

Minutes of a Meeting of the Board of Timber Cove Homes Association In General Session

Held Saturday, July 13, 2019 at 10:00 a.m.
At the Fort Ross School

Attendees:

Directors Present:

Ron Case, President
Russell Wells, Vice President
John Gray, Treasurer
Cindy Culcasi, Secretary
Bob Leichtner
Margaret Grahame
Rosemary Gorz

Office Manager Melany Collett was absent

Mr. Gray dialed up the conference line. No one was on the line (music played indicating no one called in). We hung up the phone at 11:29 a.m. since there were still no conference call participants.

Call to Order

Mr. Case called the meeting to order at 10:04 a.m.

Review and Approval of the Agenda

Upon motion duly made and seconded, the Agenda was approved by the Board 7-0

Review and Approval of Previous Minutes

Upon motion duly made and seconded, the June 8, 2019 minutes were approved 7-0.

President's Report

During the Closed Executive Session, legal items pertaining to the HOA were discussed.

Office Manager's Report - Melany Collett

Ms. Collett was absent. Mr. Gray noted there are a couple of escrows closed.

Public Comment

Chris Feddersohn followed up regarding a question from the June 8th meeting. Mr. Feddersohn was asked if the water operators could also perform any security duties. He checked with the insurance company and was told no since it would affect the insurance. However, the water operators will informally keep an eye out as they drive the community. Mr. Feddersohn suggested Timber Cove form a Neighborhood Watch Program. The Neighborhood Watch could be discussed at the Annual Meeting.

A new Deputy Sheriff is starting in September and Mr. Feddersohn suggested that we ask him to help the community create the program. New signs could be posted, and we can ask neighbors to become volunteers. The new Deputy has a family and also will have a police dog. Diane Feddersohn will be scheduling a Retirement Party at the Community Market sometime in September. Both the new Deputy Sheriff and Deputy Sheriff Mark Provost will attend. Deputy Provost will retire in October. Details will be coming out soon.

Ms. Grahame gave an update on the Economic Development Council participation in the broadband issue. There is a representative championing the cause to address local broadband service problems. The community seems to be reaching a point of finally addressing the issue.

Since this part of the coastal area is a small market, Comcast and Frontier are not interested in working out the problems. Work arounds are the options being reviewed at this point. The latest idea is to set up a public agency to help raise funds and become the administrator of the broadband area. The area includes Timber Cove, the ridge, Cazadero to Jenner. Another idea is to extend the Sea Ranch broadband down to Timber Cove and surrounding areas. Members may speak to Ms. Grahame or Scott Farmer regarding the broadband issues.

Treasurer's Report - John Gray

The July Treasurer's Report is available on timbercovehomes.org under the tab "Board of Directors/Board Meetings".

Additional talking points:

- The \$110.37 in the Insurance Refund Account (slide 3) will be moved to the Reserve Account.
- The Office Depot Credit Card is set up for an automated minimum payment (slide 7). An autopayment for the total due is not available. The autopay is a flag to ensure that the remaining amount is paid via check monthly.
- A tabular exhibit summarizing significant unbudgeted expenditures for the periods 2015-2017 and 2017-2019 was presented and discussed. It was presented in part to provide some comparative perspective on the recent Special Assessment (see appendix to minutes).
 - It was noted that the Board reviews, but has no obligation to respond publicly to, letters to the Association or misleading accusations made in social media. The exhibit presented addresses many of the same questions and comments that have been received numerous times. We have documentation to back up the details that we are not currently at liberty to share.
 - The Board is trying to be as transparent as possible subject to confidentiality and privilege. There are some issues that the Board cannot comment about because of this fact. Nonetheless, to clarify the relative impact of the special assessment, the exhibit indicates dates, amounts and purposes of significant expenditures, whether the HOA records indicate any approval by Board or full Association vote, and the resulting benefits to the Association or other parties, as the case may be.
 - It was also noted, that during the period May 2016 to July 2017 the Association was suspended by the State of California because that Board had not paid federal or state taxes for past years, even after notices of delinquency were sent, and had not filed the

required annual corporate registration. Legally, TCHA had no right to operate during this period (suspended by the State and the Franchise Tax Board), but they ignored the suspension and did operate in violation of California law, nonetheless. On July 14, 2017, TCHA was reinstated by the state of California and no penalties were applied.

