

Meeting Minutes

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

Meeting Date: December 21, 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: Bill "Yates" Bauder participated telephonically from the Rocky Ridge Properties Owners Association offices in Tahoe City. Bruce Shepherd participated telephonically from 809 Margarita Avenue, Coronado, CA. Steve Dohrmann, Bob Schuchardt, Laura Bertone, Frank Pagliaro and Nick Farwell all participated telephonically from other locations. Accordingly, a quorum was present.

President Steve Dohrmann called the meeting to order at eight minutes past noon.

1. **Approval of Minutes of 12-17-18 Board Meeting.** The board unanimously approved the minutes of the December 17, 2018 board meeting, as previously provided to the board.
2. **Consideration of Insurance Coverage Issues.**
 - Chuck Ott of Heffernan Insurance Brokers updated the board on his efforts to procure fire insurance for the association for 2019. Chuck noted that the 2017 and 2018 fire calamities in Northern California have materially diminished the appetite of insurers to provide such coverage in 2019.
 - Chuck confirmed that he could procure 2019 fire/casualty insurance for the association from the same carrier that provided such insurance in 2018 (a group led by CIBA Insurance Services) as follows:
 - i. The insurance will provide approximately \$40 million in property damage insurance, with a \$5,000 deductible. The insurance WILL NOT include the existing 25% endorsement (which effectively increased 2018 casualty coverage by 25% to about \$50 million), but Chuck also will procure for the association \$10 million in excess coverage from another A rated carrier.
 - ii. The premium cost of for the \$40M base insurance will be approximately \$108,000. The cost of the additional \$10M excess coverage will be approximately \$15,000. Thus, the total cost for preserving the existing coverage level of about \$50M comes to about \$123,000 (about \$35,000 greater than in 2018). Chuck again reported that based upon his discussions with carriers, he has concluded that no material premium savings can be achieved in 2019 by increasing the deductible.
 - Chuck believes that he has talked with all likely available insurers, and he does not anticipate receiving a more favorable quote from another insurer (either before the first of the year or during the first quarter). Yates reported that he was getting similar input from folks at Farmers Insurance.

- Chuck also reported that he can procure for the association the following additional insurance policies (each of which will be issued by carriers rated A or higher and will have terms generally similar to the terms within the existing like policies):
 - i. Auto at a premium of about \$5,800;
 - ii. Marina (plus a separate umbrella) at a total premium of about \$3,000;
 - iii. Employee “crime” coverage at a premium of about \$4,900; and
 - iv. Workers compensation at a premium of about \$19,000.

Chuck reported that the first three of the above coverages will be renewed when current policies expire at the end of March of 2019; the fourth of the above policies, plus the casualty coverage described above, must be renewed on January 1st to maintain uninterrupted continuous coverage.

- Laura reported that our approved budget anticipated premium costs at approximately these levels, so the dues increase that already has been adopted for the 2019 calendar year should be sufficient to cover the increased insurance costs. Laura also noted, however, that if there are any other deviations in expected revenues or expenses, then the board may need to consider a further dues increase at some point in the middle of 2019.
 - Bruce moved that the board authorize Yates to procure insurance with terms substantially consistent with the above described insurance. The motion was seconded by Laura and passed by unanimous vote.
 - The board also determined to ask Chuck to provide specific language as to the type of coverage that a homeowner should procure for “inside the walls” coverage so as to best mesh with the fire/casualty insurance procured by the association for the “outside the walls” coverage.
 - Yates noted that given the impact of fire insurance premiums upon the association’s budget, he will prioritize fire suppression work in 2019.
3. **Adjournment.** The meeting was adjourned at approximately 12.32 p.m.