

Approved Minutes of the Regular Meeting on June 19, 2010

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

DIRECTORS PRESENT: President Roy Silcox, Vice President Frank Hengel, Secretary Mary Peterson, Treasurer Ed Stahlberg and Directors Doug Rischbieter and Harry Tittle.

DIRECTORS ABSENT: Director Dave Ryniec

General Manager: Tony Abila

1. Member/Guest Introduction: Bev Vasquez, Lot 182, Unit 10; Charles & Carol Hoenisch, Lot 205, Unit 13, Dan & Ellie Wendin, Lot 400, Unit 3; Sherry Tittle, Lot 12, Unit 1; Daniel & Nancy Faulkner, Lot 26, Unit 10; Bobbie Haskell, Lot 731, Unit 5; Don Peterson, Lot 151, Unit 11; Michele Stahlberg, Lot 128, Unit 10; George Paul, Lot 140, Unit 11; Jim Evans, Lot 498, Unit 4; Jim Beckman, Lot 92, Unit 11; Pete Padelford, Lot 70, Unit 11; Guy Pollak, Lot 840, Unit 7; Joe Morgan, Lot 282, Unit 2; Alan Weissberger, Lot 102, Unit 12. Leni Salayko, Lot 114, Unit 8 substituting as Recording Secretary.

2. Member/Guest Forum: No comments.

3. Approval of Minutes:

a) Approval of Minutes for the May 15, 2010 Regular Meeting:

President Silcox explained that there are two versions of the minutes, Version A and Version B. Director Rischbieter stated that the only difference between the two Versions is that Version B contains his suggested corrections and clarifications.

President Silcox explained that last year the Board was frequently presented with multiple versions of Board Minutes. A Policy on Minutes was written to make the process of approving Minutes less cumbersome.

He stated that he did not see that much of a difference between Version A and Version B of the May 15, 2010 Minutes. . He provided both versions so the Board Members could review both versions and review the Policy on Minutes to determine whether two versions were necessary and if so, which version is more appropriate.

Director Rischbieter stated that he submitted his edits in conformance with the Minutes Policy so they are not inconsistent with that Policy and Version B adds meaning and perspective.

Director Tittle made a motion to approve Version A of the Minutes of the Regular Meeting on May 15, 2010. Vice President Hengel seconded the motion.

Director Rischbieter asked that the new Board Members consider the promise of transparency and providing member information. He stated, "which a couple of people put in their candidates statements last

year and this year. Version B provides 100% factual information with full context of things that are relevant.” He further asked that the motion be rejected and that the Board vote for Version B.

President Silcox called for the vote.

The motion passed with five ayes and Director Rischbieter voting nay.

Director Rischbieter asked that the minutes reflect the reason he voted no. He stated it was because his edits were not included.

b) Approval of Minutes for the Special Meeting on June 4, 2010:

President Silcox explained that again, there was a Version A and a Version B. The purpose of the Special Meeting as to count ballots for the election of Directors.

Vice President Hengel stated that the additions in Version B almost go to a verbatim discussion which is contrary to the Minutes Policy. There was a discussion between Director Rischbieter and Vice President Hengel. Director Rischbieter stated that those owners who are delinquent in their dues should be allowed to vote. Vice President Hengel took issue with that because the current By Laws state members who are delinquent in dues may not vote. He stated that at the Special Meeting the decision was turned over to the Election Committee. The Election Committee ruled that the delinquent member ballots would not be counted. The Committee further stated that those ballots have never been counted and they did not want to change precedent.

Director Rischbieter explained his motivation in this issue is to be in conformance with the governing documents. He stated that the CC & Rs. are a property right and the By Laws are for corporate guidance therefore the By Laws cannot take away a property right.

Vice President Hengel contended that there was no conflict.

Vice President Hengel made a motion to approve Version A of the Minutes of the Special Meeting on June 4, 2010. Director Tittle seconded the motion. The motion passed with five ayes and Director Rischbieter voting nay.

Director Rischbieter requested that the Minutes reflect the reason he voted nay. He stated that it was because there were a couple of errors in Version A that were not corrected.

c) Approval of the Minutes for the Organizational Meeting on June 5, 2010:

Vice President Hengel pointed out several corrections.

Director Rischbieter made a motion to approve the Minutes of the Organizational Meeting on June 5, 2010 with Vice President Hengel’s corrections. Director Tittle seconded the motion. The motion passed unanimously.

4. President’s Report: President Silcox thanked the Directors for their vote of confidence in electing him

President and he will strive to do his best in representing the membership.

- a) Proposed recall election schedule: President Silcox presented a set of guidelines from the Attorney for the recall petition presented to the Board of Directors on June 5, 2010.

