

Meeting Minutes

Regular Meeting of the Board of Directors of the Rocky Ridge Properties Owners Association

Meeting Date: November 27, 2018

Location: Telephonic Meeting

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: President Steve Dohrmann called the meeting to order at 12:03 p.m. Bruce Shepherd participated telephonically from 809 Margarita Avenue, Coronado, CA, Bill "Yates" Bauder participated telephonically from the Rocky Ridge Properties Owners Association offices in Tahoe City, and Steve Dohrmann, Bob Schuchardt, Laura Bertone, Frank Pagliaro, Nick Farwell and Curt Sproul participated telephonically from other locations. Accordingly, a quorum was present.

1. **Approval of Minutes of November 13, 2018 Meeting.** The minutes of November 13, 2018 board of directors meeting, in the form circulated to the directors prior to the November 27, 2018 meeting, were approved [motion by Laura, second by Steve, 7-0 vote].
2. **Consideration of Insurance Coverage Issues.**
 - The board invited Rich Votaw (from Farmers insurance) to discuss the association's insurance coverage and the attributes which should be included in the association's 2019 insurance policies. Rich focused upon the property damage, primary liability and umbrella coverages, which historically have consumed greater than 80% of the association's budgeted insurance premiums.
 - Rich did not yet have a quote to present to the board (he anticipates a quote will be available within the next several days), but he thinks coverage comparable to the 2018 coverage (around \$40 million in property and liability coverage, and \$10 million in umbrella coverage) should be obtainable for around the same premium that the association paid in 2018.
 - Rich suggested modifying the association's coverage to increase the damage coverage amount (to around \$60,000,000), to increase the deductible amount from \$5,000 to \$25,000, and to increase the umbrella coverage to \$25,000,000. Rich also suggested adding coverage for increased re-build costs due to changes in the building codes. Rich fielded a number of questions from board members and then left the meeting.
 - Chuck Ott from Heffernan (our current insurance broker) next joined the meeting to talk about potential renewal of our existing 2018 policy. Chuck did not yet have a final quote to present, but he believes that the insurer's initial offer will be to increase the premium by around 10%. Frank noted that the coverage includes multiple layers of coverage, and that the resulting complexity could make the pursuit of claims more difficult in the event of a major casualty.
 - Given that neither agent was in a position to present a formal quote for insurance, the board determined to hold a special board of directors meeting on Friday December 7th at 1:00 p.m. to consider the insurance proposals provided by the insurance agents.

- The board considered a request from a homeowner to clarify language in the CC&R's to obligate the board to cause the association, in all circumstances following a casualty, to use all available insurance proceeds to re-build the development's buildings. The homeowner objected to the board having any discretion in such circumstance. After considering many variables that can apply in a casualty circumstance, the board determined that there could be circumstances where it would be appropriate for the board to determine that a re-build may not be appropriate. For example, the board noted that if the cost of a re-build would be so significant that the re-build only could be completed with a dramatically inferior quality of improvements, or through the assessment upon the homeowners of a material special assessment, then the board might determine (and California law may require) that the re-build only should be undertaken if first approved by the homeowners. Accordingly, the board asked Curt Sproul to respond to the homeowner with the following general thoughts: (i) the board should procure association insurance with an eye toward achieving, subject to reasonable expense sensitivity, sufficient damage coverage to enable the complete re-building, following a casualty, of the building shells/exteriors (and at the former quality levels); and (ii) notwithstanding the foregoing, there is no guaranty that in all circumstances such a result will be achievable, and that accordingly the CC&R's should retain to the board some discretion to consider, in the context of then-current circumstances, the relative wisdom of rebuilding following a casualty.
3. **Consideration of Annual Budget Report (Per Section 12.05 of the Bylaws)**. Laura reported that she had studied further the allocation of costs to summer buoy users, and she had concluded that the appropriate summer assessment for buoy use is \$1,400 per buoy. Laura's analysis is set forth in the attachment to these minutes. Laura also reported that with the establishment of the \$1,400 buoy charge and an assumption that the association can procure insurance acceptable to the board for around \$120,000 in premiums in 2019, she can establish a draft operating budget for the 2019 calendar year. With these assumptions in mind, the board approved (motion by Laura, second by Curt, 7-0 vote) (i) the operating budget in the form attached to these minutes and (ii) an increase in annual member dues to \$10,300/member/year (i.e., \$2,575/member/quarter).
 4. **Consideration of Annual Policy Package (Per Section 13.01 of the Bylaws)**. Laura reported that she is working with Curt and Mary in putting together the Annual Policy Package and the Annual Budget Report. Given that the board approved the operating budget for the year, the association should be in a position to send out both of these items to homeowners by December 1st.
 5. **Consideration of draft letter to homeowner regarding common area use**. As per discussion during closed session at the November 13 board meeting, the board considered a draft letter to send to a unit owner on account of disruptive events occurring at the beach property. By unanimous vote, the board approved the sending of the draft letter by the board president.
 6. **Adjournment**. The meeting was adjourned at approximately 1:40 pm.

Attachments

- Approved Operating Budget for 2019.

Approved Operating Budget for 2019

See Budget provided to board prior to meeting (identified as version produced 12-7-18 at 10:04 am)