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

Scheduled Meeting Date: November 18, 2025 at 1:30 pm
Meeting Location: Zoom Platform

Meeting Minutes

Advance Notice of Meeting. Cirra Mason (the Association's bookkeeper) provided notice to homeowners of the Board meeting in accordance with the requirements of the Association's Bylaws. The means of notice included (i) emails of the notice and agenda to members that have indicated that they accept emails as a form of notice; (ii) mailing of the notice and agenda to members who have not indicated that they accept email notices; (iii) posting of the notice and agenda on the website; and (iv) posting of the notice and agenda on the bulletin board at the Rocky Ridge entrance gate.

Attendance and Quorum: President Matt Howarth called the meeting to order at 1:31 pm.

All Board members Matt Howarth (President), Jim Naylor (Vice President), Gail Gabiati (Secretary) Laura Bertone (Treasurer), Stacy Conner, Stephen Dohrmann and Bruce Shepherd attended the meeting from the outset. A quorum of Board members thus was present throughout the meeting. Buster Fenley and William "Yates" Bauder participated in the meeting as property managers for the Association. Ryan Taylor, our insurance broker, attended to give us an update on our insurance renewals. Numerous homeowners also attended the meeting.

Open Session

1. ***Approval of Minutes.***

The minutes of the 10/21/25 regular Board meeting were approved.

2. ***Insurance Renewal Update***

Ryan Taylor of InterWest (the RRPOA insurance broker) spoke in great detail about how to best satisfy our 2026 insurance needs. After assessing the insurance products in the marketplace, Ryan and the Board determined to invest their primary negotiating efforts in pursuing the two alternatives outlined below. The property damage insurance is far and away the most expensive portion of the insurance procured each year. To understand the cost in the context of the Association's expenses, in 2025 the premium came to around $586,000 (about 30% of the Associations operating budget).

Alternative 1: Replace the existing insurance with a new policy for the entire project from California Fair Plan. This approach would provide coverage for around $80,668,000 of insured value. This coverage is based upon repair costs of around $402 per square foot. The policy likely would require a base premium of around $344,000 and would have the following additional characteristics:

The Fair Plan policy provides less breadth of coverage than is available from Lloyds or other traditional private insurers. More specifically, the list of perils which would be covered by the policy does not include coverage for damage caused by (among other excluded perils) some types of water or wind events, which must be covered by homeowners. Some developments procuring Fair Plan coverage thus elect to cover the exclusion risk through procurement of a complementary "difference in conditions" policy. The "DIC" coverage expands the perils covered by the insurance package, but it is not cheap. Ryan estimated that if might cost another $120,000 in annual premiums.

Besides the excluded perils, the Fair Plan package also suffers from high deductible amounts, probably around $8 million. This means that were there to be a loss, the townhouse owners would have to cover, on their own and without contribution from Fair Plan, the deductible amount (about $80,700 per unit). Some developments opt to reduce this risk by procuring separate additional insurance to cover the deductibles. As of yet, Ryan has been unable to convince an insurer to provide such deductible coverage for Rocky Ridge. And even if it were to be offered, the cost would be substantial; based upon his experience with other clients, Ryan estimates that insurance to "buy down" the deductibles to even $4,000,000 likely would cost around $350,000.

The policy includes a "co-insurance penalty" if the amount of insurance procured were to be less than the cost of repair. With the tight Tahoe construction labor market, the anticipated repair costs easily could swell. For example, were a material portion of the Tahoe basin to burn, the costs of lining up contractors to perform repair work could be "bid up" materially.

The Board also noted that Fair Plan is a relatively new entrant to the property damage insurance market. Although the experiences are still too few to extrapolate actionable conclusions, some home owners relying upon Fair Plan policies in the Los Angeles area reportedly have experienced difficulties in collecting policy coverage after last winter's catastrophic fires. The Board thus noted some trepidation in relying upon Fair Plan to protect Rocky Ridge.

When all of the above factors are taken into account, the cost of the Fair Plan approach becomes increasingly expensive. Using the above input, the Board calculated pros and cons as follows:

Coverage	Approximate Premium	Comment
Base Fair Plan	$345,000	Assumes rebuild cost of $402/SF. Excludes some perils. Mandates a material deduction exposure. Includes a "co-insurance penalty" if the amount of proceeds are less than actual repair costs.
Difference in Conditions	$130,000	Expands breadth of insured perils, but at a material increased premium.
Buy down deductible to $4 million	$350,000	Note: Our broker still has not succeeded in getting a quote offering to provide coverage to buy down the deductible associated with the Fair Plan policy, so this hypothetical may be unattainable. At a price of $350,000, the premium seems too high relative to the $4 million reduction in the deductible exposure. But excluding such coverage from the

		Association's policy (by having owners bear it as deductible) seems like a large "self-insurance" risk.
Additional Pertinent Issues		This package creates exposure to additional unquantified co-insurance penalties.

