

Amended and Restated Meeting Minutes
Regular Meeting of the Board of Directors of the Rocky Ridge Properties Owners Association
Meeting Date: November 13, 2018
Location: Telephonic Meeting, with 6 directors participating by personal attendance at
Peninsula Golf & Country Club in San Mateo, CA
Scheduled Meeting Time: Noon

Notice of Meeting: Bill (Yates) Bauder confirmed that the property owners received notice of the scheduled November 13, 2018 board meeting as follows: (i) on November 8, 2018, Yates posted the notice and agenda for the meeting on the message board at the Rocky Ridge Road entrance gate; (ii) on November 9, 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 November 9, 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 12:03 pm. Directors Steve Dohrmann, Bob Schuchardt, Nick Farwell, Frank Pagliaro, Laura Bertone and Bruce Shepherd attended the meeting in person, and Curt Sproul attended the meeting by teleconference. Accordingly, a quorum was present. Yates and Ray O'Neal also attended the meeting. Rich Votaw from Farmers Insurance participated by telephone for a portion of the meeting (as noted below), and Chuck Ott from Heffernan Insurance Brokers participated by telephone for a portion of the meeting (as noted below).

1. **Election of Officers.** Nick nominated and brought a motion to elect the following slate of officers (to serve until elections at the first board meeting following the election of directors at the August 2019 meeting of the Homeowners/Members):

President: Steve Dohrmann
Vice President: Bob Schuchardt
Treasurer: Laura Bertone
Secretary: Bruce Shepherd

Bob seconded the motion, and the motion passed unanimously.

2. **Appointment of Committees:** Steve moved the appointment of the following committees:

Executive Committee: Steve Dohrmann, Bob Schuchardt, Laura Bertone, Bruce Shepherd
Legal/Insurance: Bob Schuchardt, Curt Sproul, Frank Pagliaro, Nick Farwell
Architectural Review: The full board of directors
Buoys/boats: Steve Dohrmann, Bob Schuchardt, Laura Bertone
Operating Rules: Curt Sproul, Bob Schuchardt

Frank seconded the motion, and the motion passed unanimously.

3. **Approval of Minutes of September 1, 2018 Meeting.** The minutes of September 1, 2018 board of directors meeting, in the form circulated to the directors prior to the November 13, 2018 meeting (and as revised to correct certain typographical errors, as noted by Steve Dohrmann), were approved. Steve motion; Bob second; 6-0 vote (Frank abstained since he was not in the 9-1-18 meeting).

4. **Review of Minutes of September 1, 2018 Meeting of the Homeowners/Members of the Association.** The board reviewed the draft minutes circulated prior to the meeting. The board approved the circulation of the draft minutes to the homeowners (for approval at the next meeting of homeowners on August 31, 2019). Steve motion; Bob second; 6-0 vote (Frank abstained since he was not at the 9-1-18 meeting of the members).
5. **Property Manager's Report.** Yates reported briefly upon work that has been undertaken since Labor Day, including in particular painting, tree maintenance, and chipping and distribution of accumulated tree waste. Yates also noted that given some savings in the budget year to date, he has procured some tools which will permit the Association to prudently and more efficiently complete future maintenance work. Yates also has procured a new dinghy for the beach, equipment to facilitate winter storage of dinghies, a welder that should facilitate, among other things, snow blower maintenance, and a new webcam to be posted outside unit 48. Yates also anticipates installing LED lights in the maintenance building, with an eye to reducing electricity costs.
6. **Buoy Attendant Responsibilities.** The board reviewed and approved by consensus an updated list of responsibilities to provide to buoy attendants working at the beach next summer.
7. **Review Insurance and Property Damage Issues.** In accordance with the dictates of the CC&R's, the board reviewed the insurance package that it has procured in the past, and the anticipated package to be procured for 2019. To assist in this task, the board asked Rich Votaw of Farmers to describe our existing policies, to identify issues for consideration, and to provide a quote for the required insurance. Rich had not completed all of these tasks as of the 11-13-18 board meeting, but he did note the following:
 - The RRPOA currently has about \$39.6 million in property damage insurance. The insurance has a deductible of \$5,000 per occurrence. The annual premium amounts to approximately \$111,000. With total square footage of about 190,000 SF, this insurance provides a pool of potential rebuild funds of just a bit less than \$210/SF. Our insurance also has certain replacement cost and code compliance endorsements which could increase the total casualty coverage to perhaps as high as \$54 million (about \$285/SF), but such expanded coverage is subject to further conditions and may not be available in full in all casualty circumstances.
 - It is important to note that under the CC&R's, the Association is generally allocated responsibility to rebuild only the "shell and exteriors" of the structure (e.g., the shell, the foundation and any crawl spaces, the decks, the windows, and plumbing and electrical to the edge of the walls); each homeowner is responsible for covering the cost of addressing any damages to the "interiors" (e.g., wall surfaces and coverings, window coverings, appliances, furniture and other furnishings, cabinets and other finish carpentry, etc.), and accordingly each owner should procure insurance for any such losses.
 - Farmers insures many condo communities in the Tahoe City area. Rich agreed that when he provides his quote, he also will provide comparative information so the board can assess its insurance package against those procured by the associations for other condo communities (with particular focus on communities with a like finish level and a similar allocation of insurance responsibilities between the owners association and the owners). For example, Rich will provide a comparison to the insurance procured by Tahoe Taverns (which has a similar responsibility allocation – Rich thinks that the Tahoe Taverns insurance package may provide a higher level of coverage per square foot).
 - The board also briefly discussed with Rich the terms of the RRPOA's vehicle coverages.