Director Rischbieter requested that the Board confer with the Association Attorney on whether Members who are delinquent in their assessment can vote in the Recall Election.

Manager Abila responded that the Board did confer with the Association Attorney. The Attorney stated that as long as the member is given notice of the delinquency and the right to a hearing, omitting those ballots is valid.

Director Rischbieter asked if the signatures on the Recall Petition had been checked for validity. Manager Abila responded that the signatures had been verified.

President Silcox presented a notice to members of the Recall Election that will be included in the July/August Lodge Log.

- b) email-to-Board Protocol: President Silcox requested that members address all complaints or comments to Manager Abila. Manager Abila will acknowledge the communication within five days of receipt and inform the member that the Board has thirty days to answer the communication. President Silcox requested Board Members to refrain from answering any member communication through email simply because the email was addressed to the whole Board not one individual Board Member. Any Board Member who answers without the approval of the Board is taking on a responsibility that is not necessarily in the whole Board's view.
- c) Committee Assignments: President Silcox presented the committee assignments to the Board Members.

5. General Manager's Report: Manager Abila gave the following report:

- a) Operations Review:

Two correspondences from members were addressed. Manager Abila will respond as directed by the Board.

The Affidavit Certifying Results of Election, the Certificate of Nominations Received, the Certificate of Mailing of Ballots for the Election of Directors on June 4, 2010 and the resumes of each member running for the Board of Directors will be made part of the Approved Minutes.

Manager Abila corrected a statement made during the Annual Meeting. The amount spent to date to the Association's Attorney regarding the exempt lot issue is over \$3,500, not the approximately \$5,000 as reported by management during the Annual Meeting. There was a double charge of over \$1,300. It was also unclear if the member was requesting the total amount spent to the attorney, or the total spent on Director Rischbieter's claim in Small Claims Court which at this time comes to \$665.00.

Manager Abila presented a copy of Petition for Director Recall presented by the membership on

June 5, 2010. The Petition will become part of the Minutes.

Director Rischbieter requested that the Minutes reflect that in his opinion there are two misrepresentations in the Petition.

b) Purchase of Safe: The Association's keyed safe needs replacing. The lock system has completely failed.

Vice President Hengel made a motion that a safe be purchased with a limit of \$500. Director Tittle seconded the motion. The motion passed unanimously.

c) Fly In Lake Foot Bridge: No report.

Two benches have been removed from the beach near the parking lot due to age and rot. The benches will be replaced with picnic benches from the Lodge facility.

New benches at the basketball court have been installed.

The electricity for the pool is over budget by approximately \$1,000. This is due to a higher meter reading. This overage was investigated by management. There will be a \$300 credit given back from PGE. This is due to PGE charging a summer rate instead of the winter rate when estimating winter usage. PGE tested the new meter put in last year which is functioning correctly. The reason for the large discrepancy may be due to the previous meter showing an inaccurate reading.

The insurance carrier for the Association Utility Trailer will be settling for \$5,400. This will give the Association a break even on the cost and registration of the trailer.

The spring problem near the port-a-potty has been corrected by installing a new drain system.

Restaurant income was above the budgeted amount by \$1,300 for the month of May.
YTD Restaurant income was below the budgeted amount by (\$1219) or (2.6%).

Snack Bar income for Memorial Weekend was \$745.54 above budget for a total of 64.3% above budget.

Memorial Weekend attendance numbers were off by over 800.

Memorial Weekend income was (28.9%) below budget.

On June 12th the pool heater was not running properly. Ebbetts Pass Gas found an animal had crawled into the heater. They are trying to fix the heater before July 4th weekend.

6. Financial Report, Treasurer:

a) Financial Review for the three months ended 5/31/10: Treasurer Stahlberg gave the following report:

May 2010 income indicates a 2.3% increase in income over the budgeted amount due mainly to the snack bar, restaurant and family passes sold. However YTD family passes is below budget by (21.1%).

May 2010 expenses indicates a 11.7% decrease from the budgeted amount. YTD expenses are (2.5%)

under the budgeted amount.

P/L for YTD shows a net profit of \$3,107.34 or 5.4% over the budgeted amount.

Manager Abila informed the Board that pool chemical expenses will be increasing by 5%.

b) Review status of 2009 Audit Report: Full Audit Report not received to date.

7. Committee Reports:

A. Finance: No report.

B. Summer Recreation: Report covered under Manager's Report.

C. Winter Recreation:

a) Conflict Resolution Policy:

Director Tittle made a motion to adopt Policy 1300-7. Treasurer Stahlberg seconded the motion. The motion passed unanimously.

b) Approval of \$166.00 from the Spring Fling to the Arnold Angels:

Vice President Hengel made a motion to approve a donation of \$166.00 to the Arnold Angels from the Spring Fling Event. Director Rischbieter seconded the motion. The motion passed unanimously.

