

Minutes
Meeting of the Board of Directors of the Rocky Ridge Property Owners Association
November 14, 2017, 12:00 noon
Peninsula Golf and Tennis Club
San Mateo, California

President Steve Dohrmann called the meeting to order at 12:05 pm. Board Members in attendance consisted of Steve Dohrmann, Bob Schuchardt, Nick Farwell, Laura Bertone and Bruce Shepherd. Board Member Curtis Sproul was in attendance by telephone. Director Frank Pagliaro was absent.

Others in attendance were Bill (Yates) Bauder, Paul Gray and Ray O'Neal.

1. Approval of Minutes:

- The minutes of the board of directors meeting on September 2, 2017 were unanimously approved (Motion by Nick Farwell, Second by Bruce Shepherd).

2. Election of Officers and Appointment of Committees:

- The following officers were elected by unanimous vote of the directors to serve until the first board of directors meeting after the 2018 annual homeowners meeting:
 - Steve Dohrmann as President
 - Bob Schuchardt as Vice President
 - Laura Bertone as Treasurer
 - Bruce Shepherd as Secretary
- The following committees were appointed by unanimous vote of the directors to serve until the first board of directors meeting after the 2018 annual homeowners meeting:
 - Executive Committee: Steve Dohrmann, Bob Schuchardt, Laura Bertone, Bruce Shepherd
 - Legal/Insurance: Bob Schuchardt, Roger Gault, Curtis Sproul, Frank Pagliaro and Bruce Shepherd
 - Architectural Controls: Full Board
 - Buoys/Boats: Steve Dohrmann, Bob Schuchardt, Laura Bertone

3. Treasurer's report: Treasurer Laura Bertone reported the following:

- Association operations through September generally are in compliance with the aggregate limits for the partial year set forth in the adopted 2017 budget.
- Prior to the meeting Laura and Yates prepared a draft budget for 2018. The draft was circulated and discussed by the members. The draft anticipates an operating deficit of about \$27,000 (assuming zero excess funds to roll forward at 2017 year end – at the last homeowners meeting the owners approved the roll forward of excess 2017 funds to be applied against 2018 expenses).
- Though the balance in the operating account as of October 31 was about \$186,000, it still is too early to precisely estimate the size of any 2017 roll forward since the association's monthly operating costs can vary from \$75,000 to modestly over \$100,000.

- Laura also identified three cost categories that continue to be difficult to estimate for 2018 -- insurance, labor and accounting.
- Laura expects insurance costs to increase by roughly 3% in 2018 -- she expects an invoice within a few weeks. But we could see a larger increase since insurance companies have suffered material losses due to 2017 floods and fires.
- Laura also discussed plans for exploring avenues for reducing the aggregate accounting charges. The board encouraged Laura to consider alternative providers, if necessary to reduce costs.
- With respect to labor costs, Yates noted that the budget projects a 6% increase in health care costs over 2017. Yates also noted that (i) painting work is particularly expensive to contract for from third parties, and accordingly he tries to handle these tasks "in house" if possible, (ii) it is important to stay current on painting (deferred painting leads to extra ultimate expense), and (iii) he needs to retain flexibility for significant labor demand fluctuations, in particular should there be another heavy winter snow season.
- With a preliminary projected operating deficit of \$27,000 (assuming no roll forward from 2017), a case could be made for an increase in assessments by about \$70/owner/quarter. Given that both the size of the roll forward and certain cost estimates still are under review, however, the board (Motion Nick Farwell, Second Bob Schuchardt) voted unanimously instead to keep the assessment at the current level of \$2,500/owner/quarter and to direct Yates to manage expenses carefully in hopes of navigating to a zero operating deficit.
- The board requested Laura to revise the budget and re-circulate it to the board for approval at or around the end of the year. If the board determines at that time (or later) that there is likely to be a cumulative operating deficit for 2018, then the board may revisit the issue (and potentially raise) the quarterly owner assessment.
- The board discussed the methodology for calculating summer buoy usage fees. Bob Schuchardt and Steve Dohrmann noted that the fees should be set to raise total funds reasonably commensurate with the association's costs fairly allocable to buoy use. The board discussed the types and amounts of particular costs allocated to the buoys in the context of this philosophy. The board ultimately asked Laura to re-examine the various cost items and to come back to the board with a proposed buoy fee that shows both (i) the types of costs covered by the fees and (ii) the extent to which such costs will be allocated to the buoy pool of costs (for coverage through buoy fees).
- Bob noted that a coincident benefit of the buoy fees methodology used in 2017 was that owner demand for buoys was less than the total available buoys, so no lottery system was required in order to identify those entitled to buoys.
- Bob and Steve also noted the total cost to a Rocky Ridge owner for using a buoy at the RR pier (i.e., the total buoy fees charged an owner for the summer) was significantly less than the cost of getting a buoy or a slip at any alternative nearby facilities or marinas.

