

Approved Minutes of the Regular Meeting on August 15, 2009

BLUE LAKE SPRINGS HOMEOWNERS ASSOCIATION
MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

DIRECTORS PRESENT: President Frank Hengel, Vice President Dave Ryniec, Secretary Harry Tittle, Treasurer Teresa Rossi-Clay, and Directors Angela Logan, Doug Rischbieter and Roy Silcox.

General Manager: Tony Abila

Assistant General Manager: Marsha Hampton

President Hengel called the Regular Meeting to order at 9:01 a.m.

1. **Member/Guest Introduction:** John & Bev Vasquez, Lot 182, Unit 10; Matt Salayko, Lot 114, Unit 8; Sal & Cindy Culcasi, Lot 104, Unit 11; Mary Peterson, Lot 151, Unit 11; Alice Hengel, Lot 127, Unit 2; Larry & Marilyn Larson, Lot 119, Unit 13; Dan & Ellie Wendin, Lot 400, Unit 3; Norm Friborg, Lot 785, Unit 7; Shiela Silcox, Lot 785, Unit 7; Clint Babb, Lot 620, Unit 5.
2. **Member/Guest Forum:** Cindy Culcasi complimented Manager Abila on how 'nice and neat' the facilities look.

Sal Culcasi expressed his displeasure with the way a member was treated by a board member at the last regular meeting. He stated that the member is owed an apology. He also questioned why the agenda for the Special Meeting on August 8, 2009 was not emailed to members.

3. **Approval of Minutes:**

a) Approval of Minutes for June 2008 Annual Meeting: **Director Rischbieter made a motion to approve the Minutes of the 2008 Annual Meeting with corrections. Vice President Ryniec seconded the motion. The motion passed unanimously.**

b) Approval of Minutes for July 18, 2009:

The issue of Board Members or Members providing information pertinent to an agenda item in a timely manner was discussed. President Hengel suggested that a policy on this subject would be appropriate.

Director Rischbieter made a motion to approve the Minutes of the July 18, 2009 Regular Meeting with corrections. Treasurer Rossi-Clay seconded the motion. The motion passed unanimously.

c) Approval of Minutes for Special Meeting August 8, 2009: President Hengel summarized the purpose and outcome of the Special Meeting on August 8, 2009 in which the issue of exempting assessments for multiple lot owners was discussed. The Board voted to reinstate the practice of charging annual assessments to each homeowner's lot regardless of ownership. This is to begin with the 2010 billing.

There was discussion about the elaboration of that meeting in the minutes presented to the Board. The approval of those minutes was tabled and instruction given to include Board and Membership questions and concerns about the exempt lot issue.

4. **President's Report:** No report.

5. **General Manager's Report:**

a) Operations Review: Manager Abila gave the following report:

The maintenance department has been able to stop the weed growth at Fly In Lake.

One of the floating docks at Lodge Lake was repaired.

6. **Member Forum:** Dan Wendin responded to the previous discussion of the timeliness of providing pertinent information related to an agenda item. He stated that it is important to consider all information about an agenda item, even if that information is received during the Board Meeting. He further stated that no action should be taken on an agenda item until everyone has time to digest any new information presented.

John Vasquez asked if the Association had a contract with Sequoia Woods in regards to providing the SWCC with water. Manager Abila responded that we periodically supply water and they reciprocate by lending equipment. He further stated that it is desirable to maintain fresh water in the lake. This is accomplished by pumping fresh water into the lake from the well and releasing the overflow to Sequoia Woods. Additionally, it is necessary to pump water into the lake to maintain the correct amount of pressure in the well when irrigating.

7. **Action Items:** Manager Abila is looking into purchasing DJ equipment for Winter Recreation events.

8. **Financial Report, Treasurer:**

a) Financial Statement Review for the seven month period ended 7/31/09:

Treasurer Rossi-Clay gave the following report:

YTD Operating Income is \$646,431, a shortfall of \$(38,402) or (5.4%) primarily due to restaurant and the over budgeting of the Associate Membership fees.

YTD Operating Expenses are \$635,081 compared with the budgeted amount of \$692,877. This is under budget by almost \$58,000, due to lower expenses in restaurant, recreation, administration and snack bar.

YTD Income exceeds Expenses by \$32,350, a difference of \$19,393 compared with the budget.

An adjustment was made in July in the budget expenses which reflects the allocation of the 2009 "planned expenditures". The planned expenditures for 2009 had not been included in the budgeted expenses until the month of July therefore \$38,000 were put into the budget to catch up to YTD.

