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**PEPPER TOWNEHOMES HOMEOWNERS ASSOCIATION**  
**BOARD OF DIRECTORS MEETING**  
**MAY 4, 2022**  
**MINUTES**

The Meeting was called to order by the Association President at 6:00 p.m. via electronic audio and video.

<b>Directors Present:</b>	Robert Reed	President
	Jim McCorkle	Treasurer
	Ashley Borja	Secretary
	Carrie Barong	Director
	Tina Wick	Director

<b>Directors Absent:</b>	Rhonda Bellavia	Director
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<b>Also Present:</b>	Joseph G. Apparito, CAI	Community Manager
	Rachael Robenolt	360 Community Management
	Jeffrey French	GBF Attorney
	Michael Berg	Berg Insurance
	One (1) Unit Owner	

**OPEN FORUM**

The Member was present to observe the board meeting.

**APPROVAL OF PREVIOUS MEETING MINUTES**

The Board reviewed the Open Session Meeting Minutes of March 2, 2022. A motion was made, seconded, and carried to approve the Minutes as presented.

The Board reviewed the Executive Session Meeting Minutes of March 2, 2022, in which homeowner correspondence was reviewed and the delinquent account log were reviewed. A motion was made, seconded, and carried to approve the Minutes as presented.

**FINANCIAL REPORT**

**Period Ending 2/28/2022:** The operating account balance is \$45,341. The combined reserve account balance is \$849,158. The accounts receivable total is \$11,665. Income for this period is \$65,490 with expenses of \$60,622. The total assets for this period are \$906,165. A motion was made, seconded, and carried to approve the Financial Report as presented for filing pending Independent Financial Review.

**Period Ending 3/31/2022:** The operating account balance is \$33,707. The combined reserve account balance is \$866,369. The accounts receivable total is \$12,080. Income for this period is \$62,765 with expenses of \$74,400. The total assets for this period are \$912,157. A motion was made, seconded, and carried to approve the Financial Report as presented for filing pending Independent Financial Review.

Upon the recommendation of the Treasurer, and due to the large financial uncertainty, a motion was made, seconded, and carried to roll over a two CD's that are maturing at TIAA in June into the money market account at Morgan Stanley.

**2021 Independent Financial Review:** A draft of the 2021 Independent Financial Review prepared by Gregory V. Villard, CPA was previously provided to the Board for their review. The report provides the reader with an analysis of the Association's financial transactions covering the period from 1/1/2021 – 12/31/2021. A motion was made, seconded, and carried to approve the Financial Review as presented for distribution to the membership.

**Assessment Lien:** A motion was made, seconded, and carried that the Board authorizes that a Notice of Intent to Lien Letter be sent and that a Lien be recorded on the property with Assessor Parcel Number 386-300-37-36 in the event payment in full is not received by the deadline imposed in the Intent to Lien Letter.

### **REPORTS**

**Landscape:** A walk-thru inspection of the Community landscape was conducted on 4/21/2022 with the Association President, the Community Manager, and the Landscape Supervisors present. A report was provided to the Board for their review. Green Horizons has completed the tree trimming project to the satisfaction of all.

**Maintenance:** A walk-thru inspection of the Community was conducted on 4/21/2022 by the Association President and the Community Manager. Maintenance is performed under agreement for 14 hours per month with safety issues as a priority and any other maintenance related matters pushed off to the following month in order to stay in budget. The damaged brick column and pole light next to the 7879 will be repaired as a priority. It was noted that the pool area light may be inoperable. A board member will check on this and report the findings to management to address.

The Board reviewed a proposal from Alpine Fence to remove and replace the last of the chain link and wood fences located on level 1 and level 3 with vinyl to match. This proposal was not approved due to funding availability.

The Board reviewed a proposal from Mt Helix Pest Control for a 30 day rodent trapping in the attic areas of the 7859 building and to locate and seal any possible entry points. A motion was made, seconded, and carried to approve the proposal as submitted for a cost of \$530.00.

### **UNFINISHED BUSINESS**

**Community Insurance:** Association Attorney Jeff French and the Association Insurance Agent Michael Berg were present to discuss insurance concerns with the Board. State Farm Insurance, the current insurance carrier, since February 2022, has issued a notice of cancellation effective 5/15/2022. This leaves the Association little time to obtain replacement coverage. The Association has requested a 90 day extension to allow time to find adequate coverage, but there has been no response from State Farm to this request. Jeff French shall attempt to reach out again in a more direct and stern manner. The Association has not been able to obtain additional competitive insurance coverage for the community due fire zone issues and loss history.

