

**VARSITY PARK
HOMEOWNERS ASSOCIATION**

August 17, 2022

To: VPHOA Homeowners

From: John Snee GM Management
40 W. Easy St. Suite # 1
Simi Valley, CA 93065
805 526 0303

Subject: VPHOA Board Meeting 8/23/2022 and Site Status/Other Information

Dear Varsity Park HOA Members:

This letter of information is the 10th sent to homeowners since February 2021 when GM Management became site manager.

Upcoming Meetings begin at 6PM:

- I. **8/23/2022 VPHOA Board Meeting:** Both the open and closed session board meetings will be held at Campus Park Dr. Clubhouse. Site manager John Snee is scheduled to attend.
- II. **9/27/2022 VPHOA Board Meeting:** Both the open and closed session board meetings will be held at Campus Park Dr. Clubhouse. Site manager John Snee is NOT scheduled to attend.
- III. **10/25/2022 Homeowner Annual Meeting if > 50% Quorum Achieved or VPHOA Board Meeting if Homeowner Quorum Not Achieved:** All meetings are held at Campus Park Dr. Clubhouse. Site manager John Snee is scheduled to attend.

Site Operations Information, Status Update since annual disclosure sent in two letters dated July 1 and July 16, 2022.

General Information:

Monthly Board Meetings Standard Procedure:

- Where: Campus Park Clubhouse
- When: Fourth Tuesday of the month at 6PM
- Information Letters Sent to Homeowners In Advance of Board Meeting: Although the issuance of regular letters are discontinued, this 10th information letter (sent since GM Management took over) focuses on recent disruptions at VPHOA - including extractions from the 7/26/2022 board meeting minutes that twenty homeowners attended and asked questions –
 - Farmers Insurance non-renewal and subsequent insurance higher cost and less coverage
 - Drought and related impact on landscaping

(Note copies of the 10 information letters sent since GM Management took over are being placed on the VPHOA web page)

Upcoming Board Elections – Please look for ballots and related information in your mail which John Snee will be sending in the near future. Before the homeowner meeting can be held a homeowner quorum of > 50% must be met. In general the count for quorum is based on ballots returned by homeowners.

Current Board Members: Two vacancies were recently filled and two are up for reelection as follows:

Roger A Mickish – President

Matt McNutt - Secretary Treasurer – up for reelection

Roger Proulx – Vice President – up for reelection

John Dyke – New Board Member Voted by Board 6/28/2022 to fill vacancy

Naren Gunasekera - New Board Member Voted by Board 8/16/2022 to fill vacancy

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Homeowners who have submitted applications to run in the board election are:

Katalin "Kathy" O'Brien
Laura Shaw Monteverde

Highlights Of The July 26, 2022 Board Meeting Follow:

Opening Remarks Presented by Roger M

1. **Meeting Flyer Invitation:** Thank you to the unknown person who sent out a flyer reminding homeowners of this board meeting.
2. **Insurance Disruption:** Because of the possibility of a large number of homeowners attending due to recent disruptive events of insurance/HOA fee increase and drought, the board is allowing homeowners to ask questions and make related comments. The special agenda planned is to proceed in the following order:
 - a. Approve Open Meeting Minutes 6/28/2022
 - b. Manager's Financial/Site Status Report
 - c. VPHOA insurance agents are present to answer questions
3. **Drought Disruption:** Restriction of irrigation is being imposed by the state of California indefinitely. VPHOA is complying.

Minutes

Roger M. made a motion to approve the regular session minutes of the June 26, 2022 meeting. Matt seconded and the motion carried.

Manager's Financial/Site Status Report

1. Financials Good – Roger M indicated that the Financial Report reflected operations within budget now and expected to also be within budget at year end.
2. Tenant of one of the buildings that tree fell on in 1/19/2021 wind storm sued Moorpark City and others (including VPHOA) for declining to issue a permit to remove the tree in 2020. The VPHOA board was never aware of the tenant's request. Farmers is handing the litigation.
3. CTR – Landscaping complying with drought requirements. Thus, new planting is on hold. VPHOA is also throttling down landscape tasks such as planting were trees have been removed. Urgent Trip and fall and other urgent items to continue.
4. Tree replanting to be placed on hold until VCFD supports VPHOA meeting Fire Defense Area Requirement.
5. Moving forward on roof re-shingling which will include adding soffit to eaves to fire harden and bring attic ventilation into alignment with code.
6. Handyman Team moving forward with general repairs and maintenance and supporting planning for effort above.
7. July 1, 2022 letter required a 2nd step letter July 16, 2022 because of Farmers non-renewal of insurance and financial details of replacement insurance was not defined until July 16, 2022 when old policy, extended for two weeks, expired.
8. Candidates for board are to be summited < August 1, 2022 in one document and < August 3, 2022 in another as a homeowner pointed out and asked which date is "correct". During the homeowner's comments period the homeowner was advised to see John Snee for that answer. The

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board did not dwell on this point because following statutory law the date favorable to the non-writer will be supported by VPHOA.

