

AGENDA
THE SEA RANCH ASSOCIATION BOARD OF DIRECTORS

Saturday, August 27, 2016

REGULAR SESSION
DEL MAR CENTER HALL

REMINDER: All speakers, including Board members, staff, and members, are asked to speak directly into the microphones. Board meetings are digitally recorded, and audio files may be placed on the Association's website. Please be aware that people not present at the meeting may listen to your comments.

Presentation of agenda items will be limited to five minutes; members' comments to two minutes. Those members wishing to speak are requested to use a microphone and state their name and their Sea Ranch Unit-Block-Lot (UBL).

** All times are estimates. Agenda items may be called earlier or later than scheduled.*

1:00* – (1) CALL TO ORDER

1:01 – (2) APPROVAL OF MINUTES

- June 25, 2016 Regular BOD Meeting Minutes [**Pg. M1 – M7**]
- July 23, 2016 BOD / Committee & Task Force Chairs Annual Workshop Minutes [**Pg. M8 – M9**]

1:05 – (3) ADOPTION OF THE AGENDA

1:06 – (4) ANNOUNCEMENTS (one minute each)

- a) Board Members
- b) Association Members

1:10 – (5) REPORTS

- a) Board Chair
- b) Community Manager (including CLC Update)
- c) Treasurer
- d) Association Attorney
- e) Board Subcommittees
 - i. Audit
 - ii. Design Committee
 - iii. Facilities
 - iv. Forest Management
 - v. Investment
 - vi. LCP Ad Hoc
 - vii. Sea Ranch ConnectSM
 - viii. Vegetation Management
- f) Board Liaisons to Policy Committees
 - i. Finance Committee
 - ii. Planning Committee
 - iii. Utilities Committee

- 2:00 – (6) **MEMBERS' AGENDA**
(Comments of two minutes maximum are limited to items not on the meeting Agenda.)
- 2:15 -- (7) **UNFINISHED BUSINESS**
(Members wishing to be heard on Old Business may speak for two minutes, following motion, second, and Board discussion of each item.)
- 7a) Proposed Rule Changes – Second Reading / Consideration of Adoption
Community Manager
- *Reference: Staff Report dated February 17, 2016 [Pg. 7a1 – 7a5]*
 - *Supplemental Staff Report, dated August 11, 2016 [Pg. 7a6]*
 - *Member Notification and Text of Proposed TSRA Rule 4.2.06 Lot Consolidation Policy and Procedure [Pg. 7a7]*
 - *Proposed Resolution 430 Adopting Rule 4.2.06 – Lot Consolidation [Pg. 7a8]*
- 7b) Proposed Lot Consolidation Fee, re: Rule 4.2.06
Community Manager
- *Proposed Resolution 431 Approving Lot Consolidation Fee [Pg. 7b1]*
- 7c) Proposed Amendment: DCEM Fee Schedule
Community Manager
- *Reference: Current DCEM Fee Schedule [Pg. 7c1 – 7c3]*
 - *Reference: Resolution 264 (proposed for rescission) [Pg. 7c4]*
 - *Proposed Amended DCEM Fee Schedule [Pg. 7c5 – 7c6]*
 - *Proposed Resolution 432 Adopting Amended DCEM Fee Schedule [Pg. 7c7]*
- 7d) Consideration of Board Action to Lift Moratorium on Lot Consolidations
- 7e) Proposed Motion to Amend the BOD Work Plan adopted at the Regular Board Session of June 25, 2016
Director Skibbins
- *Memorandum, transmitted via email, July 21, 2016 [Pg. 7e1 – 7e2]*
- 3:00 – (8) **NEW BUSINESS**
(Members wishing to be heard on New Business may speak for two minutes, following motion, second, and Board discussion of each item.)
- 8a) Appointment of Board Liaison to the Aging in Place Regional Task Force
Community Manager
- *Memo dated August 10, 2016 [Pg. 8a1]*

- 8b) Proposed Revision to Rule 2.1 – Collection Policy
Community Manager
 - Staff Report, dated August 11, 2016 [**Pg. 8b1**]
 - Proposed Collection Policy Revision, REDLINE VERSION [**Pg. 8b2 – 8b6**]
 - Collection Policy Revised, Clean Copy [**Pg. 8b7 – 8b11**]

- 8c) Informational Presentation by Association Counsel on Topics of Common Interest Development Governance
Association Attorney
 - Primer on TSRA Governance, dated August 9, 2016 [**Pg. 8c1 – 8c12**]

- 8d) Proposed Amendment of Resolution 35 to Include Board Confidentiality Agreement
Director Nybakken
 - Board Chair memo, dated August 3, 2016 [**Pg. 8d1**]
 - Board Confidentiality Agreement [**Pg. 8d2 – 8d3**]
 - Proposed Resolution 35, as Amended [**Pg. 8d4 – 8d5**]
 - *Reference: Existing Resolution 35 Resolution to Establish the Principles of Good Practice for the Board of Directors of The Sea Ranch Association, adopted October 24, 1992* [**Pg. 8d6 – 8d7**]

- 8e) Consideration / Approval of Forest Task Force Charter: Proposed Resolution 434
Director Blair-Johns
 - Forest Management Subcommittee memo, dated August 3, 2016 [**Pg. 8e1 – 8e2**]
 - Charter 2016 - 2018 TSRA Forest Task Force [**Pg. 8e3 – 8e11**]
 - Proposed Resolution 434 [**Pg. 8e12**]

- 8f) Consideration / Approval of Policy Committee Goals for 2016 – 2017
 - UC BOD Liaison Memo & Proposed UC Goals for 2016 – 2017, dated August 9, 2017 [**Pg. 8f1**]
 - FC BOD Liaison Memo, dated August 11, 2016 [**Pg. 8f2**]
 - Proposed FC Goals for 2016 - 2017, dated August 10, 2016 [**Pg. 8f3**]
 - PC BOD Liaison Memo, dated July 13, 2016 [**Pg. 8f4**]
 - Proposed PC Goals for 2016 – 2017, dated August 12, 2016 [**Pg. 8f5**]
 - *Reference/Information: Recap of Progress on 2015-2016 Goals, dated August 12, 2016* [**Pg. 8f6 – 8f8**]

4:45 – (9) OTHER BUSINESS

5:00** – (10) ADJOURNMENT

** All times are estimates. Agenda items may be called earlier or later than scheduled.

1 THE SEA RANCH ASSOCIATION BOARD OF DIRECTORS

2
3 SATURDAY, JUNE 25, 2016

4
5 REGULAR SESSION

6
7 DEL MAR CENTER HALL

8
9 Approved by the Board of Directors on _____, 2016

10
11
12 **1. CALL TO ORDER -- REGULAR SESSION** Chair Nybakken called the meeting
13 to order at 1:01 p.m. Present were Directors: Jim Nybakken, Marti Campbell,
14 David Skibbins, Michele Chaboudy, Jackie Gardener, Jacquelynn Baas and
15 Nigel Blair-Johns. Among staff present were Community Manager Frank Bell and
16 Association Clerk and Recorder Lynn Bailey.

17
18 **2. APPROVAL OF MINUTES**

19 Motion by Director Gardener, second by Director Chaboudy, to approve the April
20 23, 2016 Regular BOD meeting minutes as submitted.

21
22 *Motion passed 7.0.0.*

23
24 Motion by Director Gardener, second by Director Baas, to approve the May 28,
25 2016 Annual meeting minutes as submitted.

26
27 *Motion passed 7.0.0.*

28
29 Motion by Director Gardener, second by Director Baas, to approve the May 29,
30 2016 Organization meeting minutes as submitted with one correction to the
31 spelling of "Jacquelynn".

32
33 *Motion passed 7.0.0.*

34
35 Motion by Director Gardener, second by Director Skibbins, to approve the June
36 4, 2016 Annual TSRA Board Leadership Discussion and Work Planning Retreat
37 minutes as submitted. That motion was withdrawn after discussion.

38
39 Director Campbell suggested amending the motion to remove the language in
40 items 3 and 5 "(see accompanying document)" since the report proper is not a
41 part of the official minutes.

43 The motion to accept the minutes as so amended was made by Director
44 Gardener and seconded by Director Chaboudy.

45
46 *Motion passed 7.0.0.*
47

48 **3. ADOPTION OF THE AGENDA**

49 Motion by Director Blair-Jones, second by Director Gardener to adopt the agenda
50 with the correction of the numbering of the item regarding Consideration of
51 Language Amending Rule 3.1 from 7a) to 7c).
52

53 *Motion passed 7.0.0.*
54

55 **4. ANNOUNCEMENTS**

56 Board Chair Nybakken noted that long time Members Claire McCarthy and
57 Thayer Walker are in the process of moving away from The Sea Ranch. He
58 expressed the Board's thanks to Claire for her long standing work as editor of
59 *Soundings*. He noted also that the vacancy for *Soundings* editor, created by
60 Claire's departure, is currently posted in the *Bulletin*.
61

62 **5. REPORTS**

63 **Board Chair:**

64 Chair Nybakken reported on the Special Executive Session held on June 3, 2016
65 in which the Board received legal advice from the Association Counsel on legal
66 compliance matters and on the matter of attorney/client privilege in open and
67 closed meetings under the Davis Stirling Open Meeting Act.
68

69
70 Chair Nybakken also reported on the Executive Session held prior to the current
71 regular meeting on this day, noting that the Board received a report on four
72 Member compliance issues from DCEM staff; appointed a BOD committee to
73 hear a member appeal pursuant to Rule 2.2, Suspension of Member Privileges;
74 authorized the recording of notices of default on three properties; considered
75 potential acquisition of real property and authorized the Community Manager to
76 do further research on the matter and report back to the Board; approved the
77 appointment of Mary Griffin to the Design Committee; and approved the
78 appointment of Richard (Dick) Whitaker as the first Emeritus member of the
79 Design Committee.
80

81 **Community Manager:**

82 Community Manager Bell alerted the Membership to a recently filed GRT Timber
83 Harvest Plan noting that it comes close to The Hot Spot. He discussed Assembly
84 Bill (AB1799) that is currently moving through the legislature and, if adopted,
85 would amend Davis-Stirling to allow for cessation of an election where the

86 number of candidates is the same or fewer than the number of vacancies; and
87 noted also that Sonoma County Supervisor Efren Carrillo will soon be leaving
88 office and wishes to express his appreciation to the Board for collaborative work
89 over the years, in particular the Burbank Housing issue.
90

91 Reporting as to recent activities of the Commons Landscape Committee, the
92 Community Manager noted that CLC has completed its summary report of the 10
93 area studies, which has already gone to the Design Committee for its
94 consideration, and will be published to the Membership by the end of the month.
95 He noted further that the CLC recently held a Forum on stewardship projects and
96 is in process of preparing a five-year calendar for "Round Two" study of each of
97 the 10 target areas on The Sea Ranch.
98

99 Community Manager Bell reported the Sea Ranch ConnectSM construction work
100 continues to go very well.
101

102 **Treasurer:**

103 Director Campbell (Treasurer) reported that the end of April was the close of the
104 Association's fiscal year, and that results for the year are preliminary, pending
105 audit adjustments which include depreciation and income tax expense. For the
106 year, revenues were better than plan due mostly to Design Review Fees and
107 Rental Agents' contributions. Expenses were under budget because of staff
108 vacancies, some delayed projects, and positive variances across a number of
109 categories.
110

111 The auditors completed their field work a week ago; after the audit has been
112 compiled and reviewed in August's Audit Committee meeting, final adjustments
113 will be made to last year's books and the books will be closed. Staff is not aware
114 of any anomalies or unresolved issues with the annual audit.
115

116 May was the first month of the new fiscal year. With 8% of the fiscal year
117 completed, the Association stands at 7% of the net budget. There are currently
118 three liens on file and four lots in small claims collection, with one of those
119 making installment payments. The number of liens and small claims cases was
120 the same in April and May. In May, late assessments totaled \$47,535, involving
121 88 properties.
122

123 In April, 15 properties changed ownership, 11 houses and 4 lots. In May, 14
124 properties changed ownership, 11 houses and 3 lots. The year-to-date total of
125 properties changing hands is 59, compared to last year's total of 68.
126

127 For the Water Company as of the end of April, there was a positive net variance,
128 with revenues slightly under budget, and expenses more under budget due to
129 savings in payroll and tank removal expense.

130

131 **Board Subcommittees**

132

133 **Audit** – Director Campbell reported that the subcommittee has not met since the
134 last regular Board meeting, but will be meeting again in early August to discuss
135 the audit for the past year which is currently in process.

136

137 **Design Committee** – Director Campbell summarized the culmination of the
138 Design Committee member recruitment and appointment process which led to
139 recommendations to the full board at the morning executive session for
140 appointment of new DC Member Mary Griffin (replacing Dick Whitaker) and
141 appointment of Dick Whitaker as DC Emeritus Member.

142

143 **Facilities** – Director Nybakken noted that the subcommittee has not met since
144 the last regular Board meeting, but that work continues on the seismic study of
145 Association facilities and the subcommittee will meet again after findings and
146 recommendations are received.

147

148 **Forest Management** – Director Blair-Johns reported that the subcommittee has
149 met once already, and hopes to bring to the Board at their August regular
150 meeting a recommendation for how to move forward with the work of the
151 subcommittee, anticipating a task force type of format similar to the fire safety
152 task force. They are defining structure, membership qualifications and the vetting
153 process, defining purpose, scope, deliverables, governance, communications
154 and budget. They anticipate the Task Force membership would be submitted for
155 approval at the February 2017 regular Board Meeting and that the Task Force
156 would start work immediately thereafter, and take about 18 months to deliver its
157 recommendations in time for the Board to decide on a course of action ahead of
158 the following budget cycle.

159

160 **Investment** – Director Campbell noted that the subcommittee met in early June
161 to review investment performance and met again on the day preceding the
162 current meeting to consider possible market impacts of the recent Brexit (Britain
163 Exit) referendum. The Investment Committee Tri-Annual report to the Board is
164 agendaized for later in the current meeting (Item 7b).

165

166 **LCP Ad Hoc** – Director Nybakken noted that the revised draft of the LCP is
167 expected to be released at the end of summer, at the earliest, and that the
168 subcommittee will meet again at that time.

169

170 **Sea Ranch ConnectSM** – Director Nybakken reported that the subcommittee met
171 twice since April to review progress on the project. He noted that the subscriber
172 base currently stands at 1236, with an additional 161 intents on file, much higher
173 than initial projections. The subcommittee also reviewed proposed pricing for
174 commercial clients as well as subscriptions of Burbank Housing tenants. The
175 subcommittee reviewed backhaul options through AT&T and Verizon/Frontier to
176 provide regular network service and for emergency backup and redundancy, and
177 change orders and contract amendments to the Master Services Agreement that
178 will be necessary to cover such matters as a revision to the schedule of
179 performance due to the delay in permitting and to reflect the higher number of
180 subscribers. Light up of the north end of The Sea Ranch is still anticipated for
181 late fall, with south end completion and light up by the second quarter of 2017.
182

183 The subcommittee reviewed the financial models, which are looking quite
184 positive, and is proceeding with a transition of the financial tracking, projections
185 and control to TSRA staff, largely through Chief Financial Officer, Ellen
186 Buechner.

187 The subcommittee also discussed member communications through Info Alerts,
188 Bulletin and Sounding articles, updates to the FAQs and other directed
189 communications, as may be necessary.
190

191 **Vegetation Management** – Director Gardener – No report.
192

193 **Policy Committee Liaison Reports**

194
195 Director Campbell Board liaison to the **Finance Committee**, noted that the FC
196 has not met in the brief interim since she became Treasurer.
197

198 Director Baas, Board liaison to the **Planning Committee**, reported on two recent
199 meetings which focused on revisiting the Association’s sustainability policy,
200 election of new officers, and work on updates to the CEP. Juli Baker was elected
201 Chair of the Planning Committee for 2016-17; Monty Anderson was elected Vice
202 Chair. She noted that the committee has decided, on a tentative basis, to meet
203 every other month, with the next regular meeting occurring Saturday, July 9,
204 9:00AM-Noon, at Ohlson Ranch House.
205

206 Director Gardener, Board liaison to the **Utilities Committee**, noted that the UC
207 met on June 18th to review the proposed test run of water usage monitoring
208 devices. The test is scheduled to occur for a period of 4 months, followed by
209 review, evaluation, and report back to the Board. The Committee also discussed
210 and got updates on possible solar array projects, reviewed a conceptual energy
211 plan, and the 2010 sustainability policy currently imbedded in our procurement
212 and budget policy documents. There was also a review and update on the Sea

213 Ranch ConnectSM conduit location work, and a discussion about gateways and
214 routers. The UC, like the PC, intends to modify its meeting schedule to every
215 other month.

216

217 **6. MEMBERS AGENDA** – No members spoke.

218

219 **7. NEW BUSINESS**

220

221 **7a) Consideration/Adoption of 2016 - 2017 Board of Directors Work Plan**

222 Community Manager Bell reviewed the recent Board Leadership Retreat and
223 summarized key highlights of the proposed Board Work Plan (contained in the
224 Agenda packet).

