

Meeting Minutes

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

Meeting Date: February 18, 2021

Location: ZOOM Internet Meeting

Scheduled Meeting Time: 1:30 pm

Notice of Meeting: Bill (Yates) Bauder confirmed that he provided notice to the homeowners 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).

Attendance and Quorum: Yates patched into the ZOOM internet meeting from his office at the base of the Rocky Ridge hill. Board members Steve Dohrmann, Bob Schuchardt, Laura Bertone, Nick Farwell, Curt Sproul, Frank Pagliaro and Bruce Shepherd joined the ZOOM internet meeting from other remote internet connections. Accordingly, a quorum was present. Homeowners Matt Howarth, Herman Howerton, and Ron Janes also joined the Zoom meeting through remote internet connections. President Steve Dohrmann called the meeting to order at 1:34 pm.

1. **Approval of minutes of 1-20-21 Board meeting.** A motion to approve the minutes for the referenced Board meeting, in the form circulated in advance of the February 18 Board meeting, was made by Curt Sproul, with a second from Frank Pagliaro. The motion passed 7-0.
2. **Discussion of amendment to CC&R's.** The primary purpose of the board meeting was to allow homeowners an opportunity to ask questions regarding the proposed amendment to the CC&Rs. A draft of the proposed amendment, as well as an explanatory memorandum, was placed upon the Rocky Ridge website several weeks prior to the meeting, and homeowners were encouraged to submit questions to the board which could be addressed at the 2-18-21 board meeting. Several homeowners submitted questions in this manner. Most of the questions addressed typographical or other non-substantive drafting glitches in the draft, and the board agreed to instruct and authorize the drafting committee to address these types of changes in preparing the final draft for adoption and recordation.

The first question raised by a homeowner was whether the level of mandated "loss assessment" coverage was appropriate in the current market place. The homeowner noted that her insurer was balking at providing the \$50,000 amount dictated in the amendment. After discussion, the board revised the amendment to reduce the mandated level of loss assessment coverage to \$40,000.

Two other homeowners submitted comments suggesting language clarifications to improve the rights of homeowners to bring claims against the Association's insurers, should the circumstances warrant. To address these concerns, the board made changes to the amendment acceptable to these owners.

A few other questions were posed about the process which would be applied after a major casualty. In particular, some homeowners asked about the provisions calling for potential sale of the entire project should the homeowners not approve (in accordance with applicable California legal requirements) a repair plan for the damages. Curt explained that the provisions in the existing CC&Rs were scant and could (and indeed likely would) lead to undesirable outcomes for the Association, the Owners and their respective properties if a major casualty event were to occur. Curt added that the forced sale remedy only would become applicable if (i) a major casualty occurred and there were insufficient insurance proceeds to complete the pertinent repairs (which, though possible, is unlikely), and (ii) the owners declined to approve a special assessment to cover the anticipated costs in excess of the insurance proceeds. Curt also noted that the drafting committee concluded that in such circumstances, the forced sale remedy would put the owners of undamaged units similar vantage point to that of owners of damaged units – to preserve continued use of their units, both groups of owners would be incentivized to approve a special assessment to cover the repair costs.

After Curt's explanation, there was a consensus that the approach seemed fair and preferable to the confusion under the existing CC&Rs.

Another townhome owner asked about the manner in which the net sales proceeds (and any unused reserves or insurance proceeds applicable to the townhomes from Association procured policies) should be split amongst the owners in the unlikely event the forced sale remedy were to be implemented. The townhome owner suggested that in such event, the pot of funds should be divided as follows:

- (i) A portion of the funds should be divided in equal shares among the two individual residence properties (i.e., in the same manner as contemplated by the draft of the amendment circulated to the homeowners prior to the 2-18-21 meeting), and
- (ii) The balance of the funds should be divided among the townhome owners in proportion to the fair market values of the townhome units as of the date immediately prior to the casualty, rather than being divided into equal shares for each townhome unit (as had been contemplated by the draft of the amendment circulated to the homeowners prior to the 2-18-21 meeting).

After discussion, the board determined to revise the amendment to divide the pot of funds in proportion to the fair market values of the townhome units as of the date immediately prior to the casualty (including for such purposes internal fixtures and finishes, but excluding unattached personal property, since the townhome owners would have the right to remove such personal property prior to consummation of the sale). The board encouraged the amendment drafting committee (Curt, Frank and Bruce) to include language to set forth some brief common sense procedures to be applied by the board in establishing the FMVs of the townhome units. The board stressed that the document should reserve to the board discretion to determine the facts pertinent to the FMV decisions, to establish the valuation procedures, and ultimately to determine the fair market values of the townhome properties.

There were no further questions from townhome owners with respect to the contemplated amendment.

Bruce moved that: (i) the board approve the amendment to the CC&Rs (subject to such revisions which, in the judgment of the drafting committee, implement the above described discussions), (ii) the board circulate the draft amendment to the homeowners; and (iii) the board hold a homeowner election to approve the amendment, and that Ray O'Neal serve as the inspector for the election. The motion further specified that the election should commence as expeditiously as possible, with a goal of concluding the election by April 15th (though the board reserved the right to extend the timeline an additional 45 days). Nick seconded the motion and the board approved the motion 7-0. The non-board member participants in the meeting also expressed approval of the board's actions with respect to the amendment.

3. **Suggestions by Board members for future agenda topics (subject to change).**

- April 6, 2021 Meeting: Adoption of election process for 2021 Board election
- April 6, 2021 Meeting: Discussion of the potential extension of the term for lease of the real estate office at the bottom of the hill.

Adjournment. The meeting adjourned at approximately 2:30 pm.

SCHEDULE FOR FUTURE BOARD MEETINGS (Subject to change):

- April 6, 2021 at 1:30 pm CA time (Location: Zoom internet meeting)
- May 18, 2021 at 1:30 pm CA time (Location: Zoom internet meeting)
- July 13, 2021 at 1:30 pm CA time (Location: TBD)

- September 4, 2021 at 9:00 am CA time (Location: TBD)

SCHEDULE FOR FUTURE HOMEOWNER/MEMBER MEETINGS (subject to change):

- September 4, 2021 at 11:00 am (Location: TBD).