Jacqui Irwin's Saturday July 9, 2022 911 Emergencies Event:

Roger M reported on attending State area representative Jacqui Irwin's Saturday July 9, 2022 911 Emergencies Event (and related research) in the 805 area code that was focused on Fire and drought disruptions that have been hitting Ventura County hard:

9. A major issue for the event is that Insurance companies
 - a. Dropping insurance for many in Ventura county and replace with astronomically high cost high risk category insurance.
 - b. Hire 3rd party contractors to run computer program that assigns fire risk based solely on distance from brush that could lead to wildfire urban interface fire. VPHOA risk assessment is 76/100. A site must have a brush risk < 50's in today's market to obtain a regular risk policy.
 - c. Not giving credit for VCFD defense area improvements
10. California Insurance Commissioner Agent's presentation confirmed that driver is major fire payouts of insurance companies and they are canceling policies and replacing with higher cost policies defined as "higher risk". VPHOA is an example.
11. Ventura Regional Fire Safety Council had two agents give excellent presentations on what homeowners can do to bring the site into alignment with VCFD defense area improvements. Roger M also had a sidebar discussion with ex-firefighter, Mike, on the staff.
12. Roger M explained to all of the above persons/organization representatives:
 - a. VPHOA has not been able to obtain the necessary support from VCFD to align with VCFD defense area improvements relative to trees. This is because laws have yet to be passed to guide them and funding has not been provided to perform this service. This may change in January 2023.
 - b. Moorpark City follows landscape law that avoids removal of trees unless required by VCFD or arborist.
 - c. Arborists know nothing about fire code and do not have credentials that support their self-initiated interjections into the VCFD defense area cause. Instead they favor California landscape code and the basic principal of their specialty license to avoid removal of any tree once planted.
 - d. Tree service companies (Tree removal and trimming) know nothing about fire code and in general their business model is consistent with landscape law to micro-trim and never cut down a tree absent arborist indication that it is dead or dying.

Reading of VPHOA Annual Homeowner Letter 7/16/2022 Insurance Section For Record & For Insurance Agents to Comment On

Roger M summarized to the insurance agents and homeowners present what the board has been reporting to homeowners and asked the insurance agents and homeowners to comment and correct accordingly:

- e. Roger M read the insurance summary in the July 16, 2022 letter.
 - i. Note: See the July 16, 2022 letter to homeowners for details.
 - ii. Note: The information was incorporated into a Findings and Resolutions document, that following best business practices, documents the sudden increase in VPHOA insurance costs for the record. (Related to Davis Stirling Civil Code 5610; but, which was not required.)

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- f. Roger M went beyond the information in the July 16, 2022 letter emphasizing that:
- i. If the homeowners knew how difficult it was to produce the insurance package that Robert Pufahl and Joe Smigiel delivered, they would have a parade and carry the two around on their shoulders. It took two agents working together to put it together.
 - ii. It is quite clear working with multiple brokers that once the customer is identified as high risk, then absent CC&Rs specifying otherwise, the insurance companies will not fund repair and/or rebuild of the interior of the home. This is called a "bare walls" insurance policy. The homeowner must update his/her HO6 insurance policy to pick up this coverage. This "bare walls" limitation now applies to both earthquake and the site general insurance policies. This is discussed by the insurance agents below.
 - iii. "Bare wall" insurance covers \$60M which is less than the \$85M prior Farmers policy that covered interior improvements. The \$60M is consistent with CC&Rs requirement to have 100% insurance coverage.

VPHOA Insurance Agents Report/Presentation & Homeowner's Comments/Questions

Roger M introduced the two VPHOA Insurance agents to the homeowners:

- **Robert Pufahl** of Pufahl Insurance Agency, Inc.
 - a. 2775 Tapo St suite 102 Simi Valley, Ca. 93063
 - b. (805) 520-4872 Office
- **Joe Smigiel** of CIRMS President JS insurance Inc. 805-857-1490

Robert Pufahl and Joe Smigiel stated their assurance that the information just presented by Roger M as being provided to the homeowners by the board is correct. Robert Pufahl and Joe Smigiel elaborated that insurance industry is in crisis. In recent years, reinsurance companies have been losing money because of fires. They are leaving California. Those that stay will only write reinsurance for bush risks < ~50/100. Customers like VPHOA must go to the primary carriers to write "wedding cake," bare-walls only, stacked policies that spread the risk.