225

226 Director Skibbins questioned the necessity of the added language from the
227 Association Attorney in the section on Reaffirm Openness in Governance.

228

229 There was member input about this section of the report, including a long report
230 from Steven Winningham about aging in place and David Caley on accidental
231 falls. Members were concerned about closed meetings, generating demographic
232 information about our population, the Board acting in accordance with the Sea
233 Ranch Philosophy and making sure these goals consider previous goals.

234

235 Director Chaboudy suggested adding the sentence “Openness improves trust.”
236 as a second sentence in this section. This suggestion was approved as an
237 addition to the report.

238 Director Chaboudy moved, and Director Blair-Jones seconded a motion to
239 approve the report with the suggested addition.

240

241 *Motion passed 7.0.0.*

242

243 **7b) Ratification of Investment Committee Tri-Annual Report to the Board**

244 Director Campbell (Treasurer) summarized the Investment Committee Tri-Annual
245 report contained in the Agenda packet, noting also that the Investment
246 Committee recommends increasing the authorized Band C ceiling by \$75,000 to
247 a new level of \$200,000.

248

249 Director Campbell moved, with Director Blair-Jones seconding the motion to
250 confirm continuation of the existing investment policies and also to approve the
251 proposed increase of the Band C investment ceiling.

252

253 *Motion passed 7.0.0.*

254

255 **7c) Consideration of Language Amending Rule 3.1 to Expressly Prohibit**
256 **the Forging, Altering or Duplication of TSRA Member Access and Vehicle**
257 **Access Passes and Other Provisions; and Action to Approve Publication to**
258 **the Membership**

259
260 Community Manager Bell noted the rationale for minor revision to Rule 3.1, as
261 detailed in the staff report published in the Agenda packet.

262
263 Director Campbell moved, with Director Chaboudy seconding the motion, that the
264 Board approve publication of the language of the revision of Rule 3.1 to the
265 Membership for 30-day comment as required by Davis-Stirling, with anticipated
266 second reading and consideration of adoption at the October regular meeting.

267
268 *Motion passed 7.0.0.*

269
270 **8. UNFINISHED BUSINESS** There was no unfinished business.

271
272 **9. OTHER BUSINESS** There was no other business.

273
274 **10. ADJOURNMENT** Director Blair-Jones moved to adjourn the meeting at 2:52 PM.
275 Director Gardner seconded the motion.

276
277 *Motion passed 7.0.0.*

278
279
280 Respectfully Submitted,

281
282
283
284 David Skibbins, Secretary
285 The Sea Ranch Association Board of Directors

1 THE SEA RANCH ASSOCIATION BOARD OF DIRECTORS
2 AND COMMITTEE/TASK FORCE CHAIRS

3
4 JOINT WORKSHOP MINUTES

5
6 SATURDAY, JULY 23, 2016

7
8 OHLSON RANCH CENTER

9
10 Approved by the Board of Directors on _____, 2016

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13 **1. CALL TO ORDER**

14 Chair Nybakken called the meeting to order at 9:00 a.m. in the Ohlson Ranch
15 Center, The Sea Ranch, California. Directors present: Jim Nybakken, David
16 Skibbins, Michele Chaboudy, Jackie Gardener, Jacquelynn Baas, and Nigel
17 Blair-Johns. Absent: Marti Campbell (excused) Staff Present: Community
18 Manager: Frank Bell and Association Clerk and Recorder Lynn Bailey. Members
19 Present: Scott Smith, Dave Osteraas, Jon Loveless, Marilyn Green, Charles
20 Finberg, Debbie Kreutzer, Barbara Scott, Jim Munger, Harry Lindstrom, Roland
21 Coombs, Juli Baker, Doug Paul, Barbara Rice and Marcia Nybakken.

22
23 **2. WELCOME, PURPOSE OF MEETING, AND INTRODUCTIONS**

24 Chair Nybakken welcomed everyone to the meeting and asked each person to
25 introduce themselves. Frank Bell, Community Manager, then reviewed the goals
26 of the TSRA Board of Directors Work Plan, and how they impacted the
27 committees.

28
29 Chair Nybakken then asked each Chair to give a brief report.

30
31 Task Force chairs gave brief reports on their goals and current projects, as well
32 as an update on accomplishments from the previous year.

33
34 Presentations were given by:

- 35
36 1. Jim Flessner – Solar Array Task Force
37 2. Scott Smith – Commons Landscape Committee
38 *Advocated for more website resources and staff*
39 3. Dave Osteraas – Gardens & Election
40 4. Jon Loveless – Website
41 5. Marilyn Green – Coastal Stewardship Task Force
42 6. Charles Finberg – Trails
43 7. Debbie Kreutzer – Communication

- 44 8. Barbara Scott – Stables
- 45 9. Jim Munger – Vision
- 46 *Advocated for more frequent meetings of this type*
- 47 10. Harry Lindstrom – Archives
- 48 11. Roland Coombs – Utilities Committee
- 49 12. Juli Baker – Planning Committee
- 50 13. Doug Paul – Finance Committee
- 51 14. Barbara Rice – Native Plants Committee

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3. DISCUSSION

Responding to suggestions from several individuals for more frequent committee chair meetings such as this, Chair Nybakken noted that Resolution 74 calls for twice yearly meetings, and suggested that we may consider going back to that schedule.

4. COMMITTEE CHAIR INFORMATION GUIDE

Community Manager Bell referred to this document (distributed at the start of the meeting), which outlines responsibilities of a committee chair and provides information about committee operating procedures.

5. VOLUNTEER RECRUITMENT

Volunteer recruitment and the need to encourage member engagement as Sea Ranchers age-out and/or move away from TSR was an important theme, and came up several times during the meeting. A number of strategies have been developed, such as new member events and mixers. New strategies and approaches were discussed, including an informational insert in *Soundings* and the development of more appealing language to describe member involvement.

6. ADJOURNMENT

There being no further business, Chair Nybakken adjourned the meeting at 11:38 a.m.

Respectfully Submitted,

David Skibbins, Secretary
The Sea Ranch Association Board of Directors

February 17, 2016

MEMORANDUM

TO: The Sea Ranch Board of Directors

FROM: F.M. BELL
Community Manager

SUBJECT: Lot Consolidations –

- Summary Report and Recommendations
- Proposed Language Amending Existing Rule 4.2.06
- Recommend Extending Current Moratorium Pending Outcome of Rule Change

SUMMARY RECOMMENDATIONS: By and large TSRA’s governing documents adequately address the nuances of these re-platting transactions. There are restrictions and rules within our governing documents and within Board policy that govern each transaction and call for the payment of certain fees. Previous Boards have dealt with lot transactions and the associated fee schedules in great detail over the past 30 years. This memo and associated recommendations concern only requests to consolidate lots. No action is contemplated or proposed on the rare application for a lot split or the associated fee schedule.

There is a lengthy history pertaining to lot consolidations within our governing documents, particularly in the 1980’s and 1990’s. Of concern herein is the lot consolidation fee schedule, addressed in rule 4.2.06, which calls for the “member to pay the remaining (annual) assessment on the lot being consolidated, plus a fee of \$1,000 to cover costs for lot consolidation requests.”

While it is true that lot consolidations require considerable staff and Design Committee time warranting the \$1,000 fee, there is a larger issue that is not adequately addressed, that of the effect of lot consolidations to TSRA’s budget in the longer term.

Staff recommends that the Board of Directors increase the fee for lot consolidations to \$10,000 and extend the current moratorium on lot consolidations until the proposed rule change process is complete.

BACKGROUND – Lot splitting and lot consolidation are addressed in section 9.04 of the Restrictions which outlines the basic conditions that must be present before any such action can be taken (attached), and Rules 4.1 and 4.2 which provide additional regulation and fees.

As noted, the ability to split a lot is very limited under the Restrictions as to size (Section a) which explains why there aren’t many requests to split a lot and most have been through re-subdividing larger parcels such as Units 39A (1 lot into 7) and 18B (1 lot into

3). Conversely, since 1969, TSRA has approved 60 lot consolidations and three more are currently holding in the moratorium. At today's assessment the loss of those lots equates to more than \$148,000. Each member is currently paying more than \$5.50 in their monthly assessment because these lots have been erased from our lot inventory upon which the assessment is calculated.

There is clearly an "aesthetic" logic reflected in the governing documents regarding lot consolidation that is compelling. Each lot consolidation takes one building lot out of circulation which increases "open space," decreases neighbor worries about what might be built next door, and potentially reduces impacts on TSRA's services and amenities. The language implies that lot consolidations, under certain conditions, have been encouraged. The relatively paltry fee schedule of the remaining year's assessment plus \$1,000 does nothing to discourage lot consolidations. In fact, an owner can minimize the fees by scheduling the application late in the fiscal year to reduce the remaining assessment due at time of consolidation.

While the aesthetic argument is compelling, so is the "money" argument. Lot consolidations have a cumulative negative affect on TSRA's budget that is not adequately addressed by the \$1,000 fee. The fee itself is currently less than one year's payment of the assessment. Over time, the growing expenses to the member of keeping an adjacent lot (the assessment, taxes and landscaping maintenance) are easily erased by the value associated with consolidation. In short, why would an owner want two small lots, two assessments and two tax bills when he can combine the lots into a larger more private lot with fewer expenses and a higher property value?

This community encompasses more than 5,000 acres over nearly 10 square miles and was platted with a minimal number of lots in anticipation of maximizing open space. Our services and amenities are not adversely affected by the current level of building – the few new homes built each year are hardly noticed. Of the 550 or so undeveloped private lots (many of which are not very desirable building sites), the addition of new homes each year is less than 1% – hardly a significant effect on our amenities, services and open space.

SIGNIFICANT LOT CONSOLIDATION CHRONOLOGY – There isn't much in our documents regarding lot consolidations prior to 1989 though some consolidations were approved as early as 1983 and perhaps earlier. The following chronology applies to policy development rather than the nuances of each consolidation.

- April 1989 – Board votes to review lot consolidation policies to deal with the potential for oversize dwellings and the establishment of mitigation fees. Matter was referred to staff and the Design Committee for recommendations.
- May 1989 – Recommendations made to the Board to create a fee and pay the remaining annual assessment. Board remains uncomfortable with the potential for larger houses and other environmental impacts and refers matter to TSRA Attorney.
- June 1989 – Additional research brought to Board reveals that 68 contiguous lots were capable of being consolidated. That is a number that could vary over time

as lots are bought and sold. Board unanimously approved new regulations requiring the payment of the remaining annual assessment, and that lots once consolidated could not be separated.

- August 1990 – Board unanimously approves suspension of all lot consolidation policies and a moratorium of further lot consolidations until such time as costs and benefits related to consolidation could be better understood. Issue was referred to the Planning Committee and the Finance Committee. We are back to that point today.
- May 1991 – While the records are unclear as to the status of the August moratorium, the Board approved two lot consolidations amid the continuing debate as to costs vs benefits.
- June 1991 – Rule 4.2 first appears and subsequently revised by Board later in 1991 and again in 2001.
- June 1993 – Board approves amendments to lot consolidation policy by 1) prohibiting any increase in dwelling size over the largest allowable dwelling on the largest lot prior to consolidation, and 2) in addition to the full payment of the remaining annual assessment for the year in which the consolidation occurs, a fee of \$2,500 was imposed as “payment for costs of processing the lot consolidation application.”
- December 1996 – Board, as an exception, approves reversal of previous consolidation of Lots 4 and 5 in Unit 7-4 upon payment of all back assessment and a fee (amount unspecified).
- January 1998 – Board approves amendment to lot consolidation policy requiring notice to neighbors for consolidations.
- August 2001 – Board votes 5-1-1 to reduce lot consolidation fee to \$1,000.
- December 2003 – Board notes that to date 44 lot consolidations had been approved.

ANALYSIS – The history of lot consolidations within the governing documents and the numerous discussions and actions of various boards and committees over the years are based in the debate between costs and benefits. Typically, lot consolidations have been approved despite the impacts to the budget. The payment of the remaining annual assessment seems to be a concession to the current budget, but the “processing” fee has been reduced over time from \$2,500 to \$1,000.

What is seldom discussed is the difference between lot consolidation fees and lot split fees. Although they are two different actions with differing, if not opposite, objectives, the differentiation of fees and their justification is striking. The \$1,000 fee for lot consolidations is clearly reflected in the literature as a “processing fee” that does not reflect the impacts of lot consolidations on the budget. The requirement to pay the remaining annual assessment is a consolation to the current budget but no more.

Resolution 157 (April 2000) is the policy direction for lot splits. Additional policy was created in January 2002. Interestingly, while there is a memo from former Community Manager Jerry Gonce to the Board dated June 6, 2001 recommending a fee for lot splits, no such fee had been previously implemented nor is mentioned either in

Resolution 157 or the subsequent Board policy. The fee came about through independent action of the Board in October 2001 in which a lot split fee of \$20,000 was unanimously approved by the Board without debate worthy of noting in the meeting minutes. The fee is neither earmarked nor described in the records, it is only a fee without comment as to its purpose. I am unaware of any records that suggest this fee has ever been paid by an individual member.

PROPOSED ACTION – Again, issues related to the fee for lot splits are not being considered. Lot splits create a favorable impact on TSRA’s budget, and it is assumed the intent of the fee was to mitigate impacts on services and amenities from new home construction which also reflect favorably on the budget.

However, it seems reasonable to revisit lot consolidation fees. They haven’t been amended in more than 15 years when they were reduced, consolidations have a dramatic and cumulative effect on TSRA’s budget, and members are getting far more benefits from consolidations than the Association.

The Community Manager proposes a simple change in the first sentence of Rule 4.2.06 which is proposed to read, **“Member pays remaining assessment on the lot being consolidated, plus a fee of \$10,000 to mitigate the long term financial impact on the Association’s budget.”** While \$10,000 may seem high, at the current assessment it reflects only four years of assessment payment at the current rate. Over time that ratio will shrink.

Since lot consolidations live in perpetuity, TSRA’s budget will always be impacted. In order to mitigate those impacts the goal here is twofold. First, reduce budget impacts over a longer term by charging a higher fee, and second, reduce the incidence of lot consolidations by making consolidations more expensive.

COINSEQUENCES – Admittedly this is perhaps a narrow view of a complicated problem that affects only a few members. While lot consolidations may be done for a variety of reasons, as costs of ownership go up so does the incidence of consolidation to avoid the cost of paying the assessment and other costs related to ownership. TSRA now sees several lot consolidation requests each year and the number is rising.

While some might argue this is yet another ploy on the part of TSRA to make money (not sure that’s a bad thing) it more accurately an argument to prevent the Association from losing what it should be collecting. Should the Board decide not to change the fee, the status quo will remain and life will go on. The Board may also want to consider a lesser fee – something higher than the current \$1,000 but less than \$10,000.

PROCESS – In August the Board imposed a moratorium on consolidations pending research into the history of the process and how we got where we are as well as the preparation of recommendations going forward. That work has been done, and a few of those records and documents are attached. The Board may choose to:

- 1) Discuss this matter at its meeting on February 27th and direct the Community Manager to bring the suggested rule change (or a variation thereof) back to your April meeting for first reading to the membership and subsequent publication.
- 2) Should you take the above action, it is strongly recommend that you extend the current moratorium until such time as the final rule change language has been agreed upon and the rule change process with the membership completed. At a minimum that would be an additional four months, and could be six months depending on the publication schedule and expiration of the 30 day member comment period.
- 3) Do nothing in which case Rule 4.2.06 and the current fee schedule would remain unchanged.
- 4) Propose some other strategy.

August 11, 2016

MEMORANDUM

TO: The Sea Ranch Board of Directors

FROM: F.M. Bell
Community Manager

SUBJECT: Supplement to Staff Report of February 17, 2016 Regarding Proposed Rule Change for Lot Consolidations

The original staff report and justification for the propose change to Rule 4.2.06 was presented to the Board at your February meeting. Since then, one Director has left the Board and a new Director elected so the original memo has been attached as a refresher.

The rule change is intended to remove the amount of the fee to consolidate a lot from the rule and attached the fee to the DCEM fee schedule, and additionally raise the fee from the current \$1,000 to \$20,000 to better reflect the impact of lot consolidations on TSRA's budget. It is important to remember that TSRA's assessment is based on the number of contributing lots. Each time a lot is consolidated into another the lot count upon which the assessment is based decreases, and each member pays more. The current fee is less than five months of assessment payments. The new fee reflects a contribution to TSRA's budget equivalent to about eight years of assessment payments.

The text of the proposed rule change (attached) was published to the membership for 30 days as required. No member comments were received.

The Board is being asked to take a series of actions for which supporting documents have been attached.

