

Meeting Minutes

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

Meeting Date: October 29, 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, Nick Farwell, Laura Bertone, Frank Pagliaro, Curtis Sproul and Bruce Shepherd were in attendance (Steve, Nick, Laura and Frank participated from the Peninsula Golf and Country Club in San Mateo). Accordingly, a quorum was present. Yates also attended the meeting.

President Steve Dohrmann called the meeting to order at 12:21.

1. **Approval of Minutes of the 8-31-19 Board Meeting.** The minutes of the August 31, 2019 board meeting, in the form circulated to the directors, were approved. Curt motion; Nick second; 7-0 vote.
2. **Approval of Minutes of the 8-31-19 Homeowners Meeting.** The minutes of the August 31, 2019 annual homeowners' meeting, in the form circulated to the directors, were approved. Frank motion; Nick second; 7-0 vote. Drafts of the meeting minutes, as so approved, will be circulated to the owners.
3. **Approval of Schedule for Board Meetings.** The board (motion by Frank, second by Laura, 7-0 vote) approved the following schedule for regular board meetings through Labor Day of 2020:
 - November 19, 2019 at noon (Location: Telephonic)
 - December 3, 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)
4. **Property Managers Report:** Yates reported as follow:
 - The Burton Creek project is done, and it was completed without any damage to Rocky Ridge's roads. The park system completed a tremendous amount of work, much of which will reduce the potential threat of a forest fire to Rocky Ridge. Yates will pursue getting a certification describing the work completed. It may be helpful to be able to provide such a certification to potential insurers.
 - The deck oiling project has been completed.
 - The pools and the beach have been closed for the winter (and pier boats and equipment have been stored for winter). All kayaks and boards are off the kayak/board racks.
 - Yates's crew has completed some material repair work on the beach building (including repair of bathroom walls previously suffering from dry rot).

- Landscaping work has been completed near unit 60.
- Furnace inspections will start soon.
- Chimney inspections will be undertaken in the Spring.
- The project has seen lots of bears this fall – one broke through a fiberglass door to get into the shop building.

5. **Insurance Update:** Chuck Ott (insurance broker) joined the call to discuss the status of available fire insurance coverage for 2020. The current CA wildfires have adversely impacted the willingness of carriers to provide coverage. On 10-23-19 Rocky Ridge received a non-renewal notice re its fire coverage for 2020. Since then, Chuck has submitted requests for quotes to 26 carrier groups, plus the California Fair Plan. We probably will not get meaningful responses until 11-15-19.

NOTE: Chuck confirmed that other coverages (e.g., liability, D&O, crime, etc.) remain available for renewal in 2020 at reasonable cost. Frank urged Chuck to proceed to line up such insurance, notwithstanding the likely delay in finalizing fire coverage.

At this point Chuck anticipates that fire coverage similar to last year's coverage could cost significantly more than the association paid in 2019. For example, in 2019 the association paid \$107,000 in premium for fire coverage with \$40MM base fire protection plus \$10MM of umbrella coverage. Chuck projects that the premium for this coverage in 2020 likely will be at least \$150,000, perhaps even up to \$200,000, and even with such a rate increase there likely will be an exclusion for at least \$50,000 in damages per wildfire incident.

Chuck opined that if coverage cannot be obtained from a private carrier, then the association should consider the California Fair Plan. This coverage generally is inferior to the private coverage (EX: it imposes low caps for covered damages per building, it is named peril (rather than all risk) coverage, it does not cover costs of repairing damaged improvements to comply with changed code requirements, coverage decisions may trigger a slower settlement process, etc). Frank nonetheless asked that Chuck submit a request for such coverage immediately, and Chuck assured that he was doing everything to qualify for such coverage, in case it is needed.

Chuck also explained that if the board determines that fire coverage is not reasonably obtainable, then it can determine to proceed without such coverage. The board discussed the need to keep homeowners apprised of any such decision, and of the need to confirm that they can procure their own internal unit coverages for 2020.

The board scheduled a meeting for November 19, 2019 (at noon) to assess progress on the insurance issue. The board also asked Yates to continue to explore alternative fire coverage through Rich Votaw (Rich helped the board look at these issues at the end of 2018).

On a separate but related front, Yates said he would look into renting equipment to facilitate the creation and maintenance of brush clear spaces. This work should make for a more insurable project.

6. **Board Committees:** The board established the following standing board committees for 2020, and appointed the following board members to the committees (Bruce motion. Laura second, 7-0 vote):

- **Insurance**: **Frank & Laura**. [As an initial task, this committee will work with the association's insurance brokers prior to the next board meeting to assess options concerning 2020 fire insurance.]
- **Legal**: **Curt & Bruce**. [As an initial task, this committee will prepare election rules for consideration by the board, and it also will monitor the manner in which common interest developments are dealing with issues concerning electric cars.]
- **Beach, Buoys, Boats, Boards & Kayaks**: **Bob & Nick**. [As an initial task, this committee will work with Laura prior to the next board meeting to calculate the appropriate charge to be assessed for buoys in 2020. The committee also will work with Yates to craft the notice to be provided to homeowners concerning the signup procedure for buoys and kayak rack spots in 2020.]
- **Architectural Review**: **Full board**.

7. **Financial Report**. Laura provided the following financial report:

- 2019 operations appear to be relatively in line with the parameters in the 2019 budget, and we will not need a homeowner fee increase to cover shortfalls in 2019.
- Laura has reviewed the checking account reconciliations and they are in order.
- As for the 2020 budget:
 - **Insurance**. This is the big issue. Echoing Chuck's comments, Laura anticipates a big increase in insurance costs, which in turn will ripple through to our homeowner fees.
 - **Salaries**. As always, the board wants to establish fair compensation for the association's employees while still staying within reasonable budgetary limitations. Towards this end, Laura surveyed compensation paid by other developments and sought to propose salary adjustments meeting these goals. Generally speaking, her proposal calls for about a 2%/year increase. The board discussed and approved the precise proposed compensation adjustments in closed session.
 - **Homeowners fee**. Laura is hesitant to propose a fee adjustment for 2020 until we have greater visibility on insurance costs. Our fee/unit in 2019 (on an annual basis) totaled \$10,300; Laura anticipates that the aggregate 2020 fee/unit will need to be at least \$11,000. Yates indicated that he too has scrutinized the budget for potential costs savings, and he does not see any ways to save money which will not materially affect quality.
 - **Buoy Charges**. In 2019 these charges equaled \$1,425/buoy. Given the relative demands seen in summer of 2019, the board asked Laura to assign a greater portion of dock attendant wages, and administrative time, to the pool of costs covered by the buoy charges.

8. **Anticipated Future Agenda Items**. At present the board anticipates discussing the following issues at the following board meetings:

- November 19, 2019: Consideration of insurance quotes obtained by the Insurance Committee and the association's insurance brokers
- November 19, 2019: Consideration of the 2020 budget
- December 3, 2019: Consideration of election rules to be developed by the Legal Committee.
- December 3, 2019: Consideration of the costs of, and the procedures for allocating, buoy and kayak rack spots for summer 2020.

The board met briefly in closed session to discuss and approve the proposed salaries for 2020.

The board meeting was adjourned at 1:40.