

## Meeting Minutes

**Special Meeting** of the Board of Directors of the Rocky Ridge Properties Owners Association

Meeting Date: November 19, 2019

Location: Telephonic

Scheduled Meeting Time: Noon

**Notice of Meeting:** Bill (Yates) Bauder confirmed that he provided notice to the property owners of the board meeting in accordance with the requirements of the Association's Bylaws (e.g., by the means permitted by the Bylaws and with sufficient advance notice to comply with the Bylaws).

**Quorum:** Steve Dohrmann, Bob Schuchardt, Laura Bertone, Frank Pagliaro, Curtis Sproul and Bruce Shepherd were in attendance (each participating by dial-in to the teleconference call); accordingly, a quorum of directors was present. Yates also attended the meeting from the Rocky Ridge office in the building behind the real estate office (the building near the Rocky Ridge entrance gate). Director Nick Farwell did not participate in the meeting.

President Steve Dohrmann called the meeting to order at 12:04.

1. **Approval of Minutes of 10-29-19 Board Meeting.** Minutes of the October 29, 2019 board meeting, in the form circulated to the directors, were approved. Steve motion; Curt second; 6-0 vote.
2. **Insurance Update:** Chuck Ott of Heffernan, the Association's insurance agent, reported that he has heard back from all of the 29+ insurance companies to which Heffernan (on behalf of the Association) submitted requests for fire coverage for 2020. After negotiation, Lloyd's has agreed to provide coverage for a premium of \$225,000 (compared to \$107,000 paid for the Association's 2019 fire coverage). The proposed Lloyd's coverage calls for a \$25,000 deductible and a primary loss limit of \$5,000,000. Chuck anticipates that \$45,000,000 in "excess" coverage can be procured from additional insurers for an aggregate premium of about \$100,000, but this is still not a firm number; we are awaiting responses from many carriers with respect to the "excess" \$45 million in coverage.

Additional items discussed with respect to fire insurance:

- The board members expressed surprise at the high forecast for fire insurance premiums, particularly since the best current quote is materially higher than the quote forecast just a few weeks ago. Chuck said that the premium increases are due primarily to the devastating losses incurred with other Northern California fires in 2018 and 2019. Fears with respect to fire losses are over-whelming the California insurance market.
- Chuck reported that Heffernan also has inquired with respect to coverage from California Fair Plan. California Fair Plan proposed to provide a maximum of \$4.5 million in primary coverage; other insurers are unwilling to provide (at least this year) excess coverage to be layered behind the California Fair Plan primary coverage (private excess coverage insurers prefer broad "all risk" coverage beneath them – California Fair Plan is a named peril policy, which is disfavored by secondary insurers, in part because the named peril primary coverage increases the risk to the secondary insurers of coverage disputes and litigation).
- In response to questions from board members, Chuck indicated that there currently is no sort of cooperative which the Association could join in order to lower 2020 coverage costs.
- Chuck will provide Yates a written update on the status of insurance quotes by Tuesday 12-3-2019; **the board will hold a meeting on 12-10-2019 to discuss the updated report.**

- Yates called Rich Votaw (another insurance broker, though not the Association's broker of record) to get separate input on the size of the anticipated premiums. Rich confirmed that the premiums, though large, reflect market conditions.

On a separate note, Frank reported that he has received an offer from State Farm for a separate type of homeowner procured coverage to apply to losses arising out of fire damage caused by a neighbor's fire – Frank understood the premium would be relatively low, in which case this might be prudent coverage for homeowners to procure. Frank will look further into this coverage and let us all know more about the details.

3. **Budget Approval Process for the 2020 budget.** Given the anticipated delay in finalizing insurance premium costs for 2020, the board proposed the following process for approving the 2020 budget:

- The board has scheduled a meeting for November 24, 2020 at 2:00 pm to consider a draft budget for 2020. Laura will work with Yates and Mary to prepare a draft budget in advance of that meeting. The budget (and the proposed assessments to homeowners/members) will be prepared before final insurance premiums for 2020 will have been determined, so the budget will be premised upon 2020 fire insurance premiums of \$325,000 (as per the report provided by Chuck Ott). If the ultimate premiums turn out to be less than such figure, then the board will have discretion to reduce the budget and the homeowner assessments.
- Given the anticipated increases in insurance premiums, the board believes that the budget may be subject to member approval in order to be adopted. To consider such approval, the board is considering the scheduling and holding of a special election. If the board determines to proceed with the special election, then the following procedures shall apply:
  - Ballots for the special election shall be distributed by late November 2019 (the board will target ballot distribution on November 25, 2019).
  - Ray O'Neal will be inspector for the election (with assistance from Yates and Mary Cushing).
  - The election will close at December 26, 2019 at 5:00 pm; ballots must be submitted by such time to be considered in the election. Ballots will be counted after the closing of the election and during a special telephonic board meeting at 9:00 am on December 27, 2019.

4. **Suggestions by Board Members for other future Agenda topics (subject to change).**

- December 10, 2019 Meeting: Consideration of quotes received from potential insurers for 2020 fire insurance coverage.
- February 18, 2020 Meeting: Consideration of charges for boat owners for buoys in Summer 2020.
- February 18, 2020 Meeting: Consideration of election rules.

5. **Adjournment.** The board meeting was adjourned at 1:14 pm.

**ANTICIPATED SCHEDULE FOR FUTURE BOARD MEETINGS (subject to change):**

- November 24, 2019 at 2:00 pm (Location: Telephonic)
- December 10, 2019 at noon (Location: Telephonic) [Note: The date for this meeting has been changed from 12-3-19 to 12-10-19]
- December 27, 2019 at 9:00 am (Location: Telephonic)
- February 18, 2020 at 9:00 am (Location: Telephonic)
- April 14, 2020 at 9:00 am (Location: Telephonic)
- May 19, 2020 at 9:00 am (Location: Telephonic)

- July 7, 2020 at 9:00 am (Location: Telephonic)
- September 5, 2020 at 9:00 am (Location: Rocky Ridge Beach Clubhouse)