- 1) The Board is asked to adopt Resolution 430 which amends Rule 4.2.06 by removing the text that establishes current \$1,000 fee for lot consolidations with language that establishes a fee that is referenced in TSRA's fee schedule.
- 2) The Board is then asked to adopt Resolution 431 which establishes a lot consolidation fee of \$20,000. The \$20,000 is a staff recommendation. Since the fee schedule is not a part of the rule change, the Board can negotiate, and upon motion and vote, approve an amount other than \$20,000 without going through the rule change process. Should a future board want to change the fee again, it can continue to be accomplished by negotiation and motion and vote.
- 3) Finally, the Board is asked to rescind Resolution 264 (the current fee schedule) and adopt Resolution 432 (new fee schedule) which places the new lot consolidation fee within the TSRA fee schedule, more specifically the fees generally applied to DCEM, the approving authority for actions involving lot splits and consolidations.

Upon completion of these actions the Rule Change and new fee schedule will be completed.

Should the Board not approve the initial Rule Change (Resolution 430) you would not be able to change the fee without re-publishing new language. You have to divorce the fee from the rule to have motion and vote discretion to change the fee. If you are happy with the current rule and associated fee, then you need not approve Resolution 430.

MEMBER NOTIFICATION OF PROPOSED RULE CHANGE

Written 30 day Notice of Proposed Change to TSRA Rule 4.2.06 - Lot Consolidation Policy and Procedure

When changes to The Sea Ranch Association (TSRA) Rules are proposed, the Association is required to provide advance notice to the membership so that member comments can be considered by the Board of Directors (CCC §4360).

To learn more about these proposed Rule changes, see the following documents:

- The Memorandum "Lot Consolidations" by the Community Manager, dated February 17, 2016, and the accompanying documents included in the Board Agenda Packet for the Board meeting of February 27, 2016. This document provides a description of the purpose and effect of the proposed change and can be found on the Association website at: http://www.tsra.org/mod/securefile/viewed.php?file_id=3301
- The text of the proposed TSRA Rule 4.2.06 printed below.



PROPOSED TSRA RULE 4.2.06 LOT CONSOLIDATION POLICY AND PROCEDURE

4.2.06 Member pays the remaining annual assessment on the lot being consolidated, plus a one-time fee as determined by the Board of Directors from time to time as a part of the Association's fee schedule. Said fee is intended to partially defray the costs and budgetary impact associated with the lot consolidation. Member also returns the signed and dated "Lot Consolidation Agreement," which will be notarized in The Sea Ranch Association's office and kept in the Owner file at the Office of Design, Compliance, and Environmental Management.



A decision on this proposed TSRA Rule is scheduled to be considered as "Unfinished Business" at the August 27, 2016, Board of Directors meeting. The fee amount has not yet been determined and will be considered by the Board at the 8/27/2016 meeting.

Specific comments on this proposed TSRA Rule may be addressed to the Community Manager, PO Box 16, The Sea Ranch, CA 95497 or by email to info@tsra.org. To contact individual Board Members by email, go to the Owners Page on the Association's website (www.tsra.org) and scroll down to the DOCUMENTS FROM THE BOARD OF DIRECTORS section to find the link. Member comments will also be heard by the Board at the **August 27, 2016**, Board of Directors meeting.



THE SEA RANCH ASSOCIATION 2016 - 2017 BOARD OF DIRECTORS

RESOLUTION NO. 430

ADOPTING TSRA RULE 4.2.06 – LOT CONSOLIDATION

Adopted on _____, 2016

WHEREAS, the Board of Directors, at their February 27, 2016 Regular meeting, directed the Community Manager to prepare proposed language removing specific fee references from Rule 4.2, and to incorporate fees into a separate resolution as part of the overall Association fee schedule, and

WHEREAS, the subsequently prepared draft language and notice of proposed rule change was published in the June 2016 Sea Ranch Association *Bulletin* for the required member notice and comment period as specified in California Civil Code §4360(a) and §4045(a)(3); and

WHEREAS, in accordance with §4360 and §4045(a)(3) of the California Civil Code the proposed rule change was also posted in the manner specified in the Annual Policy Statement to members; and

WHEREAS, the prescribed 30-day period for member notification and comment has expired,

NOW, THEREFORE, BE IT RESOLVED THAT The Sea Ranch Board of Directors adopts as a rule the attached Rule 4.2.06 – Lot Consolidation.

BE IT FURTHER RESOLVED THAT The Sea Ranch Board of Directors directs staff to deliver final notice of the approval to Members in accordance with California Civil Code §4360(c) and §4045(a)(3).

Motion by: Director _____

Vote: Aye:

Second by: Director _____

Nay:

Abstention:

Action taken:

Signed: _____ Date _____

Chair, Board of Directors

THE SEA RANCH ASSOCIATION 2016 - 2017 BOARD OF DIRECTORS

RESOLUTION NO. 431

APPROVING LOT CONSOLIDATION FEE, re: RULE 4.2.06

Adopted on _____, 2016

WHEREAS, the Board of Directors, at their August 27, 2016 (current date) Regular meeting, adopted Rule 4.2.06 – Lot Consolidation, and

WHEREAS, the Board wishes to set an appropriate fee for Lot Consolidation in accordance with the above referenced rule,

NOW, THEREFORE, BE IT RESOLVED THAT The Sea Ranch Board of Directors sets the above referenced Lot Consolidation fee at \$20,000 (twenty thousand dollars), and directs that this fee be incorporated into the DCEM Fee Schedule as appropriate.

Motion by: Director _____

Vote: Aye:

Second by: Director _____

Nay:

Abstention:

Action taken:

Signed: _____ Date _____

Chair, Board of Directors

The Sea Ranch Association
Department of Design, Compliance & Environmental Management
Fee Schedule

13. **FEES**

At their February 18, 2006 Joint Budget meeting (*and April 22, 2006 meeting*), The Sea Ranch Association Board of Directors directed adoption of the following schedule of fees for services, effective May 1, 2006

13.1 **NEW RESIDENCE** (To be paid in full at time with Conceptual Design Review submittal)

13.1.1 Conceptual design review \$750.00

13.1.2 Plan inspection fee \$100.00

13.1.3 Preliminary design review \$3,600.00

13.1.4 Final design review \$3,300.00

Total (for houses with up to 2,000 sq. ft. gross living area) \$7,750.00

*Note: Premium for houses with living areas in excess of 2,000 sq. ft. for that area exceeding 2,000 sq. ft., to be paid at time of issuance of TSRA Construction Permit \$6/sq.ft.

13.2 **Additions/Modifications** (Existing structures)

13.2.1 Refinishing/re-roofing N/C*

13.2.2 Minor Alteration \$180.00**

13.2.3 Major Alteration \$360.00

13.2.4 Up to 500 square foot addition \$1,800.00

13.2.5 Over 500 square foot addition \$3,600.00

13.3 **Changes/Modifications During Construction** \$180.00**

13.4 **Final Inspections** (Repeat) N/C** ***

Two final inspections are done for no charge. Should additional inspections be necessary, a fee may be charged for each additional inspection per Attachment 'C' – The Sea Ranch Association Rule on The Policy and Procedures for Enforcement of Governing Documents

13.5 **Landscaping/Planting Requests** \$180.00**

13.5.1 Tree trimming/removal requests N/C*

* Review and approval required

** Design, Compliance & Environmental Management Dept. Directors or Operations Manager may waive Fee

*** Deduction from Construction Compliance Deposit, or if insufficient or no deposit, shall be billed to Owner per CC&R section 3.03 (k).

13.6 Extensions of Approvals
 Approval of preliminary and/or final plans is good for one year. If unable to proceed with final plans or construction, an extension must be requested in writing prior to the expiration date. The Design Committee, DCEM Directors or Operations Manager may approve or disapprove a request for extension.

13.6.1 First year extension beyond original approval expiration date \$500.00
 (Reviewed by DCEM Directors or Operations Manager)

13.6.2 Extension of approval of plans, after two years \$2,160.00
 (Must be re-reviewed by the Design Committee)

13.7 Field Compliance Inspection \$270.00
 (Letter for a Title Company, Real Estate Agent, Seller, etc.)

13.8 Variance Requests (waiver of Restrictions Rules) \$1,500.00
 Height Variance/Bulk Variance Requests (Bane Bill Lots up to 25%)

13.9 Septic System Review

13.9.1 Percolation Test \$180.00

13.9.2 Septic Plan Review: On-Site System \$360.00

13.9.3 Septic Plan Review: System on Commons \$720.00

13.10 Encroachment Permits \$240.00
 Encroachment permit to perform work on commons

13.11 Consolidation of Lots \$1,000.00
 (Design Committee and Board Of Directors must approve consolidation)
 (Requires dues through fiscal year of lot to be consolidated)

14. **REFUNDABLE DEPOSITS**

14.1 Construction Performance Deposit

14.1.1 New residence \$10,000
 (or bond)

14.1.2 Additions (Up to 500 square feet) \$3,000
 (or staff discretion)

14.1.3 Additions (Over 500 square feet) \$6,500
 (or bond)

14.2 Percolation Test \$250.00

14.3 Encroachment Permits

14.3.1 Septic installation on commons \$500 - \$2000

14.3.2 Diverter drain installation prior to construction \$200 - \$1000
 of dwelling or on commons

14.3.3	Tree Removal/Pruning - (On commons)	\$200 - \$500
14.3.4	Material Delivery - (Over commons)	\$200 - \$500
14.3.5	Percolation Test – (On commons)	\$250 - \$1000

EXISTING DCEM FEE SCHEDULE

The Sea Ranch Association - Department of Design, Compliance & Environmental Management
PO Box 16 - 975 Annapolis Road - The Sea Ranch CA 95497-0016 (707) 785-2316
Office Hours 9 am – 4 pm, Tues. - Sat.

THE SEA RANCH ASSOCIATION 2005-06 BOARD OF DIRECTORS

RESOLUTION NO. 264

**AMENDING DESIGN COMMITTEE REVIEW PROCEDURES
SECTION 13 (FEES)**

Adopted on April 22, 2006

WHEREAS, The Sea Ranch Association Board of Directors has adopted a budget for fiscal year 2006-07 that incorporates an amended design review fee schedule; and

WHEREAS, it is appropriate for The Sea Ranch Association's procedure and policy documents be consistent with current practice,

NOW, THEREFORE, BE IT RESOLVED: that projects initiated by submittal of fully completed and acknowledged design review applications by close of business (4:00 p.m.) on Saturday, April 29, 2006 will qualify to use the current fee schedule; and the attached table of design review fees is hereby adopted, and effective May 1, 2006.

Motion by: Director Mueller Vote: Ayes: 6

Second by: Director Hocker Nays: 0

Excused: Director Dryden Action taken: Adopted

Signed: _____ Date: _____
Chair Board of Directors

**The Sea Ranch Association
Department of Design, Compliance & Environmental Management
Fee Schedule**

13.	<u>FEES</u>	
	At their February 18, 2006 Joint Budget meeting and April 22, 2006 meeting, The Sea Ranch Association Board of Directors directed adoption of the following schedule of fees for services, effective May 1, 2006	
13.1	<u>NEW RESIDENCE</u> (To be paid in full with Conceptual Design Review submittal)	
	13.1.1 Conceptual design review	\$750.00
	13.1.2 Plan inspection fee	\$100.00
	13.1.3 Preliminary design review	\$3,600.00
	13.1.4 Final design review	<u>\$3,300.00</u>
	Total (for houses with up to 2,000 sq. ft. gross living area)	\$7,750.00
	Note: Premium for living area in excess of 2,000 sq. ft. to be paid at time of issuance of TSRA Construction Permit	\$6/sq.ft.
13.2	<u>Additions/Modifications</u> (Existing structures)	
	13.2.1 Refinishing/re-roofing	N/C*
	13.2.2 Minor Alteration	\$180.00**
	13.2.3 Major Alteration	\$360.00
	13.2.4 Up to 500 square foot addition	\$1,800.00
	13.2.5 Over 500 square foot addition	\$3,600.00
	Note: Premium for living area in excess of 2,000 sq. ft. to be paid at time of issuance of TSRA Construction Permit	\$6/sq.ft.
13.3	<u>Changes/Modifications During Construction</u>	\$180.00**
13.4	<u>Final Inspections</u> (Repeat)	N/C** ***
	Two final inspections are done for no charge. Should additional inspections be necessary, a fee may be charged for each additional inspection per Attachment 'C' – The Sea Ranch Association Rule on The Policy and Procedures for Enforcement of Governing Documents	
13.5	<u>Landscaping/Planting Requests</u>	\$180.00**
	13.5.1 Tree trimming/removal requests	N/C*
	* Review and approval required	
	** Design, Compliance & Environmental Management Dept. Directors or Operations Manager may waive Fee	

*** Deduction from Construction Compliance Deposit, or if insufficient or no deposit, shall be billed to Owner per CC&R section 3.03 (k).

13.6	<u>Extensions of Approvals</u> Approval of preliminary and/or final plans is good for one year. If unable to proceed with final plans or construction, an extension must be requested in writing prior to the expiration date. The Design Committee, DCEM Directors or Operations Manager may approve or disapprove a request for extension.	
13.6.1	First year extension beyond original approval expiration date (Reviewed by DCEM Directors or Operations Manager)	\$500.00
13.6.2	Extension of approval of plans, after two years (Must be re-reviewed by the Design Committee)	\$2,160.00
13.7	<u>Field Compliance Inspection</u> (Letter for a Title Company, Real Estate Agent, Seller, etc.)	\$270.00
13.8	<u>Variance Requests</u> (waiver of Restrictions or Rules) Height Variance/Bulk Variance Requests (Bane Bill Lots up to 25%)	\$1,500.00
13.9	<u>Septic System Review</u>	
13.9.1	<u>Percolation Test</u>	\$180.00
13.9.2	<u>Septic Plan Review: On-Site System</u>	\$360.00
13.9.3	<u>Septic Plan Review: System on Commons</u>	\$720.00
13.10	<u>Encroachment Permits</u> Encroachment permit to perform work on commons	\$240.00
13.11	<u>Consolidation of Lots</u> (Design Committee and Board of Directors must approve consolidation) (Requires dues through fiscal year of lot to be consolidated)	(proposed) \$20,000.00
14.	<u>REFUNDABLE DEPOSITS</u>	
14.1	<u>Construction Performance Deposit</u>	
14.1.1	New residence	\$10,000 (or bond)
14.1.2	Additions (Up to 500 square feet)	\$3,000 (or staff discretion)
14.1.3	Additions (Over 500 square feet)	\$6,500 (or bond)
14.2	<u>Percolation Test</u>	\$250.00

THE SEA RANCH ASSOCIATION 2016 - 2017 BOARD OF DIRECTORS

RESOLUTION NO. 432

**AMENDING DESIGN COMMITTEE REVIEW PROCEDURES
SECTION 13 (FEES)**

Adopted on _____, 2016

WHEREAS, the Board of Directors wishes to review and approve appropriate adjustments to the Design Committee Review Procedures, Section 13 (Fees), and

WHEREAS, the Board of Directors previously amended the fee schedule by means of Resolution 264, adopted April 22, 2006,

NOW, THEREFORE, BE IT RESOLVED THAT, Resolution 264 is hereby rescinded, and.

BE IT FURTHER RESOLVED THAT, the attached Amended DCEM Fee Schedule is hereby approved as of this date.

Motion by: Director _____

Vote: Aye:

Second by: Director _____

Nay:

Abstention:

Action taken:

Signed: _____ Date _____

Chair, Board of Directors

MEMORANDUM

TO: The Sea Ranch Board of Directors

FROM: David Skibbins

SUBJECT: Proposed Motion to amend the work plan adopted at the Regular Board Session of June 25

SUMMARY RECOMMENDATION- That phrasing consistent with the discussion at the leadership Retreat concerning “Open Governance” be included in the description of that priority in the report out of the Leadership and Action Workshop of June 4th, 2016. Simply, that the bullet point “Limit executive session work when possible.” Be added to the points in the “Reaffirm Openness in Governance” section of that report.

BACKGROUND- I appreciate the Community Manager reaching out to the Board members in his memorandum to the BOD on June 11 with a draft of his draft work plan: He asked for clarifications as to how the Board priorities were expressed and to add any further comments, which I made at that time. My comments were not additions to what was expressed, or suggestions as to changes in Board policy from what was discussed in the workshop, but merely clarifications as to what I remembered about what was expressed.

His memo, in part, described our discussion of the priority issue of Open Governance as follows:

"Provide Greater Openness in Governance – Openness and the flow of information are reoccurring themes in local governance. The TSRA Board intends to reaffirm its commitment to open governance by:

- Improving and expanding communications strategies through the use of technology;
- Incorporating social media such as Facebook;
- Continued improvement of TSRA’s website;
- Limit executive session work when possible."

The wording of “Limit executive session work when possible.” was changed in the final report to : “Maintain the practice of engaging TSRA Counsel in determining appropriate content for Executive Sessions of the Board to ensure continuing compliance with the law.” I suggest that, in removing that last bullet point and adding a legally-crafted policy statement to this section

(after consulting with the Association attorney) the Community Manager made preemptive policy change post-retreat without consultation with the Board as a whole.