TOTAL $825,000

Alternative 2: Renew the insurance package that RRPOA procured for 2025, with a few twists (the twists are mandated in part because the insurers have pared back the scope of coverage which they are willing to offer). The lead carrier for this approach likely would be Wildfire Defense (an entity controlled by Lloyds of London or Berkshire Hathaway syndicates). Such insurance likely will call for insurance from a number of private carriers, each insuring their own identified subset of Rocky Ridge townhouse units. This is our current situation.

Total coverage of around $63,000,000 (based upon a repair/rebuild cost of around $310 per square foot). The deductibles are materially smaller than the 10% required under the Fair Plan policy discussed above, but the package calls for deductibles that are slightly higher than the deductibles that applied under the 2025 policies. Note also that the structure exposes the RRPOA separate deductibles for each of the pools of covered townhouses. These features of the structure mean (among other things) that if the casualty events involve damage to multiple pools of insured townhouses (e.g., or if the casualty arises out of fires with separate causes), then the RRPOA might have to bear multiple deductibles as a condition to obtaining the loss coverage under the policies. These deductibles thus could add up to a material sum (though still likely less than the deductible under the Fair Plan package).

Due to the low frequency of multiple insured events, and the lower levels of deductibles, the Board in 2025 viewed the potential of multiple deductibles as an acceptable risk (but it is a sufficiently material risk (and associated potential cost) that it should be kept in mind when evaluating the alternatives). One attractive feature of this package is that it specifically excludes exposure for the RRPOA to co-insurance "penalty" risk.

In 2025 similar insurance was procured for a premium of around $590,000

Coverage	Approximate Premium	Comment
Renewal of 2025 coverage	$630,000	This premium figure represents an extrapolation from (a) the 2025 premium ($586,000) and (b) adjustments for anticipated quotes for two

		components of the carrier proposal that still do not have firm prices. The final quote thus could be materially different from this figure. This policy premium, if selected, must be paid in full (either with cash or financing, likely at 9-10% per annum) by 12/5/25. The RRPOA budget does not include sufficient funds to enable the RRPOA to pay this premium on that schedule without financing.
Scope of Excluded Claims	Not Applicable	This structuring alternative includes deductible levels (a) that vary depending upon the peril causing the damage and (b) that are less than the Fair Plan deductibles, but more than the deductibles that applied to the 2025 policies [EX: The policies in this package have increased the deductibles for damage caused by smoke to between $75,000 and 250,000.] The Wildfire Defense package does not exclude from coverage many claims that are excluded under the Fair Plan (e.g., damage arising out of water leakage through roofs, or from trees falling onto the townhouse improvements). Should the RRPOA select the Wildfire Defense package, it thus will not be necessary to procure "Difference in Conditions" coverage Note: Under the terms of the Wildfire Defense policy, the carriers specifically disclaim any right to pursue co-insurance penalty claims due to procuring insurance with an insured value less than the actual repair costs. Thus, there is less monetary exposure upon RRPOA for inaccurately estimating the costs of repair following a catastrophic casualty (the magnitude of damage being inherently difficult to anticipate).
Fire Protection Services	Not Applicable	NOTE: As part of its coverage (and without additional charge), the Wildfire Defense carriers also provide fire protective services (effectively, fire fighting) for their respective insureds. The value of this policy component may be difficult to

		assess, but the Board concluded that it may prove to be a valuable service under many conceivable fire emergency circumstances.

TOTAL $630,000

NOTE: (1) the RRPOA does not yet have firm commitments for policies containing all of these attributes, so the terms, and the comparative premium costs, may change as the RRPOA gets closer to procuring the actual policy; and (2) the following summaries do not cover all aspects of the potential insurance policies — to get a fuller view of the coverage terms and conditions, the Board also reviewed (and it suggested that interested townhouse owners also should review) the summary attached to these minutes. Matt encouraged all home owners to review their insurance with their own broker (1) to make sure it meshes with the RRPOA coverage, and (2) to include loss assessment coverage, if possible. Homeowners should also present our recently awarded Fire Safe Certificate to their insurance carrier which may lower their personal premiums.

In making its determinations, the Board also considered its own assessments of (a) the likelihood of the identified perils occurring, (b) the magnitude of damage which might follow should such a peril occur, and (c) the economic pros and cons that might arise out of various conceivable catastrophe circumstances. This analysis included, for example, consideration of the relative value afforded by purchasing less comprehensive coverage in exchange for premium savings, and effectively incorporating some level of "self insurance" into the RRPOA's catastrophe coverage. Both courses have merit, and the Board discussed at length the solution which it believed would best serve the interests of the RRPOA and the homeowners. The Board also opened the discussion to homeowners in attendance at the meeting, and several homeowners contributed comments and wisdom, including Heidi Shepherd and Frank Pagliaro.

