

Approved Minutes of the Regular Meeting of July 18, 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, Treasurer Teresa Rossi-Clay, Secretary Harry Tittle, Directors Doug Rischbieter, Angela Logan, and Roy Silcox.

General Manager: Tony Abila

Assistant General Manager: Marsha Hampton

President Hengel called the Regular Meeting of the Board of Directors to order at 9:00 a.m.

1. **Member/Guest Introduction:** John & Bev Vasquez, Lot 182, Unit 10; Matt & Leni Salayko, Lot 114, Unit 8; Sheila Silcox, Lot 785, Unit 7; Alice Hengel, Lot 127, Unit 2; Larry & Marilyn Larson, Lot 119, Unit 13; Sal & Cindy Culcasi, Lot 104, Unit 11; Carol & Charlie Hoenisch, Lot 205, Unit 13; Judy & George Cosmos, Lot 151, Unit 13; Larry & Bobbie Haskell, Lot 731, Unit 5; Karen & Paula Bond, Lot 189, Unit 2; Norm & Anne Friborg, Lot 785, Unit 7; Dan & Ellie Wendin, Lot 400, Unit 3; Sherry Tittle, Lot 12, Unit 1; Dan Lezotte, Lot 59, Unit 9; Mark & Jill Shustoff, Lot 170, Unit 10.

2. **Member/Guest Forum:** There were several procedural questions from members which were asked and answered.

3. **Approval of Minutes:**
 - a) Approval of Minutes for June 20, 2009 meeting: **Vice President Ryniec made a motion to approve the Minutes of the June 20, 2009 Meeting with the revisions suggested by Director Rischbieter. Director Rischbieter seconded the motion. The motion passed unanimously.**

 - b) Approval of Minutes for Annual Meeting of 2008: Treasurer Rossi-Clay pointed out that the Minutes of the 2008 Annual Meeting have not been approved. The Minutes will be on the August Agenda for approval. After discussion of the Minutes and record for the annual presentation by the Board of Directors to Members on 6/6/09, which did not constitute a formal (quorum) Membership Meeting, there was agreement that a summarizing paragraph would be prepared for distribution in the Lodge Log and previously prepared notes would remain on file.

 - c) Approval of Minutes for Organizational Meeting 2009: **Treasurer Rossi-Clay made a motion to approve the Organizational Meeting Minutes of June 6, 2009. Secretary Tittle seconded the motion. The motion passed unanimously.**

4. **President's Report:**
 - a) Finalize Committee Assignments: Committee assignments were confirmed by each Committee Chair. Secretary Tittle congratulated and thanked the Stahlbergs who organized the July 4th Float. Blue Lake Springs won First Place in the Miscellaneous Division.

- b) Role of Finance Committee: President Hengel gave a synopsis of the role of the Finance Committee. In the past Manager Abila, with advice from the finance committee put together a preliminary budget. The finance committee then reviews the preliminary budget and gives their input to Manager Abila. The Committee reviews where the Association is going; is the budget realistic; etc. That preliminary budget is brought to the full Board for approval. The Board then determines how the Association is going to pay for that budget, in other words, what the membership dues will be. He further stated that the level of assessment should be a full Board decision rather than a Finance Committee decision.
- c) Review history of last year's Finance Committee: President Hengel, as a member of last year's Finance Committee, explained his recollection of last year's meetings and that in essence, the Board needs to know that the Finance Committee did not recommend to the full Board anything relative to exempt lots.

Director Rischbieter countered with his recollection that the Finance Committee *did* make this and other recommendations to the full Board, noting that the draft 2009 Budget had been prepared with three items left "blank" by the Finance Committee for decision by the Board, based on Finance Committee recommendation. One or two of these items did indeed relate to Dues for unimproved lots, Associate Members, and "additional lots" owned by Members: he recalled an Email he had sent in advance of the Finance Committee meeting which framed a Budget with several objectives, one of which was not making Members "pay twice". President Hengel stated he did not receive this Email, as a member of the Finance Committee, so Director Rischbieter promised to retrieve it and send it to him.

- d) July/August Lodge Log: President Hengel requested an explanation from the incumbent Board Members about the chain of events surrounding the member to member articles in the July/August Lodge Log. Director Rischbieter explained the series of events that culminated in the publishing of the member to member article and the article from the incumbent Board Members. The outcome of an extended discussion among the Board Members of timelines and interpretations on this matter concluded with President Hengel stating, "It is imperative that Board Members understand that four Board Members meeting and making decisions, not in a Board Meeting, is considered a quorum and is not legal."

President Hengel stated that anything to be considered by the Board should be to the Board Members either in the Board packet or earlier.

Treasurer Rossi-Clay noted that she was concerned about President Hengel's placement of himself as Chair of a Committee and as a member of several committees since he is already an (ex-officio) member of each. It was noted that President Hengel placed certain Board Members on several Committees while placing other Board Members only on one Committee. Treasurer Rossi-Clay expressed disappointment with those actions and stated she wouldn't want some members to think they "run everything".