It is important to review the tone and content of that discussion on Open Governance at the workshop. The Board's intent with the fourth action item under "Openness" was originally to limit discussion in closed session not only to what is to what is legal but also to that which is essential in conducting TSRA business efficiently while maintaining open communication with the membership. We wanted the Board and its Chair to consider whether an agenda item for a closed Executive session was absolutely necessary, or whether it could be better discussed in open session. Since that conversation this openness has occurred, both in the planning of the agenda and actually during Executive sessions when a discussion strayed out of the bounds of the legal and essential areas.

In our last Board meeting we approved the Community Manager's legal addition, which almost goes without saying. This motion merely adds in the bullet point from our original discussion, to underlie our intention to create open governance through an attitude of "We have nothing to hide here."

BUDGET IMPACT- None

ENVIRONMENTAL IMPACT- None

RECOMMEDED ACTION- Amend the work plan adopted at the Regular Board Session of June 25 to add the bullet point "Limit executive session work when possible" to the section headed "**Reaffirm Openness in Governance.**"

CONSEQUENCES OF NOT TAKING THE RECCOMMENDED ACTION- Our report on the leadership workshop, which is sent out to all policy committees and which is published on our website for all members to read, will not adequately represent our deep commitment to open governance.

August 10, 2016

MEMORANDUM

TO: The Sea Ranch Board of Directors

FROM: F.M. Bell
Community Manager

SUBJECT: Aging in Place Liaison – Agenda Item 8a

As of part of your work plan the Board wanted to pursue a closer relationship with the various activities surrounding the Aging in Place (AIP) program. While the AIP is a regional program not limited to The Sea Ranch, many Sea Ranchers participate in various aspects of the program.

While TSRA's participation may evolve over time, the best initial approach may be to appoint a liaison to the AIP steering committee. While there may be other alternatives, the appointment of a liaison serves to improve communications between TSRA and AIP by creating a central point of contact for business of mutual interest. Assuming the relationship strengthens over time, additional resources can be applied as needed.

The Board is asked to consider whether appointing a liaison fits within the vision of the Board as it applies to the AIP program. If so, the Board may wish to make such an appointment in the context of the August Board meeting. It is suggested that a Board member may be the best choice – the AIP committee would appreciate the gesture of political support. In the alternative, a staff member or other community member could be appointed.

While various components of the AIP program can create an intense meeting schedule, they are not suggesting that the BOD's liaison need to attend every meeting. Specific dialogue can be scheduled when necessary, and it is not expected that the meeting schedule would be time consuming for the appointee.

Memorandum

Date: August 11, 2016
TO: The Sea Ranch Board of Directors
FROM: Ellen Buechner, Director of Financial Services and Human Resources
SUBJECT: RECOMMENDED CHANGES TO ASSESSMENT COLLECTION POLICY

Summary Recommendation: Staff recommends that the Board of Directors review and publish to the membership the attached revisions to the Assessment Collection Policy thus amending Rule 2.1, so that the policy will reflect current legal requirements and best practices for collections. These amendments are mostly technical changes in the language recommended by our collection service. Even though “housekeeping” in nature, the changes represent a rule change and are thus subject to the rule change process.

Description: Since the Collection Policy (Rule 2.1) was revised in April 2013, the Davis-Stirling Act was completely revised. This recommended revision of Rule 2.1 updates the new section references for the Davis-Stirling Act in the introduction. As well, we have updated the Policy to reflect needed clarifications and additions that more clearly adhere to current law while providing flexibility to manage the policy, as follows:

- Amended all paragraph numbers within the stand-alone Assessment Collection Policy to conform to Rule 2.1 so that the two documents are interchangeable;
- In paragraph 2.1.02 clarified the exact calculation of the 10% late charge to remove ambiguity in interpretation and administration;
- Replaced the word “Member” or “Member(s)” with the word “Owner” and “Owner(s)” for consistency throughout the document, except in cases where “member” clearly is the more appropriate term;
- Amended paragraph 2.1.05 to allow for flexibility in the document if the law changes regarding the allowable late charge percentage;
- Amended paragraph 2.1.09 to conform with wording paragraph 2.1.08 for consistency;
- In paragraph 2.1.13 added the words, “plus applicable bank fees” in response to a request from our collection agent, who was concerned about the collectability of NSF bank fees without specific reference to such in the policy; and
- Conformed the wording for a “payment plan” in paragraph 2.1.15 for clarity.

Background: The Association’s Collection Policy needs periodic updates to make its interpretation and administration more straightforward and to ensure that it continues to conform to the changing legal and regulatory environment. The amendments recommended here address requests from our collection agent and TSRA’s CFO.

Analysis of budget and fiscal implications: A clear and well-administered policy outlining Owners’ rights and Association procedure for delinquent assessment collection helps keep the delinquency rate low and assures compliance with state law should the Association need to begin collection proceedings. As well, we are required by our Collection Agent to have up-to-date and effective collection policies to reduce the risks of liability.

Department Review: Staff supports the amendments proposed to Rule 2.1 attached hereto.

Board Goals: Adoption of the amended Rule 2.1 and the Collection Policy is consistent with the fiduciary responsibility of the Board to keep the Association in compliance with all applicable regulations and best business practices.

Process: Board action on August 27th is the first step in the rule change process. The Board is asked to review and discuss the process amendments to the text (including member comment). Assuming there is a consensus within the Board to do so, the Board is then asked to approve, upon motion and vote, the proposed language changes for publication to the membership. Publication (solicitation of member comment) will then occur in the Bulletin with a 30 day response period. Once that is complete, the proposed changes and comments will be brought back to the Board for final approval at your December meeting.

THE SEA RANCH ASSOCIATION

ASSESSMENT COLLECTION POLICY:
Rule 2.1 of The Sea Ranch Rules

Adopted by the Board of Directors on December 9, 1998
Revised: June 22, 1996; August 24, 1996; December 14, 2002; April 23, 2005;
June 25, 2005, Updated April 27, 2013; Revised (date)

The Board of Directors has adopted this policy for the collection of delinquent assessments, both regular and special, enforcing lien rights, and other legal remedies as provided for in California Civil Code Sections 5310(7) and 5650 through 5740. At The Sea Ranch there are over 2,200 properties, many owned by nonresident Owners. Prompt payment of assessments by every Owner is critical to the Association's ability to provide necessary services, and prompt collection of assessments is among the Board's most important fiduciary responsibilities. This Collection Policy is intended to insure the timely payment of assessments for the benefit of all Members of the Association.

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The Association is entitled to recover assessments, reasonable collection costs, reasonable attorney's fees, late charges, and interest. The Association shall comply with requirements of the Davis-Stirling Act, California Civil Code Section 4000, et seq., when collecting delinquent assessments. The Owner is responsible for all costs as identified above, except in case of error requiring termination or re-initiation of a collection process.

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Policy:

2.1.01 It is the Owner's responsibility to pay each assessment in full regardless of whether a statement is received. Owners may inquire about their assessment account balance by calling 707-785-2444 during business hours Tuesday through Friday.

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2.1.02 Monthly assessments are due on the 1st day of each month and are delinquent if not received by 5:00 PM on the last day of the month. Special and Special Individual Assessments are due on the date(s) specified upon imposition and each installment thereof shall be delinquent if not received by the Association within thirty (30) days after it is due. **A late charge of ten dollars (\$10.00) or ten percent (10%) of one month's current assessment, whichever is greater, shall be charged for any such delinquent assessment.**

Deleted: of the delinquent assessment

1. **2.1.03** All payments received by the Association, regardless of the amount paid, will be applied to the oldest assessment balances first until such time as all assessment balances are paid, and then to late charges, interest and costs of collection, unless an alternate agreement is entered into between the Association and the Owner(s).

2.1.04 IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

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2.1.05 THIRTY (30) DAYS PAST DUE: Accounts that are thirty (30) days past due shall be sent a courtesy statement and interest shall be due on all such amounts, once due and unpaid for thirty (30) days, at the rate of seven percent (7%) per annum or other such percentage rate as prescribed by law.

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2.1.06 SIXTY (60) DAYS PAST DUE: If any portion of any such assessment, late charge, interest or cost of collection remains unpaid sixty (60) days after the original due date thereof and a mutually accepted payment agreement has not been established, a "Letter of Intent" to file a Notice of Delinquent Assessment will be prepared and sent to the record Owner(s) by both certified and regular mail at the last mailing address provided to the Association. If the delinquent record Owner(s) has provided a written notice of a secondary address, all notices shall be sent to that address, also. Such "Letter of Intent" will include an itemized statement of the charges owed, including but not limited to, assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest. Please be advised that the Association has the right to collect all reasonable costs of collection. Also, a notice that the Owner is entitled to ask to meet with the Board or Board representative(s) pursuant to the Association's Internal Dispute Resolution (meet and confer program) will be included.

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2.1.07 NINETY (90) DAYS PAST DUE; LIEN; COLLECTION AGENT: If payment of the entire balance due is not received within the ninety (90) days, the Association may without further advance notice turn the account over to an attorney, a foreclosure service or other collection service provider ("Collection Agent"), or may handle the collection itself. A lien will be prepared and recorded as to the delinquent property and the owner(s) thereof. The decision to record a lien may be made only by the Board of Directors, approved by a majority vote in an open meeting. The Board shall record the vote in the minutes of that meeting, referring to the property by parcel number, and not name of the Owner. Likewise, the decision to file in small claims court shall be made only by the Board of Directors.

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a. If the delinquent account is turned over to a Collection Agent, the Owner shall be notified by first-class mail and **all further communications and/or payments must be made directly to that Collection Agent.** Delays and additional charges may be incurred if payments are directed elsewhere. This requirement will continue until the entire balance due has been received by the Collection Agent. If the account has not been turned over to a Collection Agent, any written communication may be addressed to TSRA Finance Department, P.O. Box 16, 975 Annapolis Rd, The Sea Ranch, CA 95497-0016.

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b. Also after an account is delinquent for ninety (90) days, the Owner's Unit, Block and Lot number will be published in the *Bulletin*.

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2.1.08 If all sums secured by the lien are not paid in full within twelve (12) months of the original delinquency, or if the amount of delinquent regular or special assessments reaches one thousand eight hundred dollars (\$1,800.00) or other such total as prescribed by law, not including any accelerated assessments, collection costs, attorney's fees, late charges, or interest, the Board may make the decision to foreclose the lien. All resulting collection fees and costs will be added to the total delinquent amount. At some point in time prior to foreclosure, the Board shall offer the Owner(s) and, if so requested by the Owner(s), shall participate in Association's Internal Dispute Resolution (meet and confer program) or Alternative Dispute Resolution with a neutral third party. The decision to pursue dispute resolution shall be the choice of the Owner(s), except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

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2.1.09 After a lien is recorded and delinquent assessments (a) amount to one thousand eight hundred dollars or greater or other such total as prescribed by law, not including any accelerated assessments, collection costs, attorney's fees, late charges, or interest, or (b) assessments secured by a lien are more than 12 months delinquent, the Association may utilize non-judicial foreclosure as its primary collection method. However, the Association may, in its sole discretion, proceed to take any and all enforcement remedies including, without limitation, non-judicial foreclosure of such lien, judicial foreclosure, or suit for money damages, all at the expense of the property owner(s). Moreover, Owners and former Owners remain personally liable for delinquent assessments and deficiency balances that accrue during their ownership of the property, and the Association may proceed against those individuals by any method legally available.

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2.1.10 The decision to initiate foreclosure shall be made only by the Board of Directors, by majority approval, and while the discussion may be held in executive session, the decision shall be recorded in the minutes of the open meeting by parcel number only. A Board vote to approve foreclosure of a lien must take place at least thirty (30) days prior to any public sale.

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2.1.11 If the Board votes to foreclose, the Board or its Agent shall provide notice of its decision by personal service to the Owner(s) who occupies the separate residence or to the Owner's legal representative. If the Owner(s) does not occupy the separate interest, said notice will be sent by first-class mail to the most current address provided to the Association. In the absence of written notification by the Owner(s) to the Association, the address of the Owner's separate interest may be treated as the Owner's mailing address. In addition, statutory procedures including recorded notices regarding foreclosure and sale will be accomplished.

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2.1.12 A non-judicial foreclosure by the Association shall be subject to the Owner's right to redeem the property up to ninety (90) days after the sale.

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2.1.13 The Association shall charge a "returned check charge" of twenty dollars (\$20.00) plus applicable bank fees for all checks or Electronic Fund Deposits returned as "non-negotiable", "insufficient funds" or any other reason. If the account has been turned over to the Association's Agent for collection and the check is returned, the account will also be assessed administrative fees per the Agent's fee schedule.

2.1.14 If Owner(s) have a question or concern about their account, the Association will do its best to answer the question or resolve the concern. However if Owner(s) dispute the account balance or offer a payment plan to pay delinquent assessments, they must do so in writing.

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2.1.15 All amounts due must be paid in full as a condition to curing and releasing a recorded lien and other documents of foreclosure. Arrangements for a payment plan must be made with the Association's Agent assigned to collection of the account or, if there is no Agent, in writing with the Board-appointed staff responsible for the collection of assessments in accordance with the written payment plan requirements included in paragraph 2.1.17 of this section.

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2.1.16 When a payment is made, the Owner may request a receipt and the Association will provide a receipt indicating the date and amount of payment and the person who received it.

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2.1.17 PAYMENT PLAN:

a. A payment plan request must be initiated by an affected Owner. The request must be in writing and addressed to the Director of Financial Services of The Sea Ranch Association. The approved request must meet all of the criteria described in the Payment Plan Policy, and must be signed by both the Owner and the Community Manager or the Manager's designee.

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b. The monthly payment plan must include at least the current assessment or charge due plus a sufficient payment against delinquent amounts so as to clear the delinquency within 12 months. Additional late fees will not accrue during the payment plan period so long as the Owner remains in compliance with the terms of the plan. Interest on delinquent amounts will be charged on remaining balances due at the allowable rate.

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c. An account will be returned to good standing when all past due charges including interest, late fees and collection fees have been paid in full.

d. Payment plans will not impede the Association's ability to record a lien on the Owner's separate interest to secure payment of delinquent assessments. Default on a formally signed and accepted plan may result in TSRA taking the next action prescribed by the Assessment Collection Policy without any further notice to the mOwner. A payment must be received during each calendar month until the account is paid in full. Any missed installment will result in forfeiture of protections under the payment plan.

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e. The Sea Ranch Association management may amend these standards at their discretion on a case-by-case basis if, in their judgment, it is warranted by an individual situation. The affected Owner will be advised in the event the standards are changed.

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f. In accordance with the Association's Alternative Dispute Resolution Policy, Owners who dispute amounts due may request a meeting with the Board of Directors in Executive Session, if the Owner submits a written request to do so within 15 days of the date of the postmark on the delinquency notice from the Association. If no regular Board meeting is scheduled within 45 days of the Owner's request for a meeting with the Board, the Board may designate a committee of one or more directors to meet with the Owner.

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2.1.18 The delivery address for overnight payment of assessments by carriers other than the US Postal Service is The Sea Ranch Association, 975 Annapolis Road, The Sea Ranch, California 95497.

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2.1.19 An Owner of the separate interest has the right to inspect the Association's financial books and records to verify the delinquency, per laws related to inspection of HOA records.

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2.1.20 The Board of Directors of the Association may revise this policy, either generally or on a case-by-case basis, if it finds good cause to do so.

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THE SEA RANCH ASSOCIATION

ASSESSMENT COLLECTION POLICY: Rule 2.1 of The Sea Ranch Rules

Adopted by the Board of Directors on December 9, 1998
Revised: June 22, 1996; August 24, 1996; December 14, 2002; April 23, 2005;
June 25, 2005, Updated April 27, 2013; Revised _____(date)

The Board of Directors has adopted this policy for the collection of delinquent assessments, both regular and special, enforcing lien rights, and other legal remedies as provided for in California Civil Code Sections 5310(7) and 5650 through 5740. At The Sea Ranch there are over 2,200 properties, many owned by nonresident Owners. Prompt payment of assessments by every Owner is critical to the Association's ability to provide necessary services, and prompt collection of assessments is among the Board's most important fiduciary responsibilities. This Collection Policy is intended to insure the timely payment of assessments for the benefit of all Members of the Association.

The Association is entitled to recover assessments, reasonable collection costs, reasonable attorney's fees, late charges, and interest. The Association shall comply with requirements of the Davis-Stirling Act, California Civil Code Section 4000, *et seq.*, when collecting delinquent assessments. The Owner is responsible for all costs as identified above, except in case of error requiring termination or re-initiation of a collection process.

Policy:

2.1.01 It is the Owner's responsibility to pay each assessment in full regardless of whether a statement is received. Owners may inquire about their assessment account balance by calling 707-785-2444 during business hours Tuesday through Friday.

2.1.02 Monthly assessments are due on the 1st day of each month and are delinquent if not received by 5:00 PM on the last day of the month. Special and Special Individual Assessments are due on the date(s) specified upon imposition and each installment thereof shall be delinquent if not received by the Association within thirty (30) days after it is due. ***A late charge of ten dollars (\$10.00) or ten percent (10%) of one month's current assessment, whichever is greater, shall be charged for any such delinquent assessment.***

1. 2.1.03 All payments received by the Association, regardless of the amount paid, will be applied to the oldest assessment balances first until such time as all assessment balances are paid, and then to late charges, interest and costs of collection, unless an alternate agreement is entered into between the Association and the Owner(s).