Both Robert Pufahl and Joe Smigiel confirmed that putting together a "wedding cake" policy was extremely difficult. Joe Smigiel emphasized that he obtained the first layer of the policy at \$40M to make pulling the deal together possible for Robert Pufahl who asked for his help. You cannot assume that large of an amount will be available next year.

Joe Smigiel meeting notes follow (See attached Important Notice):

"As we discussed please see attached "Important Notice" summarizing what each party is responsible for. I did add to the form based on our conversation last night. Here are two of the main points we discussed:

1. This is a "Bare walls" Policy. It covers the units only up to the unfinished drywall, subflooring and sub ceiling. The Unit owner is responsible for everything else on the interiors. Unit owners can get this coverage through an HO-6 policy. "Condo Owners policy". Our agency can help with this coverage if needed.
2. Unit Owners also need to obtain at least \$50,000 in loss assessment coverage that could potentially be used to handle the master policies deductible of \$50,000 per unit. Please have them ask their personal insurance agent if this applies with the policy they have or are purchasing.
3. They also are responsible for their personal items, personal liability and loss of use.

Robert Pufahl mentioned that purchasing insurance for VPHOA was difficult because the association was responsible for so much. The scope of work of the association where he lives is confined to irrigation of plants.

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Break at ~7:25PM – 7:35PM to Allow Insurance Agents to Exit

Homeowner's Comments/Questions

Insurance questions:

The insurance related questions asked had already been answered in the documents previously provided to homeowners. As it turned out, Robert Pufahl and Joe Smigiel provided the homeowners the same answers in their verbal responses. Other issues discussed follow:

1. Where did the brush risk factor of 76/100 come from and is it possible that they got it wrong:
 - a. Unknown computer businesses are hired by insurance companies to calculate the scores. The insurance companies shield them from the public.
 - b. Yes, it is likely that the analysis is based on distance from brush (south of highway 118 as the main factor) and does not adequately take into account VPHOA north winds and Highway 118 as a fire barrier and thus it is likely that VPHOA brush risk factor of 76/100 greatly overstates the risk faced by insurance companies. On the other hand, VPHOA has wrong trees growing in the wrong place and other shortcomings relative to implementing Fire defense area code. Most likely this problem is not in the brush code. If the insurance companies were to inspect and become concerned about the wrong trees in the wrong place, they would not be inclined to lower insurance rates based on an excuse – "Moorpark City will not approve removing more trees that do not conform to fire defense area code unless VCFD enforces that code for prior approved landscape plans which historically VCFD has not been willing or able to do."
 - c. No, it is unlikely that VPHOA could pay for the Simi Arroyo to be cleared of brush and the brush risk factor of 76/100 would drop to the acceptable levels <~50s/100. Same explanation as 1.b above
2. VPHOA is being singled out. Correct? Answer: No not correct. Many people in California have been hurt by the insurance cancelations and drought. This is why California State Assembly member Jacqui Irwin had the event July 9, 2022 in Thousand Oaks, CA. She arranged to have State Insurance Commissioner and fire officials face the Ventura County public and answer their questions directly. For more information see Jacqui Irwin's and the state insurance commissioner's web pages.

HOA Dues Increase & Related Management Issues:

Why there was a need to raise the dues since the HOA borrowed \$1.3 M many years ago to fix the site and that work was completed.

Answers:

1. The site is very difficult to manage relative to other sites. See for example Robert Pufahl comment above.
2. Very few management companies and/or boards have the skills to deal with all the issues. This can be seen by critical review of items in the reserve report in the July 16, 2022 letter that is only 65% funded currently. There is not an excess of funds.
3. The model that the HOA industry vested-interests promote is very much incorrect - that all the board has to do is tell the site manager to hire any licensed specialty contractor and a perfect job will be done at excellent value for the dollar.
4. The fact is that for the first 25 years the above procedure was followed and the site fell into disrepair. In the 2005 time frame, \$1.3M had to be borrowed to catch up on 25 years of deferred maintenance. Even after this work was completed for \$1.3M, there is still much work remaining to be done.
5. That \$1.3M loan was paid off in the 2012-2013 budget period.