The "other membership receivables" on the Balance Sheet reflects an adjustment made by the Auditor for 2008 for charges to members, ie, late fees, that were in the subsidiary ledger but not in the accounting ledger. This was a fundamental reconciliation, for internal control that needed to occur for all account receivables.

b) Accounts Receivable status including review of delinquent account follow-up: There was discussion about the current number of delinquent accounts and the contributing economic factors. There are 39 members who have not paid this years assessment for a total of \$15,522.

c) Review 2008 Year-End Audit Report and Management Letters: There were no questions or comments about the Audit Report.

- d) Reserve Fund-Major Asset Component Reserve Study [Civ. Code 1365.5(e)]
The Association is required every three years to conduct a reasonably competent and diligent visual inspection of the accessible areas of the major components that the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements of the common interest development. The last major study was conducted in 2005, therefore another inspection and report is due. The Facilities Committee will be doing a walk through next week and will assist Manager Abila in identifying pertinent areas. The Board is required to adopt and approve the Reserve Plan at an open meeting of the Board of Directors and the summary of the plan distributed to the membership.
- e) CC & R Sections 1 and 2 review: Remove.
- f) Insurance Coverage-General liability etc. (Security): Treasurer Rossi-Clay questioned whether the liability insurance includes coverage for security personnel when they are out patrolling the subdivision. Manager Abila responded that the Security employees are covered when they are off the facilities but in the subdivision. Treasurer Rossi-Clay recommended publishing a disclaimer to the membership, clarifying the extent of security that the Association provides.
- g) Board of Director's Guide clarifications and updates and Lodge Log policy updates: Treasurer Rossi-Clay suggested that the Guide remain a 'living' document with periodic updates. There is a distinction between being 'mindful of' and being 'governed by'. Private Associations are not governed by the Brown Act although it is always something to be mindful of. The Association is governed by the Davis/Stirling Common Interest Development Act.

Treasurer Rossi-Clay suggested that we are due for a Lodge Log policy update. We may want to modify the policy of member to member letters in the Lodge Log that is published before annual elections. There is a requirement that we not favor anyone over another in our publications. We should be mindful of avoiding situations that could jeopardize this.

- h) Finance Committee-Meeting held 8/8/09: The Reserve Fund was discussed. Larry Larson indicated that the Long Range Planning Committee will have some useful data and input for the reserve list. It was noted that a fiscal conservative approach to the budget, consistent with previous years would be followed with awareness of current deflationary times and possible cost fluctuations. Manager Abila will be advised to use prior year actual and projected income and expenses rather than last years' budget as a basis for derivation of the draft 2010 budget and include a list of assumptions annotated clearly in the budget and a projection of Reserve Fund expenditures for 2010.

Director Silcox clarified the role of the Finance Committee as a fact finding committee. He stated that the committee conveys their recommendations to the full Board of Directors for action. The full Board then determines whether the findings are in agreement with all seven members of the Board.

There was further discussion on this subject. President Hengel concluded that the Finance Committee Meeting Minutes keep the Board informed and that it is understood that the Finance Committee should not act like a complete Board.

9. Committee Reports:

A. Summer Recreation: No report.

B. Winter Recreation: Secretary Tittle reported that in lieu of Casino Night, the Winter Recreation Committee is discussing having a Monte Carlo Night. He stated that there is also discussion of having a Holiday Brunch the weekend of Thanksgiving, in lieu of the Christmas Brunch. It was noted that there are more members up here on the Thanksgiving Holiday than on the weekend that the Christmas Brunch is held.

C. Marketing: Discussed under Winter Recreation.

D. Personnel: No report.

E. Architectural Review/CC & Rs:

a) Status of ARC Reviews: Director Rischbieter reported that an 'as built' variance request turned out to be more of a county issue than a BLS issue and was resolved. There are two more pending reviews. One is a possible encroachment which is not an ARC issue, but an owner issue. However the ARC will provide an opinion. The other review is a roof request and will be addressed by the ARC.

President Hengel asked if the ARC was jeopardizing the Association's tax exempt status. Director Rischbieter replied that the ARC is providing a service for the Declarants, not the Corporation. He further stated that per the CC & Rs, the ARC can only enforce dead trees.

F. Facilities: No report.

G. Long Range Planning Committee. Vice President Ryniec stated that the committee will be requesting funding for the conceptual preparation of some of the projects. He requested that this funding request be put on the October Agenda.

H. EPPOC: Vice President Ryniec reported that he was not at the EPPOC meeting. Mark Cacioppo of PHI Ambulance Service, talked about his corporation. Merita Callaway reported on the County's financial problems.

10. Old Business: No report.

11. New Business:

a) Renew contract with Jim Maltese, CPA to perform 2010 Audit: Tabled

12. Member Comments: Marilyn Larson commented on checking the legal notices in the newspaper for tax liens that may effect lots in BLS.

13. Adjournment: President Hengel adjourned the meeting at 11:24 a.m.

Respectfully Submitted: Marsha Hampton

Recording Secretary

Approved for Posting: November 21, 2009