Considering all of the above, the Board (upon a motion by Gail Gabiati and a second by Stacy Conner and a 6-1 vote of the directors) adopted the following resolutions:

WHEREAS, the Association procures its property damage insurance in the latter part of each year, and the procurement decision deadline (due to the expiration of existing coverage) is approaching in the first week of December, and

WHEREAS, the Board of Directors of the Association has concluded, after much deliberation and the input of significant expert judgment from professionals knowledgeable in the area (including from the Association's insurance broker, Ryan Taylor of InterWest Insurance Services, LLC), that it should evaluate the comparative relative desirability of the two alternative insurance packages described in the 2025 Property Coverage Summary for the

Association by Interwest Insurance Services, LLC, a copy of which is attached hereto (the "2026 Property Damage Insurance Procurement Report"); and

WHEREAS, after considerable evaluation by the members of the Board, the Board has concluded that the Association should procure (for the period from December 5, 2025 to December 5, 2026) insurance of a type, and on the terms, substantially akin to those described first in the 2026 Property Damage Insurance Procurement Report (on pages 3-11 of said report), so long as the following conditions are satisfied:

The property damage insurance so procured contains the attributes generally described in the minutes of the Board's November 18, 2025 meeting, contains such additional terms reasonably consistent with the insurance approved above, is approved by the Association's Property Manager (Buster Fenley) as being reasonably consistent with the insurance approved above, and the total premium for such insurance is no greater than $675,000.

WHEREAS, the sole director voting against the resolution (Bruce Shepherd) did so because (in his words) he believed that it was appropriate to provide the officers and directors with greater line item budgetary authority to procure said insurance, so as to enhance the negotiating leverage of the Board's negotiating teams. Bruce also indicated that he does not otherwise object to the procurement of the described insurance;

NOW, THEREFORE, BE IT RESOLVED THAT the officers and management representatives of the Association are hereby authorized and directed to take all actions, execute all documents, and provide all consideration, which they believe to be reasonably prudent and appropriate in order to facilitate and enable the procurement of said insurance.

3. *Property Manager Report.*

There is bear activity every day and one night 15-20 window screens were pulled off. Now that the front door mats are working, the bears are trying to gain access via the windows, even on the second stories. Buster highly recommends the installation of bear wires which 30 units have already installed.

We are ready for the snow and the upper spa will re-open the day before Thanksgiving.

4. *Approval of Outside Counsel.*

Matt and Bruce met with Brian Hanley of Porter Simon Law and recommend retaining him as our Association counsel. A specialist in homeowner's associations, he has reviewed our governing documents and found them to be thorough and legally accurate. His firm will not charge a retainer and the hourly rate is $450.

Bruce moved to hire Mr. Hanley and Jim seconded the motion. The motion was passed unanimously.

5. *Budget*

Laura presented a budget which must be distributed to the homeowners by December 1. We actually have excess funds this year since we did not buy the dump truck we had budgeted for in 2025. The purchase is imminent. At the homeowners' meeting, the homeowners agreed that we could roll over that excess into the 2026 budget.

After the discussion on the insurance renewals, Laura was hopeful that we could reduce her premium estimate in the budget from $759,000 to $675,000. This is still more than our current premium of $590,000. Our goal in setting the annual homeowner dues is to collect just enough to cover our costs, with nothing left over.
Currently, the annual dues are $17,000 a year. With increases in costs, Laura proposed an 8.8% increase to $18,500.
There was a discussion to increase the dues further in case there are unexpected costs such as even higher insurance premiums. Bruce warned the Board to be mindful of the painful experience three years ago when the policies were renewed at 3 times the previous year's cost. Others felt that unanticipated costs should be addressed with a special assessment.
Bruce moved that the assessment be increased to $19,000 per year to create a fund for these non anticipated contingencies. Jim seconded the motion. The motion failed, 5-2.
Gail moved that Laura's budget be approved for 2026. Laura seconded. The motion passed unanimously.
Bruce moved to accept the proposed annual assessment of $18,500. Laura seconded. The motion passed unanimously.

At 3:39 pm, the Board adjourned to closed session.

Closed Session

In closed session the Board discussed the ongoing lawsuit against our former insurance brokers and negotiations regarding the settlement of our claims.

The meeting adjourned at 4:11 pm.

Scheduled regular Board of directors meetings: The proposed schedule for regular Board of director meetings for the Rocky Ridge Properties Owners' Association is as follows (both the dates and the topics are subject to change by the board):

Date	Location	Contemplated Topics (subject to change)
12-16-25 1:30 pm	Zoom	• Approval of the 11/18/25 draft minutes • Consideration and approval of insurance offers • Report from July 4 committee • AB 130 report and direction
2-18-26 1:30	Zoom	• Appointment of Inspector of Elections • Consideration of Draft Election Protocols
4-7-26 1:30	Zoom	
5-12-26 1:30	Zoom	
6-23-26 1:30	Zoom	

The **2026 annual members' meeting** for the Rocky Ridge Properties Owners Association (i.e., the annual homeowners' meeting) is scheduled for **Saturday within Labor Day Weekend (9-5-26), at 11:00 am**. The meeting will be held in the Rocky Ridge Beach Clubhouse. The Association will host a beach barbecue immediately following the member meeting.