- The unbudgeted examples only provide a representative snapshot and there are other additional items from the period 2015-2017 that are not included.
- A big portion of the money spent to defend TCHA against the McKay Lawsuit was spent on insurance counsel to obtain insurance coverage that had previously been rejected by the insurers due to lack of timely notice by the previous Board as required by the policies. Without insurance counsel, members would have had to pay all costs generated by the lawsuit, in addition to the substantial costs already incurred before the insurers agreed to commence covering the litigation.
- No attorney was consulted, nor paid to defend against the California Labor Commission investigation of the employee's whistleblower retaliation complaint, although two current directors were interviewed by the Commission. Fortunately, legal counsel for TCHA was able to secure dismissal of that complaint in conjunction with the overall settlement of McKay's lawsuit against the Association.

Upon motion duly made and seconded, the Board approved paying the following July bills 7-0.

- Emergency repairs to Lee Drive and minor repairs to Umland and Ansel court - \$3,715.54
- Insurance payment of \$2,053.65 (Auto pay every 30 days)
- Office Depot balance for ink approx. - \$225.00
- Dividers for file cabinet for APN file approximately - \$25.00
- Quarterly payroll taxes - TBD
- Legal bills to Walls Law for \$1,680 (Bylaws research and revision)

The final amounts will be documented in the August Treasurer's Report.

Roads Repair and Maintenance – John Gray

- There is \$1,285.00 left in this year's budget allocated for roads. Any amount over \$1,285.00 spent on the roads must be voted on.
- Money from the Reserve Fund can be used for the roads. The Reserve Fund is currently well below the established requirement.
- Any amount left after paying insurance and legal, can be moved to the Reserve Fund or can go towards road repairs. We don't know what the rest of the year will look like. If there are no lawsuits and insurance premiums decrease significantly, there could be as much as \$30k to spend on roads. Later in the year, we'll know the amount of funds available that could be used for roads.
- It will cost around \$30k to chip seal Lee Drive, which is the road in the worst condition.

Proposal to create a Roads Committee and develop a road repair and maintenance plan – Bob Leichtner

The last meeting included a constructive discussion regarding roads and a Roads Committee.

Discussion points included:

- We should obviously be taking care of the worst roads first.
- There used to be a Roads Committee and, at one point, a Roads Manager; we should take advantage of that successful experience in restoring a reliable road maintenance and repair program going forward.
- In the past there was a rotating multi-year plan to ensure timely maintenance and repairs. For the past 2 years, due to lack of funds, minimal road work has been done.
- Brian Todd, the most recent Road Manager, resigned in October 2017 prior to any systematic review and implementation of his recommendations. There were some road repairs made under Mr. Todd, but his full plan was never implemented. The current Board has a copy of the roads plan and will consider his recommendations, as appropriate, when creating a new plan.
- Mr. Leichtner asked if Ms. Grahame would join the committee.
- Sharon Bonelli volunteered to be a member of the Roads Committee.

Upon motion duly made and seconded, the Board approved the proposal to establish a Roads Committee and to develop a multiyear priority-based repair and maintenance plan 7-0. The proposal includes:

- Establish a Roads Committee
- Appoint Ron Case and John Gray to serve as the Board members on the committee
- The roads plan will set a schedule and the priorities of repairs and maintenance. It will be a reliable long-term game plan. It will incorporate past recommendations as appropriate and new recommendations based upon the current situation.
- The committee can also include at least 2 community members

Legal Report – Legal Committee

Bob Leichtner - The last final bits of the legal settlement of the McKay Lawsuit are finally put to rest, with final payments completed by our insurers. TCHA is totally settled out of the lawsuit. The claims against the Association have been dismissed. TCHA received a letter from the California Labor Commission last week that all claims have been dismissed.