After Rich finished his presentation, he left the phone call, and the board was joined instead by Chuck Ott of Heffernan. Heffernan has arranged the RRPOA's insurance over the last several years. Chuck confirmed the general parameters of our existing insurance, as described above. Chuck also indicated that he is working on a quote for 2019, and he will present it shortly.

The board determined to schedule a special board meeting on November 27, 2018 to consider the insurance issues. In the meantime, Laura and Nick will work as a board subcommittee to consider the proposals submitted by Rich and Chuck.

Once the board finishes its work on the RRPOA policy for 2019, it will ask its insurance broker to provide a summary of the coverages which he or she would recommend that EACH HOMEOWNER should procure to best mesh their individual unit coverage (as to "interiors") with the RRPOA coverage. The board plans to provide this statement to the homeowners.

Curt noted that a homeowner has raised a question as to the nature of the association's obligation to use insurance proceeds to rebuild following a casualty. Curt agreed to provide a letter interpreting the association's re-build obligation. Curt will circulate the same in advance of the 11-27-2018 special board meeting with an eye to providing the homeowner with a copy following approval by the board.

8. **Water Damage Responsibility.** The board noted that another nearby condo community has made a special assessment to its members to install special water turn off switches in each unit, thereby reducing the risk of water damage. After discussion, a consensus was reached that the existing water shut off vales should provide adequate protection within Rocky Ridge. The board agreed, however, to remind the homeowners that they each are individually responsible for any water damage caused by water leakage within their respective units. This reminder will be included with the newsletter that the board plans to circulate with respect to "interiors" insurance (as described above).
9. **Financial Reviews.** In accordance with the dictates of the CC&R's, the board reviewed the recent financial statements for the RRPOA (including statements indicating current liquid account balances, the expenditures during the recent reporting period, and the magnitude of those expenses relative to the association's budget). The board also discussed the following financial matters:
 - Yates also walked the board through a revised reserve study. Yates noted that there had been very few changes. Most notably, the current reserve study includes the following changes: (i) a higher projection for future roofing costs (although no roofing work is anticipated in the immediate future); and (ii) a longer projected life for the playground equipment (since it has weathered very well). The board unanimously approved the current reserve study.
 - Laura Bertone also discussed a draft budget for 2019. At present, Laura and Yates do not anticipate material changes in the budgetary line items for 2019 relative to 2018, though there are some issues (e.g., insurance premiums) for which she needs further information to propose a final budget (and, correspondingly, the dues level for 2019). The board determined to consider the adoption of the 2019 budget (and the homeowner dues level) in the November 27 special board meeting.
10. **Annual Policy Statement.** Laura will work with Mary to collect the various papers which are required to be included in the Annual Policy Statement (as required by California law). Laura will

endeavor to circulate the draft Policy Statement to the directors before the November 27, 2018 special meeting of the board.

11. **Operating Rules.** Curt and Bob plan to complete revision of the association's operating rules so the rules can be considered at the February board meeting. Bruce proposed that the rules include provisions to facilitate director elections, including the following:

- The rules should empower the board to establish, in its discretion, reasonable procedures and time periods for the nomination of candidates (e.g., the board could establish an X-day period for nominations to be submitted, with a reasonable deadline that meshes with the other time periods that pertain to the election).
- The rules should permit the board to establish a deadline for the due submission of ballots, so as to facilitate counting of the ballots during the annual meeting. For example, the board could mandate that in order to be valid, ballots must be submitted no later than 5 minutes after the commencement of the annual meeting (or, if applicable, no later than 5 minutes after the completion of any time period set aside during the meeting for candidates to address the members).

12. **Future Agendas.** Ray O'Neal asked that he be provided copies of the agenda in advance of future board meetings.

13. **Schedule for Future Meetings.** The board approved the following schedule for future meetings:

- Tuesday November 27, 2018, at Noon. Telephonic - Location to be determined.
- Tuesday February 12, 2019, at Noon. Telephonic - Location to be determined.
- Tuesday April 16, 2019, at Noon. Telephonic - Location to be determined.
- Tuesday May 28, 2019, at Noon. Telephonic - Location to be determined.
- Saturday August 31, 2019 at 9:00 am at the Rocky Ridge beach clubhouse (annual meeting of members/homeowners to follow at 11:00 am).
- Tuesday October 22, 2019 at noon, location to be determined.

14. **Confidential Executive Session.** The board next adjourned to Executive Session to discuss the following:

- A potential member discipline matter. After discussion, the board determined to address the circumstances with a warning to the member, but to not commence discipline proceedings at this time on the basis of the past circumstances.
- Certain personnel matters. The board approved (i) bonus proposals for the Association's employees for 2018 and (ii) compensation proposals for the Association's employees for 2019 (including the 2019 policy for contributions to 401(k) plans).

Upon completion of the Executive Session, President Dohrmann adjourned the meeting at 3:06 p.m.