2.1.04 IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

2.1.05 THIRTY (30) DAYS PAST DUE: Accounts that are thirty (30) days past due shall be sent a courtesy statement and interest shall be due on all such amounts, once due and unpaid for thirty (30) days, at the rate of seven percent (7%) per annum or other such percentage rate as prescribed by law.

2.1.06 SIXTY (60) DAYS PAST DUE: If any portion of any such assessment, late charge, interest or cost of collection remains unpaid sixty (60) days after the original due date thereof and a mutually accepted payment agreement has not been established, a "Letter of Intent" to file a Notice of Delinquent Assessment will be prepared and sent to the record Owner(s) by both certified and regular mail at the last mailing address provided to the Association. If the delinquent record Owner(s) has provided a written notice of a secondary address, all notices shall be sent to that address, also. Such "Letter of Intent" will include an itemized statement of the charges owed, including but not limited to, assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest. Please be advised that the Association has the right to collect all reasonable costs of collection. Also, a notice that the Owner is entitled to ask to meet with the Board or Board representative(s) pursuant to the Association's Internal Dispute Resolution (meet and confer program) will be included.

2.1.07 NINETY (90) DAYS PAST DUE; LIEN; COLLECTION AGENT: If payment of the entire balance due is not received within the ninety (90) days, the Association may without further advance notice turn the account over to an attorney, a foreclosure service or other collection service provider ("Collection Agent"), or may handle the collection itself. A lien will be prepared and recorded as to the delinquent property and the owner(s) thereof. The decision to record a lien may be made only by the Board of Directors, approved by a majority vote in an open meeting. The Board shall record the vote in the minutes of that meeting, referring to the property by parcel number, and not name of the Owner. Likewise, the decision to file in small claims court shall be made only by the Board of Directors.

- a. If the delinquent account is turned over to a Collection Agent, the Owner shall be notified by first-class mail and **all further communications and/or payments must be made directly to that Collection Agent.** Delays and additional charges may be incurred if payments are directed elsewhere. This requirement will continue until the entire balance due has been received by the Collection Agent. If the account has not been turned over to a Collection Agent, any written communication may be addressed to TSRA Finance Department, P.O. Box 16, 975 Annapolis Rd, The Sea Ranch, CA 95497-0016.
- b. Also after an account is delinquent for ninety (90) days, the Owner's Unit, Block and Lot number will be published in the *Bulletin*.

2.1.08 If all sums secured by the lien are not paid in full within twelve (12) months of the original delinquency, or if the amount of delinquent regular or special assessments reaches one thousand eight hundred dollars (\$1,800.00) or other such total as prescribed by law, not including any accelerated assessments, collection costs, attorney's fees, late charges, or interest, the Board may make the decision to foreclose the lien. All resulting collection fees and costs will be added to the total delinquent amount. At some point in time prior to foreclosure, the Board shall offer the Owner(s) and, if so requested by the Owner(s), shall participate in Association's Internal Dispute Resolution (meet and confer program) or Alternative Dispute Resolution with a neutral third party. The decision to pursue dispute resolution shall be the choice of the Owner(s), except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

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2.1.11 If the Board votes to foreclose, the Board or its Agent shall provide notice of its decision by personal service to the Owner(s) who occupies the separate residence or to the Owner's legal representative. If the Owner(s) does not occupy the separate interest, said notice will be sent by first-class mail to the most current address provided to the Association. In the absence of written notification by the Owner(s) to the Association, the address of the Owner's separate interest may be treated as the Owner's mailing address. In addition, statutory procedures including recorded notices regarding foreclosure and sale will be accomplished.

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- a. A payment plan request must be initiated by an affected Owner. The request must be in writing and addressed to the Director of Financial Services of The Sea Ranch Association. The approved request must meet all of the criteria described in the Payment Plan Policy, and must be signed by both the Owner and the Community Manager or the Manager's designee.
- b. The monthly payment plan must include at least the current assessment or charge due plus a sufficient payment against delinquent amounts so as to clear the delinquency within 12 months. Additional late fees will not accrue during the payment plan period so long as the Owner remains in compliance with the terms of the plan. Interest on delinquent amounts will be charged on remaining balances due at the allowable rate.
- c. An account will be returned to good standing when all past due charges including interest, late fees and collection fees have been paid in full.
- d. Payment plans will not impede the Association's ability to record a lien on the Owner's separate interest to secure payment of delinquent assessments. Default on a formally signed and accepted plan may result in TSRA taking the next action prescribed by the Assessment Collection Policy without any further notice to the mOwner. A payment must be received during each calendar month until the account is paid in full. Any missed installment will result in forfeiture of protections under the payment plan.
- e. The Sea Ranch Association management may amend these standards at their discretion on a case-by-case basis if, in their judgment, it is warranted by an individual situation. The affected Owner will be advised in the event the standards are changed.

- f. In accordance with the Association's Alternative Dispute Resolution Policy, Owners who dispute amounts due may request a meeting with the Board of Directors in Executive Session, if the Owner submits a written request to do so within 15 days of the date of the postmark on the delinquency notice from the Association. If no regular Board meeting is scheduled within 45 days of the Owner's request for a meeting with the Board, the Board may designate a committee of one or more directors to meet with the Owner.

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2.1.20 The Board of Directors of the Association may revise this policy, either generally or on a case-by-case basis, if it finds good cause to do so.

August 9, 2016

Board of Directors
The Sea Ranch Association
P.O. Box 16
The Sea Ranch, CA 95497-0016

Primer on TSRA Governance

Dear Board of Directors,

At your request I offer this primer on some key elements of how The Sea Ranch Association (“TSRA”) operates under its governing documents and California law. The following is a brief and basic introduction to the central concepts you have asked me to address.

1. Exercise of Corporate Powers and Director Duty of Care

TSRA is a California corporation subject to the California Nonprofit Mutual Benefit Corporations Code (*Cal. Corps. Code* § 7110 *et seq.*), and a Common Interest Development (“CID”) subject to the Davis-Stirling Act (*Cal. Civil Code* § 4000 *et seq.*). By law, the duly elected TSRA Board of Directors is the only entity authorized to exercise the powers of the corporation. Even management activities properly delegated by the Board to staff and consultants must be undertaken under the ultimate direction of the Board. *Cal. Corps. Code* § 7210. Similarly, TSRA’s numerous committees and task forces comprising Members who are not Directors cannot exercise the authority of the Board. *Cal. Corps. Code* § 7212(b).

In the exercise of these corporate powers, the TSRA Board of Directors owes TSRA and its Members the “Duty of Care” set forth in *Cal. Corps. Code* § 7231(a):

“A director shall perform the duties of a director, including duties as a member of any committee of the board upon which the director may serve, in good faith, in a manner such director believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.”

The California Supreme Court in *Lamden v. La Jolla Shores Clubdominium Homeowners Ass’n*, 21 Cal.4th 249 (1999) (“*Lamden*”) stated a parallel “rule of judicial deference” regarding certain activities of CID boards of directors:

“Where a duly constituted community association board, upon reasonable investigation, in good faith and with regard for the best interests of the community association and its members, exercises discretion within the scope of its authority under relevant statutes, covenants and restrictions to select among means for discharging an obligation to maintain and repair a development's common areas, courts should defer to the board's authority and presumed expertise.” *Lamden* at 249.

A number of subsequent appellate decisions have further defined this *Lamden* deference. Viewed together, these Corporations Code and *Lamden* criteria guide the TSRA Board to discharge its duties based on:

- reasonable and prudent inquiry, with
- good faith investigation of
- available means, that are
- within the scope of the Board’s authority and the law, and in the
- best interests of the Association and Membership as a whole.

How does the Board satisfy these obligations?

Day-to-day, the vast majority of TSRA operations involves routine or “ministerial” actions. These are mostly Staff actions, relatively few of which must be expressly ratified by the Board. On such matters, the Board is entitled to rely on its Community Manager and other reliable and competent employees, architects and design professionals, engineering and resource consultants, accountants and lawyers, and others the Board has reason to trust by virtue of their education, training, or experience. *See Cal. Corps. Code* § 7231(b).

As to non-routine matters that may involve discretionary policy or budgetary decisions, significant impacts on the membership, interpretation or enforcement of the governing documents, or complex or difficult business options, heightened Board scrutiny may be advisable. This is in fact standard practice at TSRA.

Whatever the matter under consideration, recall that TSRA is a “mutual benefit” corporation, meaning it legally exists to promote the common benefit of all Members, not just some. Thus each Board makes its determinations based not solely on the concerns of individual Members, but on the interests of the membership and Association as a whole. Similarly, each Board manages TSRA’s facilities, lands, and resources not just for current Owners, but for the future Owners yet to arrive.

With regard to enforcing CID covenants, the California Supreme Court has made clear that courts must determine reasonableness “*not* by reference to facts that are specific to the objecting homeowner, but by reference to the common interest development as a whole”. *Nahrstedt v. Lakeside Village Condominium Association*, 8 Cal.4th 361 at 386 (1994). The Court was blunt regarding the “collective” nature of CIDs:

“[A]nyone who buys a unit in a common interest development with knowledge of its owners association's discretionary power accepts ‘the risk that the power may be used in a way that benefits the commonality but harms the individual.’ [. . .] Thus, subordination of individual property rights to the collective judgment of the owners association together with restrictions on the use of real property comprise the chief attributes of owning property in a common interest development.” *Nahrstedt* at 374.

Courts view these covenants as an exchange, the ultimate purpose of which is to enhance the owners’ collective economic and social welfare via the association’s predictable, stable, and even-handed regulation of the owners’ private property. *E.g.* *Nahrstedt* at 389; *Pinnacle Museum Tower Assn. v. Pinnacle Market Development*, 55 Cal.4th 223, 237-38 (2012). With these precepts in mind, I turn to TSRA’s governing documents.

2. TSRA’s Governing Documents

TSRA’s foundational governing documents are the Articles of Incorporation (“Articles”), the Declaration of Restrictions, Covenants and Conditions (“Restrictions”), and the Bylaws. The objectives of these documents are fleshed out and implemented day-to-day via the TSRA Rules and the Design Manual/Rules.

Section “FOURTH” of TSRA’s Articles somewhat redundantly sets forth the founding purposes and parameters for the exercise of the corporate mission and powers:

“The specific and primary purposes for which the Association is organized and operated are to provide for the management, maintenance, protection, preservation and development of The Sea Ranch and to promote the health, safety and welfare of its members.”

Similarly,

“The Association is organized and operated exclusively for the purposes of the management, maintenance, protection, preservation and development of The Sea Ranch and the improvements thereon for the benefit of the members, for their pleasure, recreation and other nonprofit purposes”

The Restrictions in Section 5.01(a) necessarily adopted this corporate purpose and mission: “The Association . . . was created by the Articles and its affairs shall be governed by the Articles and Bylaws”. Apart from these foundational statements of principle, it is a tenet of California CID, corporations, and tort law that the Board of Directors prudently manage TSRA’s affairs, facilities, and properties for the benefit of the Owners.

By design, CID covenants provide a broad framework for operations, rather than an exhaustive enumeration of particulars. TSRA’s Restrictions, filed by the developer in 1965, are no different. They establish some key ground rules, structures, and processes, without purporting to

anticipate every future condition and need to be faced by succeeding generations of Boards, managers, and Owners. Such details are left to each Board and its Staff and specialists, and are catalogued in the Bylaws, Rules, Design Manual/Rules, and Board policies and procedures, as periodically amended to meet evolving needs. Put another way, while the Restrictions set the stage, they do not (and in 1965 could not) purport to anticipate or script all eventualities regarding how to “manage, maintain, protect, preserve, or develop” TSRA lands, facilities, and resources for the “benefit” and “pleasure” of the Members.

When neither the Restrictions, Bylaws, Rules, Design Manual/Rules, nor California law conclusively address a specific issue, then it falls to the sitting Board of Directors to satisfy its Duty of Care: The Board must determine in good faith, based on the facts then before it, a lawful course of action it believes to be in the best interests of the Association and the membership as a whole. Sometimes this involves a simple confirmation of existing policy or practice. A Board may modify or rescind prior Board or Staff actions when changed circumstances, needs, or policy or budget considerations so require. The Board may articulate and adopt, as appropriate, a new procedure, program, policy, or rule.

TSR is a unique coastal development known for its innovative approach to design and landscape values. The Restrictions clearly set the expectation that the built and natural environment are to complement and enhance one another, “in a manner which insures the full enjoyment of the historical traditions and natural advantages of the area for all who acquire property.”

The preamble to TSRA’s Restrictions includes a number of aspirational affirmations of both a TSRA environmental ethic and the mutuality expected between Owners and management. The preamble celebrates the “natural and unspoiled state” of TSR, and makes continued preservation of the diverse TSR landscapes the keystone benefit for all Owners:

“The purpose of this declaration is to perpetuate . . . the rich variety of this rugged coastal, pastoral, and forested environment for the benefit of all who acquire property within The Sea Ranch”

The preamble goes on to stress both the *public* and *private* purposes of the intended land use:

“this fundamental concept which underlies the development and use of The Sea Ranch serves both public and private interests by fostering a beneficial land use which retains the unique beauty of the land and creates an atmosphere enriching the spirit of its participants.”

Owners are expected to “accept” this environmental premise, and TSRA management is expected to “foster maximum individual flexibility” within that premise. Translating such aspirations into practice is not always a straightforward process.

An underlying blessing and bane of any democratic community is that reasonable people will have differing needs and opinions as to what “enriches the spirit”, will prefer contrasting

environmental and design aesthetics, and will advocate competing policies and programs to achieve their idea of a “beneficial land use”. It follows that diverse Sea Ranchers may, on a particular issue, interpret the same aspirational phrases of the Restrictions according to their divergent points of view. All such interpretations and opinions provide important topics of conversation and debate. This discussion educates and informs the membership, the Staff and consultants, and the Board, but is not legally determinative: It remains the ultimate legal duty of each Board of Directors to evaluate and choose in good faith the course of action it believes to be in the best interests of the Association and the membership. How does the Board go about this?

3. The Work of the Board of Directors

As is typical of most organizations, the TSRA Board has divided the significant amount of labor required to prudently and effectively exercise the powers of the corporation, as follows:

Staff and Contractors: The Board engages a professional Community Manager, Staff, and various specialized contractors to undertake and manage the daily operations of the Association. This is a lawful and prudent delegation of the Board’s authority, albeit a delegation that remains under the ultimate supervision and control of the Board.

Policy Committees: As authorized by the Bylaws, the Board appoints specified standing Policy Committees (currently Finance, Planning, and Utilities) to undertake the initial fact-finding, brainstorming, conceptualization, and analysis of options to be brought back to the full Board for consideration. These Committee meetings are noticed and open to the membership. The Policy Committees have no authority to speak or act for the Board; they are advisory only. Hence the Board must still exercise its independent judgment, and remains free to accept, reject, or modify any recommendation of a Policy Committee.

Operational Committees and Task Forces: These groups are appointed and operated by the Community Manager to advise the CM on operational matters under the CM’s purview. Their meetings are also noticed and open to the membership. These Operational Committees and Task Forces have no authority to speak or act for the Board; they are advisory to the CM only, and the CM in turn advises the Board as appropriate. The Board must still exercise its independent judgment, and remains free to accept, reject, or modify any recommendation of the CM arising from the activities of an Operational Committee or Task Force.

The Board is also authorized by the Corporations Code and the Bylaws to appoint other Policy Committees as well as ad hoc committees or task forces to address needs that are not otherwise within the purview or capacities of an existing working group.

Note: That one or more Directors may observe or participate in such committee and task force meetings does not convert the gathering into a Board Meeting, as there has been no proper notice or agenda, and no Board “action” can legally be taken.

Board Subcommittees: On certain contractual, legal, or complex issues requiring significant expenditures of time, Board practice is to create Subcommittees consisting of no more than three Directors to undertake the initial fact-finding, brainstorming, conceptualization, and analysis of options to be brought back to the full Board for discussion. These Board Subcommittees are *not* authorized to exercise the authority of the Board or to otherwise “take action”; rather, they serve to efficiently focus limited person-power to facilitate the ability of the Board as a whole to exercise its Duty of Care.

Routine Board practice has been that its Subcommittees do their initial work privately, but that all activities of Board Subcommittees are reported to the full Board and membership at each Board Meeting (excluding subject matter involving private, confidential, or privileged information). Any (non-confidential) substance to be acted upon is agendaized and addressed by the full Board in a noticed, open meeting.

All of the Board’s work must comply with Davis-Stirling open-meeting requirements, as follows.