5. Manager's Report:

- a) Operations Review: Manager Abila gave the following report:
There have been complaints about cars speeding on Blue Lake Springs Drive. Members have been

instructed to call the County Sheriff. Manager Abila has also written to the County about this problem and he will send a follow up letter.

A report on the Restaurant subsidy was presented. Secretary Tittle stated that the word 'subsidy' is not an accurate description of the monetary status of the restaurant. He stated that the Association provides amenities for which its members pay dues. The money spent to operate the restaurant is the cost to members, not a subsidy. Treasurer Rossi-Clay stated that 'subsidy' is an accurate term to describe the Association's funding of the restaurant deficit.

The renewed Fly In Lake Maintenance Contract with Blue Lake Springs was presented.

Director Silcox made a motion to accept the Fly In Lake Maintenance Contract for 2009 -2010. Treasurer Rossi-Clay seconded the motion. The motion passed unanimously.

Calaveras County Environment Health Department conducted its yearly inspection of the pool. The pool passed inspection.

The leak that exists on the left side of the dam at Fly In Lake has not increased to date. Work on the leak will commence after the lake is drained and the cat-tails are removed.

The geese problem on the swimming docks at Fly In Lake has decreased, probably due to SWCC's efforts to control geese on the golf course. The problem has increased slightly at Lodge Lake. Weed growth at Fly In Lake has started early this year. Maintenance has addressed this problem.

Calaveras County Environmental Management Agency inspected the restaurant. The restaurant passed inspection with an excellent rating.

Cooling system for the recreation office will be taken care of next week.

b) Reserve transfers for remaining 2009 year: Tabled.

c) Association Easement Roads – Maintenance/Cleaning: The Association owns certain roads within the subdivision that were designated as future streets. The future streets never went through. Those easement roads will be inspected for CalFire compliance.

6. Member Forum:

Ms. Karen Bond and Ms. Paula Bond would like to see an expanded program for teens. They recognize the success of Teen Night and hope to see more activities for that age group.

Mr. Wendin, who previously dealt with the County on behalf of BLS (to secure the Permit for Vegetation Removal from County Road rights-of-way), clarified that we own to the middle of the road and it's a "Right to Use" rather than an easement. He also spoke about the previous discussion on whether the Annual Meeting was considered a Meeting in which Minutes are required and that since the Membership views the Annual Meeting as a Membership Meeting the Board should decide on the appropriate type of record that should be generated when there is not a quorum.

President Hengel suggested putting them in the record as notes when the Annual Meeting does not have a quorum. There was further discussion on what information should be included in the Lodge Log in regards to the Annual Meeting.

Director Silcox made a motion to put a paragraph in the Lodge Log stating that there was no quorum to conduct business at the Annual Meeting but there is a record of that meeting in the Association Office. Treasurer Rossi-Clay seconded the motion. The motion passed unanimously.

Mrs. Vasquez read a statement. Her three points are summarized as follows:

She thanked those Board Members who took part in the July 4th Parade.

She questioned the perception that some Board Members have, that Blue Lake Springs is strictly a social and recreational club and that the dues only entitles members to the recreational facilities and programs. She gave an example of some homeowners who never use the facilities and projected they should not have to pay dues which she didn't envision many homeowners supporting.

Mrs. Vasquez took issue with her 'member to member' Lodge Log letter being delayed until the July issue. She stated that she felt the motive for this delay was to give some Board Members time to write a response to her letter. She also questioned the fact that Board Minutes did not include a motion to write a response letter, therefore was not a Board Action, however four Board Members met and signed the letter which constitutes a quorum. If the response letter was meant to be a "member to member" letter it should have followed the Policy rules of no more than 200 words. She further stated that on several occasions she has addressed the issue of having a Board that acts in a responsible, fair and equitable manner and expressed her dissatisfaction with an attitude of "we can do whatever we want", which is not the kind of Board representation she wants.

Mr. Lezotte stated that he was appreciative of the incumbent Board Members for having the courage to remain on the Board to keep people in check and prevent the 'good ole boys' network, which he does not want.

Mr. Lezotte expressed concern for the adversarial nature he sees between Board Members, asked whether it was in the CC & R's that the President must be notified of every Committee Meeting and President Hengel responded that it is in the policies.

Mr. Lezotte indicated that on all the Boards he is on, the President is a figure head having no more power than any other Board Member and wants to keep it that way. Since he sensed that this is a one man show, he indicated he appreciated Treasurer Rossi-Clay addressing the power-grab issue earlier. Mr. Lezotte expressed appreciation for difference and dissension of Board Members, but indicated whether one or the other is liked, exhibited public lashings are disgraceful.

Mr. Lezotte expressed appreciation for the fine condition of the facilities and to the staff for their courteous help and recommended having Security personnel wear hats while having clearly identified vehicles to convey a presence.

Mr. Culcasi, referencing Mr. Lezotte's previous sentiments about Board conduct, stated he agreed with Mr. Lezotte adding that Board Members attacking those who they don't agree with is uncalled for.

7. Financial Report, Treasurer:

a) Financial Statement Review for the six month period ended 6/30/09.

Treasurer Rossi-Clay gave the following report:

YTD Income was \$541,063, a shortfall of \$(38,689) or (6.7%).