4. Project Manager's Report

- Major maintenance/repair tasks for 2017 (e.g., sealing of roads; oiling of all decks; repair of a pipe leak at the upper pool; lawn aeration) have been completed. Yates further noted as follows with respect to the cost of material repair work funded from the reserve account (relative to budget):

Line Item	Budget	Spent thru 11-7-17	Over (Under)
Sealing	\$14,941	\$18,745	\$3,804

Buildings Exterior	\$25,000	\$27,482	\$2,482
Paving	\$17,000	\$14,420	(\$2,580)
Walkways	\$23,000	\$0	(\$23,000)
Decks	\$28,000	\$32,077	\$4,077
Lower Pool Heater	\$0	\$2,584	\$2,584
Total	107,941	95,308	

- Yates determined to not undertake walkway work in 2017, given the heavy and late lasting snow pack; with this item removed, there were aggregate cost overruns relative to budget on the other line items.
- In 2017 a material amount was spent on addressing dead trees (\$7365 on outside contractors, plus a significant dedication of time from in house labor). Yates covered this work from the operating budget. Yates anticipates that additional dead tree work will be required in 2018, though hopefully less than in 2017.
- Yates reported that Burton Creek State Park is embarking on forest cleanup work from the RR point (at the top of the hill) up to the water tower; this should have the coincident benefit of diminishing the fire risk from the lands to the west of Rocky Ridge.
- Yates anticipates sign off in the next few weeks from the TRPA that Rocky Ridge is in compliance with the TRPA's best management practices. A buyer in escrow for unit 117 (Shelley Nahas Aldean) was very helpful in getting the TRPA to focus on Rocky Ridge's performance. Yates noted that since this effort has been ongoing for years, getting this sign off is a material accomplishment.

5. Rent Review/Leases:

- Laura noted that the Association's tenants desire to renew their leases.
- After discussion it was concluded that a 3%/yr increase, and new 5 year lease durations, should be proposed to the tenants. Yates indicated that the tenants likely will find these terms to be acceptable.
- The board unanimously approved (Motion: Nick Farwell; Second Laura Bertone) the execution of new leases for the respective spaces on these terms. Bob Schuchardt and Bruce Shepherd will work with Yates on the new lease documents.

OLD BUSINESS

6. Short Term Rentals/CC&R's Amendment

- The board discussed generally the feedback from owners with regard to whether there should be additional restrictions on short term rentals. The board accepted the conclusion of the owners that there is not a significant problem at this time, so the language of the CC&R's should not be changed (except to clarify that the board has authority to adopt reasonable rules on this issue in the future, should it perceive that short term rentals of unit are creating problems).
- Curt Sproul will infuse language to this effect into the proposed amendment to the CC&R's. Curt also will explore what other developments are doing with respect to short term rentals.
- The CC&R's amendment (and an accompanying bylaws amendment) is required primarily to bring the association's governing documents into compliance with recent changes in California

law. Curt and Bob envision finalizing the documents and circulating the same to board members for review within the next few weeks.

