 at Noon. Telephonic - Location to be determined.
  - iii. Tuesday April 16, 2019 at Noon. Telephonic - Location to be determined.

iv. Tuesday May 28, 2019 at Noon. Telephonic - Location to be determined.

The meeting was adjourned at 1:06 pm.