YTD Expenses were \$506,433 and under budget \$(23,112) or (4.4%).

YTD Income exceeds expenses \$34,630, a shortfall of \$(15,577) or (31%) as compared with the budget.

The YTD \$15K shortfall almost mirrors last months' report with primary contributors as an over-budget for Associate dues, which currently exceed 2008 receipts; higher security costs, which will continue through the summer months; increased maintenance expenses.

Director Rischbieter noted the pool pump replacement would be a Reserve Fund expenditure, which Manager Abila will initiate in July.

Treasurer Rossi-Clay made a motion to approve the YTD June 2009 and month of June 2009 Income Statements. Vice President Ryniec seconded the motion. The motion passed unanimously.

It was noted that reconciliations of accounts receivable are pending for balance sheet completion.

A projection of 2009 income and expenses was presented using six months of actual amounts, six months of budgeted amounts and estimated adjustments modeled from 2008 trends and estimated future occurrence. [The estimated results net \$80K income exceeding expenditures, which is \$(10,000) under the budgeted amount.]

b) Lodge Restaurant financial data: Addressed in Manager's Report.

c) Banking Update – Operating Funds: Treasurer Rossi-Clay noted that a unanimous written consent of all Directors would be included with the July Minutes, which authorized the transfer of Operating Funds from Morgan Stanley (at a very low interest rate) to other institutions with higher yield and would be FDIC insured. Director Rischbieter noted that the higher FDIC insurance limit had been extended by Congress.

d) Engagement Invitation: Manager Abila to prepare a draft letter to our current CPA to submit a proposal for engagement of our 2009 audit for Treasurer Rossi-Clay signature.

8. Committee Reports:

A. Summer Recreation: Covered in Manager's Report

B. Winter Recreation: Secretary Tittle reported that Chuck Canterbury, the D.J. the Association has hired for winter recreation events for many years will, unfortunately, no longer be available. The Chair Person for the New Year' Eve Dinner/Dance is looking diligently for another D.J.

Manager Abila mentioned that he is currently researching the possibility of obtaining D.J. equipment. There are several people, including himself, who know how to operate the system.

C. Marketing: No report.

D. Human Resources: No Report.

E. Architectural Review/CC & Rs:

a) Status of ARC reviews: Director Rischbieter reported that the ARC reviews are up to date with the exception of an 'as built' variance request. He will seek input from the other ARC Committee members before responding on the review.

He also reported that he met with Manager Abila to review the policies of the ARC. The policies date back to the 1980s and warrant some revision. Director Rischbieter stated that he will revise and update about 8 or 9 of the ARC policies for Board review. He will also draft for review an additional policy that describes the role of the ARC.

F. Facilities:

Director Silcox reported that Manager Abila, the Maintenance Department and the Facilities Committee will do a walk around of the facilities to familiarize themselves with any problems and hopefully come up with some solutions.

G. Long Range Planning Committee: Vice President Ryniec reported that the Committee has met twice in the last month and discussed how the Reserve Fund works and improvements that the recreation department would like to see in the future.

H. EPPOC: Vice President Ryniec reported that the Arnold Rim Trail will have their Grand Opening on September 19th by the Logging Museum. The Logger's Jamboree will be on September 5th. He also shared information about the Air Ambulance Service called PHI. A person can become a member of that organization for their services for \$50 - \$100 per year. There is a phone number to call for more information: 1-800-500-1260.

9. Old Business:

a) Restaurant: Covered under the Manager's Report.

b) Letter to Auditor: President Hengel presented a letter he wrote to the Auditor along with a number of attachments including two from Board Members.

The letter requests that the Association Auditor give his opinion about lot exemptions and IRS implications.

Director Silcox made a motion to send the letter as written by President Hengel, and the attachments to Jim Maltese, CPA. Director Logan seconded the motion. The motion passed unanimously.

President Hengel suggested that the Board have a Special Board Meeting on August 8, 2009 to vote on the response from Mr. Maltese regarding the multiple lot exemptions and IRS Audit implications. The Board Members agreed.

10. New Business:

- a) Recommendation to Table the Exempt Lot Motion of the last Meeting: Director Silcox requested to table the motion he had made in Closed Session until the Special Meeting on August 8, 2009.

- b) Family Season Card and Guest Passes: Treasurer Rossi-Clay specified the Family Member Pass section in the Summer Recreation book should reference that they are available for non-owner use for consistency with our policies and By Laws section 2.17. A short discussion followed and it was noted that owners may not elect to purchase Family or Guest Passes for their own use in lieu of paying Membership dues.

11. Member Comments: Mr. Vasquez asked for clarification about the Family Season Card. Manager Abila explained how the Family Card works according to the Association rules.

Mrs. Haskell stated that if the idea of exempting lots had come out before it was voted on by the Board she would have had an opportunity to come to a Board Meeting when the issue was being discussed.

12. Adjournment: President Hengel adjourned the meeting at 11:50 a.m.

Respectfully Submitted:

Recording Secretary Marsha Hampton

Approved for Posting: August 15, 2009