7. Unit 66 Structural Member Issue:

- As the board discussed in its September meeting, the owner of Unit 66 made certain structural modifications without obtaining prior board approval. At the request of the board, the owner since has provided a report from a licensed California structural engineer confirming that the engineer has reviewed both the plans and the work and confirmed that the work complies with applicable law and does not impair in any meaningful respect the structural integrity of the building within which the unit is located.
- In accepting the engineer's report, the board further noted that:
 - the board is not equipped to independently assess the accuracy of the conclusions reached in the engineer's letters, and the board instead is accepting these letters based upon your engineer's expertise; and
 - the board understands that an escrow agent administering a potential sale of unit 66 has requested comfort from the RRPOA to the effect that the owners of unit 66 are not in default under the applicable CC&R's. Although the Rocky Ridge Project Manager will be providing the escrow with this statement on behalf of the board, the board encouraged the unit 66 owner to assess on its own whether the letters from the engineer should be shared by the unit owner with any potential purchasers, brokers or escrow agents involved in a sale of unit 66.
- Yates and Ray O'Neal confirmed at the meeting that, to their knowledge, the sale of the unit has not been completed.

8. Left Turn Lane:

- Cal Trans will not install a left turn arrow on the State Highway until there has been a fatality accident. Bob Schuchardt has obtained a file of CHP records as to past accidents at the left turn. Bob encourages board members and owners to Inform the association (and the CHP) in the event of further accidents.
- Steve thanked Bob for all of his work on governmental affairs with respect to Rocky Ridge.

NEW BUSINESS:

9. Unit 33 Entry Doorway Issue:

- The owner of Unit 33 has requested approval to move the front door and its adjacent wall 3 feet toward the parking lot (but still well within the area covered by the upper deck). The owner submitted plans to Yates to show the work.
- The board (Motion Nick Farwell; Second Bruce Shepherd) approved the proposed work with a 5-0 vote (YES votes: Dohrmann; Farwell; Shepherd; Bertone; Sproul; ABSTAIN: Schuchardt) on the condition that the proposed improvements will not change the visual aesthetics of the unit in any material respect (due to the door being receded within the entry space and the moved wall and door being completed with materials and design identical to the finish of the existing door and wall). The board asked that when Yates communicates the approval to the owner, he should do so in writing and highlight these requirements.

- The board emphasized that the approval should not be viewed as precedent for other design changes (and in particular that the approval should not serve as precedent for (i) a move of a front door further out than proposed by the owner of Unit 33 and (ii) any wall changes with respect to any unit decks).

10. Homeowner Contact List:

- Bruce will work with Yates to collect the existing lists maintained by the association and the board with respect to owner contact information. Bruce will endeavor to consolidate the information into one list which can be maintained in the future.
- Nick Farwell volunteered to call those owners that have not yet provided an email address (given that email is a more cost effective means for the association and the board to communicate with owners).

11. Future Meeting Schedule:

- The following board of directors meetings were scheduled and approved:
 - Tuesday February 6, 2018 at noon at the Peninsula Golf and Tennis Club in San Mateo
 - Tuesday April 17, 2018 at noon at the Peninsula Golf and Tennis Club in San Mateo
 - Tuesday May 29, 2018 at noon at the Peninsula Golf and Tennis Club in San Mateo
 - Saturday September 1, 2018 at 9:00 a.m. at the Rocky Ridge Beach Clubhouse
- The annual homeowners meeting was scheduled for Saturday September 1, 2018 at 11:00 at the Rocky Ridge Beach Clubhouse.

12. Further Discussion Items

- Steve raised the issue of charging for electric vehicles. He noted that while the issue may not be ripe yet, the board should begin to anticipate how it might address the issue. Bruce noted that the issue should be considered in connection with solar power availability, given that solar power shingles soon will be a market reality (and thus diminish aesthetic concerns).
- Yates noted that multiple charging stations would add complexity to snow plowing. Curtis added that when the project gets to the point of installing charging stations, it may want to concentrate them within a particular location, rather than having them spread around.
- Curtis noted that the right of owners to install charging stations at their own cost within the common area of a common interest development only arises if the owner of the vehicle has a designated or exclusive use parking space in the Common Area (not the case at Rocky Ridge). Curtis provided the applicable California Civil Code provision (see attached). No action was taken on this issue at the meeting.