The McKay Lawsuit continues against the 3 prior Directors and Hannah Clayborn. Mr. Leichtner expects what will probably happen next is a period of testimony of key parties and witnesses in depositions. The Association is covered by insurance for the Clayborn cross complaint. Since the cross complaint impacts the Association, a TCHA representative may attend her deposition in addition to our defense attorney. If TCHA did not have insurance, each deposition would likely cost between \$3000-\$6000 in attorney fees. Unless the continuing case settles, there might be as many as half a dozen depositions, or more, before the case goes to trial. Our insurance coverage is the result of Mary Derner's (insurance counsel) work to reinstate insurance defense coverage that had been denied.

The Legal Committee is actively engaged with attorney Peter Walls to amend the TCHA By-Laws. We are hoping to have them completed so there can be a vote in the Annual Meeting in September. The approach is:

- Make updates and corrections to comply with California Law, Davis Stirling, and other laws/regulations.
- Remove confusing language that is inaccurate or doesn't make sense.
- Customizing the By-Laws taking into consideration the member feedback received over the past year. Clearly highlight key essential functions consistent with the CCR's and Davis Stirling which every TCHA board must adequately provide as a priority matter, including:
 - Roads Maintenance
 - Architectural Design and Review
 - Financial Reviews
 - Taxes
 - Procuring insurance protection for the Association, Directors and Officers
- Functions that are not considered essential, or involve material expense, would be allocated to approval by a required vote of the Association members. The goal is to focus the Board primarily on reliably managing essential functions necessary to serve all members of the Association, and to refer discretionary, less essential, or less consensual activities to be decided by a vote of the full membership. The Bylaws can be amended only by a vote of the membership at a duly noticed meeting of the Association.
- As currently required, proposals involving more than 5% of the budget will require a vote of the members.
- Our HOA Attorney is guiding the drafting process.
- A draft will be circulated to the members as soon as the draft is available.
- A member added that he believes the Architectural Review should be minimal and basic.
- A member believes that the CCRs need to be updated. It was pointed out by a Director that the vote margin needed to update the CCRs is very high and has never been achieved. The By-Laws require approval by a simple majority of a quorum of Association members, a much more attainable threshold.
- Mr. Leichtner pointed out that if the amended bylaws reveal shortcomings in practice, members can suggest additional changes and hold a vote to update them.
- Overall, the updated By-Laws will allocate power to approve major expenditures or initiatives back to the full membership of the Association and not allowing a majority consisting of only 4 Directors on the Board to impose their will on all 200 members.

Architectural Review – Ron Case

No activity to discuss.

A member asked about a shed on non-HOA property near Lee Drive on Hwy 1. The member thought the shed was on HOA property. No permit is needed due to the size of the shed. There is a mattress inside and a fire pit near the shed which has raised concerns with some members. It was suggested that a red flag be raised to the Coastal Commission. Setbacks for building were discussed (county vs. TCHA envelope requirements).

Continuing Business

Independent Member's Committee Update – Anne Vernon

The committee is waiting until the By-Laws are completed before moving forward.

New Business

Call for Nominations - Ron Case

There are two seats on the ballot. The Annual Meeting is scheduled for September 21, 2019. Ballots will be mailed by the middle of August. It was agreed the call for nominations will be sent out next week.

Adjournment - Ron Case

The meeting was adjourned at 12:08 p.m.

Respectfully submitted,

Cindy Culcasi, Secretary

A handwritten signature in black ink, reading "Cindy Culcasi". The signature is written in a cursive style with a large, looping "C" at the beginning and a long, sweeping underline.