4. CID Open Meeting Requirements

Private Common Interest Developments such as TSRA are governed by the Davis-Stirling CID Open Meeting Act (“DSOMA”), found at *Cal. Civil Code* § 4910(a) *et seq.* The straightforward goal of DSOMA: To assure that CID boards conduct most of their business in a manner that is open to attendance and participation by the Owners. Put simply, CID members should have timely notice of what their board is up to, and the opportunity to appear and say their piece before any action is taken.

The Legislature deliberately did *not* subject California’s 50,000-plus private CIDs -- which depend for their very survival on the good-will and sacrifice of volunteer and largely non-expert directors -- to the complex, onerous, and liability-inducing open meeting obligations faced by public agencies under the Brown Act (*Cal. Gov’t Code* §§ 54950 to 54963).

The key operative provision of the blessedly pithier DSOMA is just sixteen words: “The board shall not take action on any item of business outside of a board meeting.” *Cal. Civil Code* § 4910(a). DSOMA does not define “take action”, presumably because the term is amenable to a plain-English definition. Conveniently, the Brown Act provides such a definition, which I share here for reference purposes only:

“ . . . ‘action taken’ means a **collective decision made** by a majority of the members of a legislative body, a **collective commitment or promise** by a majority of the members of a legislative body to make a positive or a negative decision, or an **actual vote** by a majority of the members of a legislative body when sitting as a body or entity, upon a motion, proposal, resolution, order or ordinance.” *Cal. Gov’t Code* § 54952.6 (my bolding added).

Thus, under DSOMA, a quorum of the board taking “action” constitutes a “board meeting” that must be noticed, agendaized, and open to the membership.

TSRA’s Board conducts the vast majority of its business at noticed and open Board Meetings. Hence the hefty agenda packets made available to the membership well in advance of all such meetings. All matters of TSRA policy and rules, and virtually all business matters, are ultimately addressed and debated in open session by the entire Board, without pre-determination and with notice to and participation by the membership. Of course, any confidential information or legal counsel regarding such matters remains confidential notwithstanding such open discussion (more below). A small percentage of Board “action” is taken in closed Executive Sessions.

5. Executive Sessions and the Attorney-Client Privilege

DSOMA enumerates a number of exceptions in which a matter may be discussed by the Board and acted upon in closed Executive Session to consider: (1) litigation (more on this below); (2) matters relating to formation of contracts; (3) member discipline; (4) personnel matters; (5) issues involving payment of assessments (upon a Member’s request); or (6) a Member payment plan, or foreclosure on a lien. *Cal. Civ. Code* § 4935. Any matter discussed in Executive Session is later described very generally in minutes made available to the membership.

DSOMA does not define “to consider litigation”, and no court has yet construed the phrase. One might read this literally to require the existence of *pending litigation* in order to qualify a legal communication for executive session treatment. Yet even the far more restrictive Brown Act is not so narrowly construed (see below). A court interpreting DSOMA would instead address the key public policy role of the Attorney-Client Privilege, DSOMA’s legislative history, and the operational realities of CIDs.

In a cornerstone case construing the Brown Act and Open Records Act, the California Supreme Court exalted the essential role of the Attorney-Client Privilege in our society:

“The attorney-client privilege has a venerable pedigree that can be traced back 400 years. ‘[T]he privilege seeks to insure 'the right of every person to freely and fully confer and confide in one having knowledge of the law, and skilled in its practice, in order that the former may have adequate advice’ It is no mere peripheral evidentiary rule, but is held vital to the effective administration of justice. The privilege promotes forthright legal advice and thus screens out meritless litigation that could occupy the courts at the public's expense. The privilege serves to encourage full and frank communication between attorneys and their clients and thereby promote broader public interests in the observance of law and administration of justice.”

Roberts v. City of Palmdale, 5 Cal.4th 363 at 380 (1993) (citations omitted). A key feature of the Attorney-Client Privilege is that it “applies to confidential communications within the scope of the attorney-client relationship even if the communication does not relate to pending litigation; the

privilege applies not only to communications made in anticipation of litigation, but also to legal advice when no litigation is threatened.” Roberts at 371.

In Roberts the Court weighed the sanctity of the Attorney-Client Privilege against the Legislature’s express yet partial abrogation of the Privilege in the Brown Act, and in light of the Open Records Act. The court ruled that the open meeting requirements of the Brown Act did *not* abrogate the Privilege with regard to the written communications of counsel, and that such communication does not constitute a meeting that has to be open. Hence, the claimant in Roberts was not entitled to a copy of a written attorney-client communication even though it related to a matter pending before the council.

The Roberts Court took pains to explain why “public entities need confidential legal advice to the same extent as do private clients”

“Government should have no advantage in legal strife; neither should it be a second-class citizen ‘Public agencies face the same hard realities as other civil litigants. An attorney who cannot confer with his client outside his opponent's presence may be under insurmountable handicaps.’ ” Roberts at 374.

Similarly,

“A city council needs freedom to confer with its lawyers confidentially in order to obtain adequate advice, just as does a private citizen who seeks legal counsel, even though the scope of confidential meetings is limited by this state's public meeting requirements. The public interest is served by the privilege because it permits local government agencies to seek advice that may prevent the agency from becoming embroiled in litigation, and it may permit the agency to avoid unnecessary controversy with various members of the public.

Roberts at 380-81. Of particular relevance to CIDs, the Court quoted an earlier appellate ruling that "Settlement and avoidance of litigation are particularly sensitive activities, whose conduct would be grossly confounded, often made impossible, by indiscriminating insistence on open lawyer-client conferences." Roberts at 375.

This same “venerable” and “vital” public policy protects the confidential legal communications between CIDs and their lawyers. Volunteer boards of private CIDs, no less than professional politicians and public agency boards, are entitled to confidential legal advice, whether or not any legal action is involved.

Indeed, in stark contrast to the Brown Act, DSOMA does *not* purport to abrogate in any way the attorney-client privilege for CIDs. The Legislature easily could have done so by adding a short sentence (as it did in the Brown Act, *Cal. Gov’t Code* §54956.9(b)). But as noted above, the Legislature was mindful that the volunteer and non-expert directors of California’s private CIDs require all the encouragement and support they can get, without fear of inadvertent civil or criminal violations of complicated open-meeting rules. Otherwise, volunteer directors would be deterred

from serving, and the very foundations of CIDs and the state regulatory structure would be undermined.

Thus, the Legislature spared private CIDs and their volunteers the complexity, expense, and formidable liability risk of Brown Act-style compliance. Should the meaning of “to consider litigation” ever be litigated in the context of DSOMA, a court would examine not only the public policy reasoning of the Supreme Court in *Roberts*, but also the operational realities of private CIDs, the narrow purpose and legislative history of DSOMA, and the absence of any legislative abrogation of the Attorney-Client Privilege for CIDs.

Even were we to imagine a partial legislative abrogation of the Privilege for CIDs, and voluntarily import the Brown Act’s definition of “litigation” to DSOMA, we would still be left with this: A board can discuss with counsel in closed session any facts, circumstances, incidents, transactions, or threats, whether public or not yet public, that might result in litigation. No actual legal action is required, just possible prejudice to the board’s position. *See Cal. Gov’t Code* §54956.9. And under *Roberts*, privileged written communications would still be protected in any event.

6. The Roles of Association Counsel and Confidentiality

Some essential purposes of an attorney’s communications with a corporate board of directors include: (1) Promoting the client’s legal compliance, proper governance, and business benefit; (2) assuring that the board satisfies its legal Duty of Care; and (3) minimizing unnecessary risk and legal expense. All of those objectives hinge on “full and frank communication” among the directors and their lawyer, which in turn requires assurances of strict confidentiality. Thus TSRA as a corporation, through the Board as its governing body (not any Director as an individual), possesses an “Attorney-Client Privilege” protecting from disclosure confidential communications within the scope of the legal representation. Conversely, all Directors share the duty not to reveal or discuss confidential or privileged information to anyone other than a sitting Director or authorized Community Manager.

As attested by this and other law-related memos written for the benefit of both the Board and membership generally, not all communications from TSRA counsel are intended to be confidential or privileged. Informational pieces that describe legal topics and processes generally, and do not involve the legal advice or interpretations, arguments, or strategies of counsel, are not by nature confidential and will not be marked “Privileged”. Other matters are presumptively covered by the Privilege.

As the *members* of a CID do not hold the Privilege, they generally are not entitled to be included in legal communications with CID counsel, or to be informed of the contents of privileged communications. *E.g. Smith v. Laguna Sur Villas Community Assn.*, 79 Cal.App.4th 639, 643-44 (2000) (“*Smith*”). In the case of a large membership organization such as TSRA, revealing confidential or privileged communications to members is virtually guaranteed to defeat the purpose of the Privilege. The *Smith* court addressed the obvious concerns of group confidentiality, conflicts of interest, and likely hazards faced by CID counsel, noting:

“It is no secret that crowds cannot keep them. Unlike directors, the residents owed no fiduciary duties to one another and may have been willing to waive or breach the attorney-client privilege for reasons unrelated to the best interests of the association.” *Smith* at 645.

In rare instances, the legal interests of both the CID and its members may be deemed sufficiently identical to justify sharing privileged communications while upholding the Privilege, per California’s “common interest doctrine” (third parties can be included in a privileged conversation if necessary to achieve the purpose of the legal representation). *E.g. Seahaus La Jolla Owners Ass’n v. Super. Ct.*, 224 Cal.App.4th 754 (2014). Of course, the larger and more diverse the CID membership, the less likely there will be such a unity of interest, or that open communication will be “necessary” for the representation.

Any corporate director who unilaterally reveals protected communications or work product to third parties potentially waives the privilege for the entire board. Such a violation could subject all related privileged and confidential information to possible discovery by an adverse party. Even conveying generalized summaries of documents or conversations to third parties can be a violation of confidentiality and a potential waiver of the privilege. At the very least, such unilateral leaks may complicate and constrain a board’s legal position, strategies, and options going forward.

7. Director Duties of Loyalty and Confidentiality

Every corporate director owes a Duty of Loyalty to the organization. Put simply, each TSRA Director owes his or her first allegiance to the interests of the mutual-benefit Association and its Members; personal agendas are subservient to the good of the body. To be sure, it behooves every Director to strongly assert his or her opinions, perspectives, and preferences to the entire Board. The collective decision making process benefits from such forthright and unfettered advocacy and debate. But all such disputation stays within the walls of the boardroom or the public meeting, and the final majority vote is respected. Directors do not attempt to subvert a majority decision outside of such meetings.

Usually considered as a subset of the Duty of Loyalty is the Duty of Confidentiality. TSRA Directors owe a duty to the Association and its Members not to reveal or discuss private, confidential, or privileged information to anyone not a current Director or authorized manager. Nor do Directors use or disclose confidential information for their own or another’s personal benefit, or in a manner that might cause injury or harm to the organization.

There are many scenarios in which a Director who is privy to private, confidential, or privileged information might inadvertently share even generalities about that information with constituents, friends, or family, leading to breaches of privacy, personnel problems, or business, financial, or legal harm. Thus, for example, a Director does not share private health or other information about a TSRA Director or employee to a sympathetic inquiring Member, or confidential employee performance or discipline information to an irate Member. Owner payment defaults and disputes generally remain confidential. Potentially defamatory statements, no matter how apparently justified, are to be avoided. The content and tone of confidential conversations among Directors and

Staff in Executive Session are not revealed. And a Director never discusses with anyone other than another sitting Director or Community Manager the nature or substance of any confidential communication with Association legal counsel made within the scope of that legal relationship.

This Duty of Confidentiality is so embedded in the fabric of corporate governance that a comprehensive and signed Director Confidentiality Agreement is a “best practices” document that corporate counsel urge on their clients. Established organizations, public and private, profit and nonprofit, often require their directors to sign such a pledge.

8. Key Takeaways Regarding TSRA Governance

- A. The duly-elected TSRA Board of Directors exercises the power of the Association, including Board oversight of properly delegated management responsibilities. In so doing, the Directors must satisfy their legal Duty of Care, and are also guided by the *Lamden* criteria under the Davis-Stirling Act.
- B. TSRA’s Articles, Restrictions, and Bylaws very generally prescribe TSRA’s purpose, aspirations, structure, and function. TSRA’s evolving Rules, Design Manual/Rules, and Board policies and procedures flesh out and implement those objectives. When the governing documents or the law provide no singular, definitive answer to an issue, it remains the sole legal duty of each sitting Board of Directors to evaluate and choose the course of action it believes in good faith to be in the best interests of the Association and the membership as a whole.
- C. Regarding most day-to-day Association activities, the Board is entitled to rely on the advice and management of the Community Manager and other reliable employees, contractors, and consultants. On non-routine or complex matters, it is Board practice to exercise a heightened scrutiny.
- D. The Board may properly assign certain exploratory and advisory tasks to Board Subcommittees, Policy Committees, Operational Committees, and other ad hoc committees and task forces. None of these groups speaks for the Board, and none can “take action” or make any decision or commitment binding the Association. The full Board exercises its own independent judgment on any recommendations.
- E. TSRA is governed by the Davis-Stirling Open Meeting Act (“DSOMA”), the goal of which is to assure that CID members have timely notice of what their board is doing, and the opportunity to appear and be heard before any “action” is taken by the board.
- F. The TSRA Board “takes action” at duly-noticed, agendaized, and open Board Meetings. The vast majority of the Board’s work is so conducted. Exceptions under DSOMA include matters involving private personnel or Member issues, third party contract discussions and negotiations, or confidential communications within the scope of the attorney-client relationship. The Board as a whole addresses such matters in Executive Session.

- G. Although not legally required, it is TSRA Board policy and practice that the exploratory and advisory work of all Policy Committee, Operational Committee, and Task Forces is noticed and open to the membership, with minutes published to the membership when available.
- H. It is Board practice to “report out” to the membership at each Board Meeting the preliminary activities of any Board Subcommittees. Any (non-confidential) potential action is agendaized and addressed by the full Board at a noticed, open meeting. As Board Subcommittees lack a quorum of Directors and are not authorized by the Board to “take action”, their meetings are not legally subject to notice, and need not be open to Members or publish minutes.
- I. The effective legal representation of any corporation, including TSRA, depends on “full and frank communication” between the Board and its lawyers, which in turn requires assurances of strict confidentiality. Thus, all communications intended to fall within the scope of the Board’s legal relationships with its various attorneys are protected by the “venerable” and “vital” public policy enshrined by the Attorney-Client Privilege. General educational and descriptive communications that involve no confidential information, interpretations, analyses, or advice of counsel (such as this memo), are not intended to fall within the scope of the Privilege.
- J. In contrast to the Brown Act, the Legislature has not purported in DSOMA to abrogate the Attorney-Client Privilege for private CIDs and their volunteer boards. The California Supreme Court has made clear that the Privilege applies to confidential communications within the scope of the attorney-client relationship, even if the communication does not relate to pending litigation. The Privilege applies not only to communications made in anticipation of litigation, but also to legal advice when no litigation is threatened.
- K. The Attorney-Client Privilege is held by the corporation acting through its Board of Directors, not by any individual Director or by the membership. Each Director owes his or her fellow Directors, and the Association, Duties of Loyalty and Confidentiality to protect confidential information, privacy, and the Privilege.

I hope you find this information useful.

Sincerely,



John R. Shordike
Association Counsel

DATE: August 3, 2016
TO: The Sea Ranch Board of Directors
FROM: Jim Nybakken, Board Chair
RE: Proposed Amendments to Resolution No. 35 and Adoption of a Board Confidentiality Agreement

In 1992 the Board adopted Resolution No. 35 establishing principles of good practice for the Board of Directors of the Sea Ranch Association. The principles covered in the Resolution addressed such matters as the focus of the Board, the relationship of the Board to the Community Manager, the special role of the Board Chair, and how the Board should comport itself, including in matters of confidentiality. In regards to confidentiality, the resolution indicated only that Board members should keep confidential matters confidential.

Association Counsel has since advised the Board regarding corporate best practices and the rationale for a formal Board Confidentiality Agreement. Counsel provided a draft agreement, to which Board members have suggested various revisions. I attach for your consideration a revised form of the Board Confidentiality Agreement that reflects many of the suggested changes.

I also attach for your consideration a proposed revision to Resolution No. 35, updated to reflect current Association structure and practices, as well as incorporating a reference to the proposed Board Confidentiality Agreement. The original 1992 Resolution No. 35 is included for your reference.

Attachments

BOARD CONFIDENTIALITY AGREEMENT

As both a Director and a member of the community and The Sea Ranch Association I understand that open communication with the constituents that I represent is fundamentally necessary to my ability to make informed decisions and to fulfill my fiduciary responsibilities as a member of this Board. However, there are circumstances in which confidentiality needs to be established and maintained among Board members to protect the privacy and confidences of individuals, to maintain attorney-client privilege, and to allow an open, free flowing discussion among Board members about sensitive or conflictual Association matters.