President Dohrmann adjourned the meeting at approximately 2:17 p.m

Attachment to Minutes

Civil Code Section 4745. Electric Vehicle Charging

(a) Any covenant, restriction, or condition contained in any deed, contract, security instrument, or other instrument affecting the transfer or sale of any interest in a common interest development, and any provision of a governing document, as defined in Section 4150, that either effectively prohibits or unreasonably restricts the installation or use of an electric vehicle charging station in an owner's designated parking space, including, but not limited to, a deeded parking space, a parking space in an owner's exclusive use common area, or a parking space that is specifically designated for use by a particular owner, or is in conflict with the provisions of this section is void and unenforceable.

(b) (1) This section does not apply to provisions that impose reasonable restrictions on electric vehicle charging stations. However, it is the policy of the state to promote, encourage, and remove obstacles to the use of electric vehicle charging stations.

(2) For purposes of this section, "reasonable restrictions" are restrictions that do not significantly increase the cost of the station or significantly decrease its efficiency or specified performance.

(c) An electric vehicle charging station shall meet applicable health and safety standards and requirements imposed by state and local authorities, and all other applicable zoning, land use, or other ordinances, or land use permits.

(d) For purposes of this section, "electric vehicle charging station" means a station that is designed in compliance with the California Building Standards Code and delivers electricity from a source outside an electric vehicle into one or more electric vehicles. An electric vehicle charging station may include several charge points simultaneously connecting several electric vehicles to the station and any related equipment needed to facilitate charging plug-in electric vehicles.

(e) If approval is required for the installation or use of an electric vehicle charging station, the application for approval shall be processed and approved by the association in the same manner as an application for approval of an architectural modification to the property, and shall not be willfully avoided or delayed. The approval or denial of an application shall be in writing. If an application is not denied in writing within 60 days from the date of receipt of the application, the application shall be deemed approved, unless that delay is the result of a reasonable request for additional information.

(f) If the electric vehicle charging station is to be placed in a common area or an exclusive use common area, as designated in the common interest development's declaration, the following provisions apply:

(1) The owner first shall obtain approval from the association to install the electric vehicle charging station and the association shall approve the installation if the owner agrees in writing to do all of the following:

(A) Comply with the association's architectural standards for the installation of the charging station.

(B) Engage a licensed contractor to install the charging station.

(C) Within 14 days of approval, provide a certificate of insurance that names the association as an additional insured under the owner's insurance policy in the amount set forth in paragraph (3).

(D) Pay for the electricity usage associated with the charging station.

(2) The owner and each successive owner of the charging station shall be responsible for all of the following:

(A) Costs for damage to the charging station, common area, exclusive use common area, or separate interests resulting from the installation, maintenance, repair, removal, or replacement of the charging station.

(B) Costs for the maintenance, repair, and replacement of the charging station until it has been removed and for the restoration of the common area after removal.

(C) The cost of electricity associated with the charging station.

(D) Disclosing to prospective buyers the existence of any charging station of the owner and the related responsibilities of the owner under this section.

(3) The owner and each successive owner of the charging station, at all times, shall maintain a homeowner liability coverage policy in the amount of one million dollars (\$1,000,000) and shall name the association as a named additional insured under the policy with a right to notice of cancellation.

(4) A homeowner shall not be required to maintain a homeowner liability coverage policy for an existing National Electrical Manufacturers Association standard alternating current power plug.

(g) Except as provided in subdivision (h), installation of an electric vehicle charging station for the exclusive use of an owner in a common area, that is not an exclusive use common area, shall be authorized by the association only if installation in the owner's designated parking space is impossible or unreasonably expensive. In such cases, the association shall enter into a license agreement with the owner for the use of the space in a common area, and the owner shall comply with all of the requirements in subdivision (f).

(h) The association or owners may install an electric vehicle charging station in the common area for the use of all members of the association and, in that case, the association shall develop appropriate terms of use for the charging station.

(i) An association may create a new parking space where one did not previously exist to facilitate the installation of an electric vehicle charging station.

(j) An association that willfully violates this section shall be liable to the applicant or other party for actual damages, and shall pay a civil penalty to the applicant or other party in an amount not to exceed one thousand dollars (\$1,000).

(k) In any action to enforce compliance with this section [ELECTRIC VEHICLE CHARGING STATIONS], the prevailing plaintiff shall be awarded reasonable attorney's fees.