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6. Sure footed stepwise progress has since been made to build up reserves, obtain better value for dollar from contractors etc. The cautious steps made it possible for VPHOA to deal with the sharp increase in insurance premiums by dipping into the budget buffer in the operations funds and raising dues 20%.
7. Regarding projects and related costs, details of near-term projects have been placed in the July, 2022 letters and more recently in the letters to Homeowners since GM Management took over. See reserve report for the overall site maintenance reserve plan.
8. How was GM Management selected – The following is a longer version of the short statements made by Roger M to answer the question: VPHOA developed a list of HOA management companies from the web including but not limited to Thousand Oaks emergency contact list, HOA - Community Associations Institute, HOAs registered with State of California at Moorpark and surrounding areas zip codes. The total number of management companies on the list was on the order of 100. The VPHOA board critically reviewed each for match of capability vs. VPHOA needs. The list was whittled down to approximately 15. Telephone calls were made to those on this list and all but about 4 four said NO because VPHOA is too difficult – see reserve report for what site manager must be knowledgeable about. One of the site managers was retiring and did not want to take us on during the transition to a new owner. She, Linda Hofer advised us to wait for the new owner who may have different policies and procedures. Two of the site managers that were anxious to sign up were not acceptable to the board. They could not show that they had experience successfully managing a site like VPHOA. Their business model appeared to be to call a 3rd party service provider who would be given free rein to do whatever they wanted, and then the site manager would simply pass on the resulting invoice. Of course this is the way VPHOA was run the first 25 years and created the deferred maintenance crisis with no money in the account noted above leading to the need to take out a \$1.3M loan. The VPHOA board found GM Management operations model conformed to them being on top of the site and making informed decisions. They also had demonstrated experience in successfully managing complex sites like VPHOA.
9. A homeowner brought up that the board gave high priority to update the clubhouses years ago and have yet to move forward on that update. Answer: Yes, this is correct for both landscaping and clubhouses. Urgent “Must Do” issues came up and were given higher priority than “Should Do” clubhouses and landscaping updates.
10. Note that the planned “should do” clubhouse updates require significant board involvement and support in the design/build effort. Major changes are planned in original elements: doors, windows, walls, lighting and kitchen; new elements required to support modern meetings of homeowners and the board: internet, related electronics, and view screens and new elements related to an emergency command and control center capability that will be operational during power outages and other emergencies.
11. For the record, landscaping “should do” improvements appear to be homeowner higher priority than update of clubhouses and absent well founded information to the contrary, landscaping will continue to be given higher priority.
12. Again, the very highest priority “must do” tasks in the immediate future are re-shingle the roofs and bringing down the insurance premiums and reduce risk to life/property by becoming more in alignment with VCFD fire area defense issue.

VPHOA Landscape and Related Drought Issues

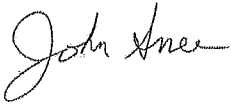
There were questions that come up about landscaping and it was explained again that we are backing off on the larger hardscape tasks that involve landscaping until we are more confident that landscaping can be watered.

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Broken concrete walk section east of 6440 D Marquette: John Dyke took the action to look into a temporary fix. It was previously planned to be a larger landscaping and hardscape corrective action task but is now on hold due to the drought issues.

There are a number of locations at the site that corrective actions must be taken to bring back original design rainwater runoff flow. It was brought up in the meeting that water gathers near the front doors of buildings 15054 and 15112. Re-contouring is the preferred approach to meet the original ground water runoff specification. However, re-contouring will involve disturbance of the ground < 5' from the building. This area must comply with VCFD defense area code and before going forward more information must be gathered and a plan developed that meets those requirements as well.

Sincerely,

A handwritten signature in cursive script that reads "John Snee".

John Snee,
For the Varsity Park HOA
Board of Directors

J.S. INSURANCE, INC

805-857-1490

IMPORTANT NOTICE

Re: **Varsity Park HOA
Master Insurance Policy**

To: **All Unit Owners**

This notice is intended to give all owners a brief summary of the insurance policies carried by the Association.

The master insurance policy deductible is currently \$50,000 per unit. In most cases, any owner making a claim for property damage will be responsible for the first \$50,000 in damage. In addition, all owners are responsible for **all** interior fixtures, improvements, alterations, and appliances that are a part of the building structure and within the unit's interior. The master policy only covers the structure up to the unfinished surfaces of the interior walls, floors and ceilings. This is typically referred to as a "Bare Walls" coverage form. The master policy also **does not** cover personal belongings and liability, additional living expenses or loss of use/rents.

The Association also carries Earthquake coverage in the amount of \$15,000,000 with a 17.5% deductible. In the event of an Earthquake, the Association may be forced to special assess all owners for the deductibles and any damage exceeding the coverage limit. In order to protect yourself, you may purchase Earthquake Loss Assessment as well as other coverages from the California Earthquake Authority (CEA). There are a number of coverage choices available which can be found at: www.earthquakeauthority.com.

We urge every owner to contact their personal insurance agent and be sure they have the proper protection on their individual policies. Ask if your property or Loss Assessment coverage will pay for damages up to the master policy deductible amount. Feel free to call our office for a quote or with any questions or concerns.

7/2022