Therefore, as a member of this Board I agree to maintain confidentiality about all nonpublic material that concerns the Association. Specifically, such Confidential Information includes:

- All non-public information, whether written or verbal, received or addressed in connection with Executive Sessions of the Board or obtained by me or entrusted to me by reason of my position as a Director, including the associated confidential Board deliberations, processes, and interpersonal dynamics, which shall remain confidential unless and until the Board votes otherwise, or if disclosure is required by a court or law enforcement agency.
- All non-public information regarding pending TSRA business, financial, personnel, or legal negotiations or evaluations, including performance reviews and personnel actions.
- All non-public information I receive directly or indirectly from TSRA's attorneys, whether written or verbal, intended as privileged attorney-client communication, which shall remain confidential unless and until the Board votes otherwise.

I further agree that my Duty of Confidentiality means that:

- I will not share this Confidential Information, either directly or indirectly, with others, including my spouse, family, friends, neighbors, constituents, advisors, or employers. This restriction is not intended to limit my conversations with my currently serving fellow Directors, the TSRA Community Manager, or Association Counsel, to the extent necessary to fulfill my duties as a Director, and subject to any Davis-Stirling Open Meeting Act rules.
- I will not affirm or deny statements made or questions asked by others, either directly or indirectly, if such affirmation or denial would result in the disclosure of Confidential Information.
- I will not use Confidential Information for my personal financial or political gain, or for the personal gain of others.

- I will keep and use all paper and digital TSRA Confidential Information in a private and secure manner at my home or office, and during travel, and only for the time and to the extent necessary to fulfill my duties as a Director. When no longer needed, or upon termination of my service as a Director, I will either destroy the Confidential Information and all copies in a manner that precludes inadvertent disclosure, or return it to the Community Manager for disposal. Upon request of the Board I will promptly return any Confidential Information.
- I will continue to honor all of these confidentiality promises even after my service as a TSRA Director terminates, except as otherwise authorized by the Board of Directors or as required by law.
- I will immediately notify the Board of any actual or potential disclosures of Confidential Information of which I become aware.

BY: _____
Board Member, TSRA Director

ACCEPTED BY: _____
TSRA Board Chair

DATED: _____

DATED: _____

DRAFT

THE SEA RANCH ASSOCIATION 2016 - 2017 BOARD OF DIRECTORS

RESOLUTION NO. 35

RESOLUTION TO ESTABLISH THE PRINCIPLES OF GOOD PRACTICE FOR THE BOARD OF DIRECTORS OF THE SEA RANCH ASSOCIATION

As Adopted on October 24, 1992 and Amended on _____, 2016

WHEREAS, the Select Committee on Governance was appointed by The Sea Ranch Association Board of Directors in 1992 to study and make recommendations on the governance of The Sea Ranch Association; and

WHEREAS, the Committee made an extensive study of all elements of governance; and

WHEREAS, the Committee found that certain objectives of the Task Force on Governance had not yet been achieved; and

WHEREAS, other revisions to this Resolution to affirm current Association practices, including clarification of the responsibilities of Board Members in relation to confidentiality, are now appropriate;

NOW, THEREFORE, BE IT RESOLVED THAT:

The Sea Ranch Association Board of Directors adopts and agrees to be bound by the following "Principles of Good Practice":

PRINCIPLES OF GOOD PRACTICE FOR THE BOARD OF DIRECTORS OF THE SEA RANCH ASSOCIATION

Focus of the Board:

1. The Board should understand the Association's mission, philosophy, and objectives as a nonprofit mutual benefit association existing for the benefit of all its members.
2. The Board, recognizing that change and growth are inevitable at The Sea Ranch, should deal with issues in ways that will best serve and protect the future of The Sea Ranch.

Relationship of the Community Manager to the Board:

3. The Board is responsible for establishing the policies under which the Community Manager will administer the Association. The Board should distinguish clearly between policy and operations and, having established governing policies, should

not interfere in the Community Manager's routine management of the normal day-to-day operations of the Association.

How the Board Comports Itself:

- 4. Board members should recognize that they will inevitably disagree on some of the issues under discussion but should comport themselves with civility and not take such disagreements in a personal way.
- 5. Board members should keep confidential matters confidential in accordance with the attached "Board Confidentiality Agreement".

Special Role of the Board Chair:

- 6. While Board Chairs share with other members the right to present personal views on any matter under discussion in Board meetings, this must not compromise the responsibility, which as Chairs they distinctively possess, to conduct the Board's business ensuring that fairness, objectivity, and civility are maintained as the Board moves to its decisions. Also, the Board Chair should preclude any discussion of routine operational matters and restrict discussion to agenda policy and business matters, and risk management decisions, as appropriate or necessary to satisfy the Board's legal Duty of Care.

Motion by: Director _____ Vote: Aye:
Second by: Director _____ Nay:
Excused: Abstention:
Action taken:
Signed: _____ Date: _____
Chair, Board of Directors

THE SEA RANCH ASSOCIATION 1992-1993 BOARD OF DIRECTORS

RESOLUTION NO. 35

RESOLUTION TO ESTABLISH THE "PRINCIPLES OF GOOD PRACTICE"
FOR THE BOARD OF DIRECTORS OF THE SEA RANCH ASSOCIATION

Adopted October 24, 1992

WHEREAS, the Select Committee on Governance was appointed by The Sea Ranch Board of Directors to study and make recommendations on the governance of The Sea Ranch Association; and

WHEREAS, the Committee has made an extensive study of all elements of governance; and

WHEREAS, the Committee finds that certain objectives of the Report of the 1986 Task Force on Governance had not yet been achieved; and

NOW, THEREFORE, BE IT RESOLVED THAT:

The Sea Ranch Association Board of Directors adopts and agrees to be bound by the following "Principles of Good Practice":

**PRINCIPLES OF GOOD PRACTICE FOR THE BOARD OF DIRECTORS
OF THE SEA RANCH ASSOCIATION**

Focus of the Board:

1. The Board should understand the Association's mission, philosophy, and objectives as a not-for-profit association existing for the benefit of all its members.
2. The Board, recognizing that change and growth are inevitable at The Sea Ranch, should deal with issues in ways that will best serve and protect the *future* of The Sea Ranch.

Relationship of the CEO to the Board:

3. The Board is responsible for establishing the policies under which the CEO will administer the Association. The Board should distinguish clearly between policy and operations and, having established general policies, should not interfere in the CEO's management of the day-to-day operations of the Association.

How the Board Comports Itself:

4. Board members should recognize that they will inevitably disagree on some of the issues under discussion but should comport themselves with civility and not take such disagreements in a personal way.

5. Board members should keep confidential matters confidential.

Special Role of the Board Chair:

6. While Board Chairs share with other members the right to present personal views on any matter under discussion in Board meetings, this must not compromise the responsibility, which as Chairs they alone possess, to conduct the Board business ensuring that fairness, objectivity, and civility are maintained as the Board moves to its decisions. The Board Chair should restrict discussion to policy matters, not operational matters.

Motion: Lundell

Vote: Aye: 5

Second: Clark

Nay: 2

Action taken: Adopted

35BODPRN.92
RESOLUT/1151/1155/1140/1415/GE(12/9/92)

EXISTING RESOLUTION

MEMORANDUM

August 3, 2016

To: The Sea Ranch Association Board of Directors

From: Nigel Blair-Johns - Chair, Forest Management Subcommittee of the Board

Subject: Board Resolution to Establish the 2016-2018 Forest Task Force

SUMMARY RECOMMENDATION:

The Forest Management Subcommittee (comprising Directors Baas, Blair-Johns & Skibbens, hereinafter referred to as “we”) unanimously recommends that the Board review and approve the Forest Task Force Charter and the associated resolution accompanying this memorandum to establish the Forest Task Force as described in the Charter.

DESCRIPTION:

The Board set for itself a goal for the current 2016-17 year to move forward on the issue of forested commons management following the suspension of activity to pursue a Non Industrial Timber Management Plan (NTMP) for the Central Timber Production Zone (CTPZ). Attached to this memorandum are a resolution to establish a chartered Forest Task Force (FTF) and a proposed charter that defines objectives, deliverables, governance and timeline for the FTF.

1. Background:

Following the Board’s March workshop on forest management, and as a result of a sentiment among some of the membership that continuing with the application for the proposed NTMP was inappropriate, the BoD suspended further work on the application and undertook to consider an appropriate mechanism to conduct an open and transparent investigation of the options before deciding how to proceed further. The sole purpose of the proposed FTF is to conduct that investigation on behalf of the BoD and bring back to the BoD recommendations on how it might proceed, including options that had been considered but rejected, along with the rationale.

2. Budget implications:

As trees individually and forested areas as an ecosystem require a level of specialized knowledge that is not widely available in the public at large, effective analysis of alternatives will require engagement with selected experts to ensure that properly informed options and plans are developed. If the Charter is approved, there will be an adverse impact on the budget in that previously unidentified expenses will need to be incurred to engage those expert resources. We believe that the 2016-17 and 2017-18

costs can be estimated and contained within special project allowances built into the budget.

3. Review Process:

The Association attorney was appropriately engaged to review the document that is presented in your BoD package.

4. Environmental Impact:

The generation of the management strategies and objectives and the plans to implement them will not have a direct environmental impact. Impacts that could potentially impact from the execution of any approved plans will be addressed as a part of the plan approval process.

5. Board Goals:

The proposed charter directly supports the stated BoD goal to “Develop an appropriate structure (such as a chartered task force) to develop recommendations and alternatives for forest management on commons”.

ALTERNATIVES:

An analysis of alternatives to the recommended action suggest there are three alternate courses of action the BoD could pursue. In addition to approving the attached resolution the BoD can:

1. Send the Charter back to the Subcommittee with specific guidance on what amendments to the Charter it is seeking to have made. Specific direction should be provided because we believe that the proposed charter if enacted and fulfilled will discharge the BoD’s duty of stewardship regarding association assets (the forested commons)
2. Do nothing. We do not recommend this course of action because in our opinion the BoD would not be fulfilling its commitment to the membership, discharging its stewardship obligations, or taking action to achieve one of its stated goals for 2016-2017.
3. Decide that, following review of the Task Force Charter, it does not feel that a Task Force is the right approach and that it wishes to pursue some other mechanism to achieving the same objectives. We did consider other options but concluded that the Task Force method was the right approach to getting the work done in a timely manner and in full transparency to the membership.

Respectfully submitted by,

The Board Subcommittee for Forest Management

Charter

2016-2018 TSRA Forest Task Force

1. Introduction

On March 12, 2016, The Sea Ranch Association Board of Directors conducted a Workshop on Forest Management Strategies in the Central Timber Production Zone ("CTPZ"), with presentations by forestry experts followed by member comment. The Board subsequently voted to suspend activities related to the proposed Nonindustrial Timber Management Plan for the CTPZ in order "to begin conceptualizing possible options for a revised planning approach for the CTPZ." In June 2016 a Forest Management Subcommittee of the Board ("FM Subcommittee") was established and charged with developing a charter for a Forest Task Force that would address forest management planning across all TSRA commons, and that would report its findings and recommendations to the Board.

2. Charter

The Forest Task Force ("FTF") is chartered as an *ad hoc* task force to serve in an advisory capacity to TSRA's Board of Directors. It is tasked to work in an open and transparent way to (1) develop proposed forest management objectives ("Objectives") for managing TSRA's forested commons, and (2) provide the Board a comprehensive review of a reasonable range of forest management alternatives and costs ("Alternatives") relevant to achieving the Objectives for each identified project area ("Project Area"). The FTF will provide regular updates on progress to the Board of Directors and is expected to complete its work in approximately 18 months from the time its members are appointed by the Board (see Section 9 below, Preliminary Timeline).

3. Deliverables

3.1 Our forested commons are too diverse in their characteristics to support a "one size fits all" strategy for management. In consultation with licensed forestry and other experts as necessary, the FTF will divide TSRA's forested commons into appropriate zones to enable focused discussion and allow localized Objectives and Alternatives to be developed for each such Project Area.

3.2 The FTF will first submit to the Board of Directors for its consideration clearly defined Objectives proposed for each Project Area.

3.3 Upon any Board approval of Objectives for a Project Area, the FTF will proceed to investigate, analyze, and articulate Alternatives for that Project Area, for subsequent consideration by the Board.

3.4 Upon Board approval of preferred Alternatives, the FTF shall prepare final budgets and implementation plans for Board consideration.

4. Development of Objectives

4.1 For each Project Area the FTF will address, in consultation with the membership (via workshop(s) and written submissions), and after review of all existing studies and any newly commissioned expert analyses:

4.1.1 Existing forest conditions and characteristics;

4.1.2 Desired forest conditions and characteristics (including short-term and long-term forest / soils / hydrology / ecosystem health and functioning);

4.1.3 Desired member uses and features such as recreation options, trails and roads, visual aesthetics and viewsheds, flora and fauna preservation and enhancements, etc.

4.1.4 Desired short-term and long-term safety enhancements relating to fire or falling hazards, senescence or disease considerations, etc.

4.2 As appropriate, the FTF may consult with the Commons Landscape Committee ("CLC") regarding the forest boundary zone, and as a resource for gathering membership input regarding the many ways our forested areas are used.

4.3 By majority vote, the FTF shall provide recommended Objectives for each Project Area to the Board for its consideration, and include any minority report. The Board is free to accept, reject, or modify any proposed Objectives, in the exercise of its duty of care to the Association and the membership as a whole.

5. Development of Alternatives

Upon any Board approval of Objectives for a Project Area, the FTF will, in consultation with TSRA Staff and qualified experts, investigate, analyze, and articulate Alternatives for that Project Area.

5.1 To assure analytical consistency and sufficiency across all Project Areas, the FTF will utilize the Forest Analysis Protocol attached hereto as Appendix B, unless the Objectives for a Project Area, or its small size, require only *de minimis* or routine management already provided by or available from TSRA. Among the resources the FTF will use in its deliberations is the body of work associated with the formulation of the CTPZ Non-Industrial Timber Management Plan, and other commissioned studies. Association Counsel will be made available to assure legal compliance.

5.2 As appropriate, the FTF may consult with the Commons Landscape Committee regarding CLC management recommendations for the forest boundary zone relevant to a particular Project Area.

5.3 By majority vote, the FTF shall provide the Board its analyses of a reasonable range of Alternatives for each Project Area, including recommendations regarding one or more preferred Alternatives. Any minority report shall be included. The Board is free to accept, reject, or modify any analyzed or recommended Alternative, or request further FTF analysis.

6. After Approval of Preferred Alternatives

Once the Board has approved the Objectives and a preferred Alternative for a Project Area, then FTF in consultation with Staff and appropriate experts will:

6.1 Finalize details of the management plan, including permitting, implementation, and long-term monitoring;

6.2 Finalize a proposed budget sufficient to implement the Alternative, including all requirements and costs for carrying out the management and monitoring work over time;

6.3 Assess and rank the urgency of all approved Alternatives, and recommend to the Board a prioritized schedule of work for all Project Areas; and

6.4 Recommend operational and communication policies and procedures regarding member awareness and opportunity to comment on work to be executed in each Project Area.

All such final proposed plans, budgets, rankings, and recommendations will be submitted to the Board, which is free to accept, reject, or modify, or ask the FTF for further analysis.

7. FTF Membership and Organization

7.1 Membership of the Task Force will be as follows:

7.1.1 Three (3) sitting Board members (The Forest Management Subcommittee).

7.1.2 A minimum of four (4) TSRA members at large (selected by the Board), with a maximum of six (6) depending on the number and suitability of applicants. The Board will ensure that the voting membership of the committee is an odd number.

7.1.3 Members at large will be selected from a pool of qualified applicants solicited through open invitation published to the membership through multiple communication channels.

7.1.4 In the event the pool of applicants is too small or insufficiently balanced in terms of skills, expertise, or open-mindedness, the Forest Management Subcommittee may solicit Task Force members from outside the pool of applicants.

7.1.5 The selection criteria that will be used to screen applicants are attached as Appendix A to this document. Members may be requested to attend an interview.

7.1.6 The Board reserves the right to remove and replace any TFT member who, in the Board's sole determination, has become unable or unwilling to carry out the FTF charge in a timely, objective, or collaborative manner.

7.2 Liaisons to the Task Force will be as follows:

7.2.1 The Community Manager shall designate one or more Staff to serve as non-voting liaisons providing Staff support and Association information to the Task Force as requested.

7.2.2 The Planning Committee and the CLC shall appoint non-voting liaisons to the FTF. Their duties will be to convey requests for information, analysis, and support from the FTF to their respective Committees and to convey responses to the TFT.

8. FTF Governance

8.1 The Chair of the FTF will be appointed by the Board from among the four members at large.

8.2 At its first meeting the FTF will select a vice-chair and a secretary and establish its meeting schedule and modes of operation between meetings.

8.3 All FTF meetings will be noticed and open to the members (excluding matters such as Project Area archaeological resources that by law remain confidential). Agenda packets and minutes will be kept and published to the Association web site, the Board of Directors, and members of the Task Force.

8.4 Meetings will be conducted in accordance with Roberts Rules of Order and TSRA Resolution 74. Voting may be by roll call or ballot.

8.5 The Board's Forest Management Subcommittee Chair will provide a brief report at all regular Board meetings on the then-current status of the work of the FTF.