The renewal from Landmark American Insurance Company via Farmers was quoted at \$264,456 which is nearly 10 times the previous year's premium and would require a minimum of 6 months coverage as part of the offer. If no other insurance coverage is found, this could mean a special assessment to each unit owner of approximately \$1,673.00. For future budgets, this could mean an increase in the monthly assessment of at least \$139.00 per month to be able to keep insurance coverage.

Other possible options to obtain insurance coverage were discussed, including laddering or "layering" the insurance where multiple insurance agencies provide some level of insurance for the same insurance coverage thereby limiting their exposure to liability. Another option is for unit owners to obtain their own PUD/Townhouse Policy which would include insuring their portion of the building structure. Berg Insurance also recommended that owners increase their "loss assessment" coverage on their individual condo policies to \$100,000.

Berg Insurance has resubmitted to the original bidders as well as new contacts and is waiting on responses. Management has also reached out to several insurance brokers to obtain quotes for adequate insurance coverage and is waiting on responses.

Everyone present agreed to hold a special board meeting via Zoom on Wednesday 5/11 at 3:00 p.m. to review the status on where the Association stands on the insurance situation considering the current State Farm Policy expires on 5/15/2022. The Board will decide how to notify the membership whether the insurance has lapsed and to recommend that individual unit owners procure their own PUD/Townhouse Policy.

**Proposed Governing Documents Amendments:** The Association has begun the process of amending the governing documents. Green Bryant and French will assist with a cover letter to the membership as well as the voting materials to take a vote on this matter. The existing documents are silent regarding who is responsible for acquiring insurance, the HOA, or the individual unit owners.

Upon a motion made, seconded, and carried, the Board approved amending the governing documents so the requirement for changing the documents in the future be reduced from the current 75% approval requirement to a lower level of 51% approval. The Board approved amending the governing documents so that individual unit owners would obtain their own insurance for fire and structure coverage. The Board also approved to amend the quorum requirement for annual elections from the current 50% down to 33% on the first attempt, dropping to 20% on the second attempt. References to interest & late fees for delinquent accounts will be removed and will be placed in the collection policy.

A motion was made, seconded, and carried to approve appointing HOA Elections of California to act as Inspector of Election for this vote if needed

**2022 Painting Project Review:** Pilot Painting is nearly complete with the 2022 painting project which includes all stucco, hardboard and wood trim on buildings 7879, 7889, and 7899. A final inspection will be scheduled to determine all work has been completed prior to final payment.

**Laurel Heights Development:** The project involves the construction of 80 condominium units on a 7-acre portion of a 10 acre property at 7739 Mission Gorge Road.

Board members and Management have met with representatives on-site to review any concerns. Padre Dam will be scheduling water pipe connections on level 5 in the coming months. Management will follow up with Padre Dam and the City on this matter.

### **NEW BUSINESS**

**Waste Management Organic Waste:** Waste Management has scheduled delivery of 158 – 35 gallon green organic waste bins to each unit on Saturday 6/4/2022. Service is tentatively set to begin in July. Notices and materials will be provided to the residents with further details and guidelines.

**2022 Annual Meeting of Members and Election:** HOA Elections of California is the Inspector of Election for the Annual Meeting & Election scheduled on 9/7/2022 contingent on receiving more nomination forms than open board positions. There are three (3) board seats up for election with a term of three (3) years. Per CA Civil Code, if, at the close of the time period for making nominations, there are the same number or fewer qualified candidates as there are board positions to be filled, the Board will seat the qualified candidates by acclamation without balloting.

**Concrete Trip Hazards:** The Board reviewed a proposal from BPR, Inc. to inspect the entire community for any potential trip hazards and to repair those trip hazards. A motion was made, seconded, and carried to approve the proposal as presented for a cost of \$3,712.00.

**Balcony Inspections Proposal :** A new statute to the Davis Sterling Act effective 1/1/2020, adds a requirement for Associations to perform inspections of balconies the Association has an obligation to maintain. The inspections are to be performed by a licensed structural engineer or architect. The first inspections must be completed by the end of 2024 and be re-inspected on a 9 year cycle. There are 33 balconies counted in the community. The Board had previously reviewed several proposals to date. The Board reviewed a recent proposal provided by Southern Cross Property Consultants to perform these inspections. After further review and discussion, a motion was made, seconded, and carried to approve the proposal as submitted for a cost of \$8,500.00. It was noted that during inspections, holes are drilled into the balcony framing. Southern Cross will be instructed to have correct size wood plugs to fill the holes when complete.

### **ADJOURNMENT**

With no further business to come before the meeting, a motion was made, seconded, and carried to adjourn the meeting at 7:18 p.m. to the Executive Session to review correspondence, and discuss violation and collection matters.

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**Pepper BOD**

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**Date**

**The next meeting of the Board of Directors is scheduled for 7/6/2022**