8.6 The FTF will host appropriate member meetings and focus groups to garner member input on matters related to the Objectives and Alternatives.

9. Preliminary Timeline (estimates only, subject to change and dependent on external agency approvals if required)

August 2016: FM Subcommittee presents FTF charter to TSRA Board. Board action.

October 2016: Upon Board approval of FTF Charter, FM Subcommittee publishes invitations to apply for FTF membership, posted via TSRA Bulletin and InfoAlert.

October 2016: FM Subcommittee prepares preliminary FTF budget for Community Manager's review, comprising projected costs (including internal resources and contracted specialists) of identifying the Project Areas and developing Objectives for those Project Areas. Board approval based on availability of funds. FTF will periodically review and refine those estimates and provide updates to the Community Manager.

October 2016: FM Subcommittee prepares preliminary FTF budget for Community Manager's review and inclusion in the annual budgeting cycle, comprising projected costs (including internal resources and contracted specialists) of analyzing a reasonable range of Alternatives for each Project Area (not including the ultimate cost of implementation of preferred Alternatives). Board approval based on availability of funds. FTF will periodically review and refine those estimates and provide updates to the Community Manager.

November 2016: FM Subcommittee reviews FTF membership applications received.

December 2016: FM Subcommittee recommends slate of FTF members to TSRA Board; FTF membership established by Board.

January-May 2017: Identify Project Areas and develop Objectives (including specialist reports and member workshop(s)).

June 2017: FTF proposes Project Area Objectives to Board. Board action.

June 2017: Based on proposed Objectives, FTF updates preliminary budget comprising projected costs of analyzing a reasonable range of Alternatives for each Project Area (not including the ultimate cost of implementation of preferred Alternatives). Board action on budget.

July-November 2017: Based on approved Objectives and budget, FTF identifies, analyzes, and articulates Alternatives for each Project Area, per the Forest Analysis Protocol (Appendix B) (including consultants and member workshop(s)).

December 2017: FTF submits to Board Project Area Alternatives, including FTF's preferred Alternatives (and any minority reports). Board action.

January-May 2018: Based on Board selection of preferred Alternatives, FTF (in conjunction with Staff and consultants) finalizes: Details of management plans, including permitting, implementation, and long-term monitoring; budgets sufficient to implement the Alternatives, including all requirements and costs for carrying out the permitting, management and monitoring of the work over time; ranking and prioritization of projects; recommended operational and communication policies and procedures regarding member education and participation.

June 2018 forward: Final Board action on all final FTF recommendations. Commencement of prioritized management plans in Project Areas. Any further or modified role of the FTF to be determined by Board at that time.

Appendix A

Forest Task Force Membership Applications

Applicants must be TSRA members in good standing, and if selected remain in good standing for the duration of the Task Force.

REQUIRED:

- Willingness to listen to and consider divergent opinions and information without predetermined personal positions, agendas, or demands;
- Ability to work collaboratively and productively within a group context;
- Willingness to objectively analyze a reasonable range of alternatives for each Project Area; and
- Consistent in-person availability for FTF meetings.

DESIRABLE (one or more of the following):

Background in forestry, landscape management, and/or natural ecosystems.

Familiarity with The Sea Ranch, its history, and governance.

Knowledge of applicable California and Sonoma County laws and regulations.

Planning and/or CEQA experience.

Experience facilitating meetings.

Budgetary expertise.

Writing ability

Appendix B

TSRA Forest Task Force Forest Analysis Protocol

This Protocol sets forth general criteria for reviewing the current conditions, resources, and available Alternatives relevant to each Project Area identified by the Forest Task Force.

Note: If the approved Objectives for a particular Project Area, or its small size, require only *de minimis* or routine management already provided by or available from TSRA, the FTF may dispense with this Protocol as to that Project Area.

The goals of this Protocol include:

- Assuring impartial, consistent, and competent analyses of all relevant and material conditions, Objectives, factors, and practicable Alternatives with regard to each Project Area;
- Obtaining expert advice as needed on site resources, potential impacts, mitigations, alternatives, and costs;
- Maximizing member education regarding each Project Area, Objectives, and Alternatives;
- Providing the TSRA Board of Directors ample information to enable the Board to select in good faith among available options to best serve the Association and the membership as a whole.

Some analyses required by this Protocol may be conducted by TSRA Staff and volunteers, but others will require the specialized assistance, guidance, recommendations, and/or supervision of independent experts, to be contracted by the Community Manager.

While each Project Area may require analysis of factors, conditions, and resources unique to the site, all analyses shall incorporate at a minimum the following **Resource Analysis** and **Project Analysis**:

- **Existing Site Conditions** (e.g. overview of current land uses, conditions, and hazards on and adjacent to the site, forest and biological resources, recreational resources, roads and access, etc.);
- **Site Environmental Resources** (e.g. sensitive species and habitats, hydrology, water quality, views and aesthetics, soundscape and sensitive noise receptors, recreational uses, archaeology/cultural, air quality, fire protection, etc.);
- **Project Objectives** (elaboration of approved project purposes, rationale, and desired outcomes;

- **General Project Description** (e.g. location, project size, type of work proposed) and **Components** (e.g. description of the methods and intensity of vegetation selection and pruning/thinning/felling/removal, and the staging/phasing/scheduling/frequency of work; identification of any necessary haul routes and skids, traffic management, and equipment/personnel to be used; plans for erosion and dust control, habitat restoration and enhancement, and recreational use; specification of one-time or phased BOD/Staff approval requirements, implementation and management responsibilities, and long-term monitoring, etc.);
- **Project Impacts and Impact Mitigations** (potentially significant adverse impacts the project may have on the site's and nearby Environmental Resources listed above, and practicable measures that would be incorporated into the plan to mitigate any such impacts);
- **Range of Alternatives** (articulation and analysis of a reasonable range of alternatives in light of TSRA Objectives for the site, including a "no project" option);
- **Studies, Staff, and Specialist Resources Required** (identification of the Staff and Specialist resources and expertise required to competently address all the criteria of this Protocol);
- **Permitting Issues** (identification, evaluation, timing, and costing of any County, CalFire, California/federal Fish and Wildlife, California Regional Water Quality Control Board, Coastal Commission, or other agency notification or permitting requirements); and
- **Component and Project Costs** (best available estimation of all materiel, consulting, labor, management, and permitting costs to fully implement each alternative, including mitigations and long-term monitoring).

THE SEA RANCH ASSOCIATION 2016 - 2017 BOARD OF DIRECTORS

RESOLUTION NO. 434

2016 – 2018 FOREST TASK FORCE

Adopted _____, 2016

WHEREAS, The Sea Ranch Association Board of Directors (BOD) needs to discharge its stewardship obligations with regard to management of its forested commons areas, and

WHEREAS, in early 2016 the BOD suspended the pursuit of a Non-Industrial Timber Management Plan (NTMP) to provide a framework for the management of the Central Timber Production Zone (CTPZ), and made a commitment to the Association membership to step back and to begin conceptualizing possible options for a revised planning approach for the CTPZ, and

WHEREAS, the BOD in its 2016 Planning Retreat decided to form a BOD Subcommittee to draft a charter for a Forest Task Force;

NOW, THEREFORE, BE IT RESOLVED THAT, the Board of Directors establishes the 2016 - 2018 Forest Task Force (FTF) to advise the Board on establishing appropriate strategic objectives for management of the forested areas of Sea Ranch commons and program or programs to achieve those objectives for a term to begin with the appointment by the Board of the members at large of the Task Force in December 2016, through anticipated completion of Task Force work in June 2018;

BE IT FURTHER RESOLVED, that the FTF will be formed and operated in accordance with the attached Charter.

Motion by: Director

Vote: Aye:

Second by: Director

Nay:

Excused:

Abstention:

Action taken:

Signed: _____ Date _____
Chair, Board of Directors

FROM: Director Gardener, BOD Liaison to the UC
DATE: August 9, 2016
RE: Request for consideration and approval, UC Goals

Below are the Utilities Committee Goals for the current fiscal year 2016 - 2017 approved by the committee.

On behalf of the UC, I request Board consideration and approval of these goals.

2017 Utilities Committee Goals

- 1. Water Leak Detection.** Complete the Badger Meter Orion Cellular Solution 10-meter test. Combine test member experiences and make a written recommendation (positive or negative) to TSRA BOD. If TSRA BOD approves moving forward with the use of the Badger Meter Orion Cellular Solution, generate an informational document for the *Bulletin* and a Member Forum presentation about the meter modification and EyeOnWater software.
- 2. TSRA Recycling:** Develop a clear understanding of how TSRA waste streams are being managed by waste services. Determine the actual quantities and waste categories being recycled. Generate document to better inform TARA members
- 3. Solar Array:** Provide technical support to the Solar Array Task Force for a potential solar aggregate net energy metering (NEMA) project

DATE: August 11, 2016
TO: The Sea Ranch Board of Directors
FROM: Marti Campbell, Treasurer
RE: **Finance Committee Goals for 2016-2017**

Attached for our consideration are the Finance Committee's proposed goals for this fiscal year.

DATE: August 10, 2016
TO: Marti Campbell
FROM: Doug Paul, Secretary
TITLE: Finance Committee Goals for 2016-17 (as approved by the committee
8/6/16 for submission to the Board of Directors)

FINANCE COMMITTEE GOALS 2016-17
Revised and approved August 6, 2016

- a. Operational financial support to the Board and Staff
 - i. Monthly review of financial reports
 - ii. Budget review and monitoring
 - iii. Assistance and review as needed with the annual audits
- b. Strategic financial support to the Board and Staff
 - i. Provide leadership on development of 5 year Plan
 - ii. Provide membership communication on financial matters as appropriate
 - iii. Provide advice on ad hoc requests
- c. Fiscal counseling to significant initiatives
 - i. Sea Ranch Connect business plan and budget impacts
 - ii. Long Term Facilities Plan strategy
- d. Other projects as assigned by the Board of Directors or Community Manager

July 13, 2016

MEMORANDUM

To: The Sea Ranch Board of Directors

From: Jacquelynn Baas, Liaison to the Planning Committee

Re: Proposed Planning Committee Goals for 2016 – 2017 with, for reference: Recap of Progress on 2015 – 2016 Goals

Attached for your approval is a description of proposed Planning Committee Goals for this year. Included as a reference is a description of last year's accomplishments.

Thank you for your consideration.

THE SEA RANCH PLANNING COMMITTEE

To: Jacquelynn Baas, Planning Committee Liaison and TSRA Board of Directors
From: Juli Baker, Chair
Subject: **PROPOSED 2016-2017 PLANNING COMMITTEE GOALS**
Date: August 12, 2016

Proposed Planning Committee Goals for 2016-2017

The Planning Committee continues to “advise the Board on matters affecting land use and environmental protection, including and not limited to issues of landscape management, facilities, transportation, and siting of public services, and other matters that the BOD deems to effect the environment and quality of life on The Sea Ranch” (excerpt from Planning Committee Charter). Our proposed goals for 2016-2017 are to:

1. Create a Demographics Task Force of the Planning Committee to provide information for use in making recommendations to the Board. Develop a Task Force Purpose statement, guiding principles, and methods of reviewing existing data. Propose new data collection types and methods as appropriate to the purpose.
2. Develop CEP Guidelines into an active guide for the Planning Committee to use in making policy recommendations to the Board.
3. Continue to implement methods for active communications with Committees and TSR Membership to increase input and engagement. Our liaison work with other Task Forces and Committees, and our open meetings are intended to provide a free flow of information and input into our planning processes.
4. Continue public hearings for new and modified trails from the Trails Committee. Establish standard guidelines for the type of information to be reviewed in these hearings.
5. Continue the Biotic Resources – Fauna Task Force by identifying existing sources of information and methods to collect additional data.

We lost two members this year, Key Martin and Nancy Scarola, and are actively recruiting additional members. Our current Committee consists of the following members:

Monty Anderson, Vice Chair
Juli Baker, Chair
Megan Bellue
Rick Hansen
Alan Reinke
Marti Kambe (ex officio Scribe extraordinaire)

THE SEA RANCH PLANNING COMMITTEE

To: Jacquelynn Baas, Planning Committee Liaison and TSRA Board of Directors
From: Juli Baker, Chair
Subject: **Recap of Progress on 2015-2016 Goals**
Date: August 12, 2016

Summary of Actions on 2015-2016 Goals

Comprehensive Environmental Plan (CEP) Update

Our Planning Committee signified their interest and commitment to “matters affecting land use and environmental protection...and the quality of life on The Sea Ranch” (from the PC Charter) by embarking on a review and an update of the 2013 Comprehensive Environmental Plan. The purpose of the review was to familiarize all members with the CEP and to provide updates to the Plan. These updates will be issued as an addendum to the 2013 Plan, and will be used to guide us on Policy recommendations.

Update of the 2010 Sustainability Policy

The Planning Committee reviewed the Sustainability Policy in Spring 2016. We determined that it is effective, operational, and being used by Staff. We will continue to use this Policy as a reference in our future recommendations to the Board.

New Trail Proposals

The Planning Committee continued to review and conduct Public Hearings on two new trail proposals recommended by the Trails Committee as part of their Comprehensive Trails Plan. The first segments of the Airport Loop Trail and the Sea Forest Trail were reviewed in Public Hearings, recommended to the Board (after some modifications), and ultimately approved by the Board.

Biotic Resources Inventory - Fauna

This coming year, the Planning Committee proposes to continue the biotic resources inventory Task Force for fauna. The purpose of the inventory is to map and collect data about the animals, birds, insects, amphibians, and reptiles that inhabit the forests, meadows, streams, and shorelines around us. This information will contribute to resident and visitor education and safety, promote sound environmental stewardship, and guide land management activities.

Initially the studies should identify existing research, define what further information is needed, and build on current knowledge to establish a catalog. Investigating how more formal studies might be approached will be a critical component over time for building an accurate database useable for conservation practices.

Liaisons to other groups

The Planning Committee will maintain active liaisons with the following: Utilities Committee, Five Year Plan Committee, Commons Landscape Committee, Trails Committee, and the Solar Array Task Force.

Hedgerow Management Plan

The Planning Committee's Hedgerow Subcommittee completed two years of field studies, visiting all 20 Signature Hedgerows to analyze the current condition of these 100 year old trees and to assess the effectiveness of the Rehabilitation/Replanting program which has been ongoing since 2001. The Sea Ranch 2015 "Signature" Hedgerow Management Report was reviewed by the Planning Committee in October 2015 and presented to the Board of Directors for approval. The report includes evaluations of individual hedgerows, management recommendations, and suggested priorities for ongoing work. Hedgerow program activities for the coming year will include: ongoing coordination with DCEM and F&R, continuing neighborhood meetings for scheduled hedgerow work, organizing the annual replanting program, initiating a program for monitoring and stewardship of the replanted hedgerows, and frequent Member education via the TSRA website, publications, and Nature hikes.

With the conclusion of our extensive planning work, we have turned over the ongoing Hedgerow operational effort to the Commons Landscape Committee.

Biotic Resources Inventory - Flora

In 2013 the Planning Committee formed a Biotic Resources Subcommittee to document and preserve the rare, endangered, and unique species of Sea Ranch flora and fauna. Precise locations of plant species were mapped in the TSRA Geographical Information System (GIS). The GIS maps will enable staff to quickly evaluate maintenance and construction activities for timing and impacts to special plants. The GIS data will also provide the basis for future preservation program design. Since 2013, over 50 surveys representing more than 400 hours of field work were completed. Although some of the 52 Snyder inventory sites no longer exist, the team found over 30 new locations of rare and endangered species. The group joined the Trails Committee in surveying proposed trails for rare/endangered plants before new trail proposals were brought to Planning Committee.

In 2015-2016, additional field surveys were conducted for species which are on the 'watchlist' but not yet considered endangered. The team continued to survey biodiversity 'hotspots' such as the Salal Trail. The volunteers assisted in making the information gathered useful to DCEM and F&R. The team will worked with the NTMP and Sea Ranch Connect projects, and will continued outreach and education efforts to members and other Committees.

With the completion of the planning work, the Planning Committee turned over the ongoing operational effort to the Commons Landscape Committee.

Special Projects

In 2015-2016, the Planning Committee had members working on these special projects:

CTPZ Management & Restoration: A Planning Committee member worked on the NTMP Task Force until the Task Force was concluded in Spring 2016.

Local Coastal Plan Review and Comment: A Planning Committee member participated in the TSRA review of the Draft Local Coastal Plan Update in 2015 and will provide additional Committee support as requested by the Board in 2016-2017.

Cultural Resources: The Planning Committee supported the June 10, 2015 Memo from the Design Committee regarding their primary role in initiating and guiding a process for the preservation and protection of TSR's cultural resources. The Cultural Resources effort has been moved to the Design Committee for operations.

Facilities Planning, Vegetation Management, and Energy Studies: Planning Committee members continued to be interested in these topics. PC members are interested in supporting the Board subcommittees or their appointed task forces on these matters by performing research and policy review on specific targeted projects regarding these topics.