D. Personnel: No report.

E. Architectural Review: Director Rischbieter stated that all reviews are up to date.

F. Facilities: Treasurer Stahlberg reported that Larry Haskell and Ron Andrade will be on the the Facilities Committee.

G. Long Range Planning Committee: No report.

H. EPPOC: Director Tittle will be the BLSHOA representative for EPPOC.

I. Tax Exempt:

a) Motion to approve committee recommendations:

President Silcox explained that the Tax Exempt Committee reviewed all of the Association's documents and highlighted those that may be in conflict with our current tax exempt rating 501(c)(7).

The Committee is recommending that a professional review those documents and give their professional opinion whether the Association is violating or not violating the tax exempt 501(c)(7) standing. If there is a violation, are there other statues that the Association could file under to keep the tax exempt status and if not what is the next step? If the Association filed as non exempt what would be the cost to the membership?

Vice President Hengel made a motion to accept the Minutes and Recommendations of the Tax

Exempt Committee. To move forward and take the documents that were reviewed to a professional to review and give an opinion back as to whether or not we are violating our 501(c)(7). Director Tittle seconded the motion.

Director Rischbieter expressed his concern that it is a bigger list than is necessary. He stated, "I hate to create extra work which implies extra cost because there are a number of points here that are not really in conflict or some that have been changed or edited. There is a list of things that could be culled and make the list shorter.

President Silcox called for the vote. **The motion passed with five ayes and Director Rischbieter abstaining.**

8. Old Business: None.

9. New Business:

- a) Member Voting Rights: Director Rischbieter stated, "The CC & Rs stipulate that there is one vote per lot without qualifications and that the By Laws say that when there is a conflict between the By Laws and CC & Rs, the CC & Rs prevail and that was the basis of the issue of votes from members who have not paid their dues and still need to be counted. Voting rights are a property. You don't have to pay to vote."
- b) Delivery of Special Meeting Petition: Director Rischbieter stated, "There is another committee out there who is circulating a recall petition to have a recall election for the three directors that were installed by acclamation in 2009 and I will report to them the date guidelines in the hopes that the expense of the mailing for the special election doesn't need to be duplicated."

President Silcox requested that Board Members who want to include an item on future Agendas clarify what is to be discussed.

10. Member Comments/Forum: Following is a summary of member comments and Directors responses.

The Minutes do not describe in detail what has been going back and forth the last year.

The Board has an opportunity with the pending lawsuit to put two documents from the Attorney on the Website which contain information about the lawsuit. This would tell the members what is going on. If communication with the Attorney is not involved in litigation, it should be disclosed to the membership.

Vice President Hengel instructed Manager Abila to ask the Association Attorney for his advice about the above comment.

President Silcox pointed out that all communication from the attorney has a disclaimer that the contents of the communication is attorney/client privilege and permission from the attorney must be obtained before giving the communication to anyone else other than who it was directed to.

Director Rischbieter inquired whether the Association has filed anything other than the request to postpone

the Small Claims Court date in reference to his lawsuit.

Manager Abila responded that the 'request to postpone' is the only document filed.

Director Rischbieter stated that he wanted to clarify that this action is being undertaken in Small Claims Court to spare both parties cost for excessive legal expenses. This action was taken to preempt a much larger, more expensive civil suit that is threatened by another member. Because of the venue of Small Claims Court, the filings may not be as informational as you have when things are filed in Civil Court.

President Silcox stated that what the Board can discuss with the membership is the fact that the Board of Directors has received a notice of lawsuit, and we have filed on the advice of the Association Attorney for a postponement.

A member took issue with the Board response time to his repeated correspondence; the fact that his inquiries were not mentioned in the Minutes; the fact that when he did get a reply it was sent certified mail.

Manager Abila responded that it was a lack on management's part to get the letter out to him in a timely fashion. Furthermore, the member had requested from the Board, two months prior, that the time frame for Board responses be set at no more than five to ten days. Manager Abila presented a 30 day protocol that the Board did not object to. Manager Abila also stated that he does not send certified mail to every single member. He did send a response to this member certified because this member had stated that he has had problems receiving his mail for the past three years.

Director Rischbieter commented that the correspondence that the Board receives is not always addressed at the Board Meetings.

Vice President Hengel recommended that the Board review written correspondence received at the Board Meetings.

A member questioned why names cannot be used in letter correspondence reviewed in open session.

Manager Abila responded that members do not always want their name used and if they do, they can write a 'member to member' letter in the Lodge Log.

11. Correspondence:

a) Substance and Relevance of Replies to Correspondence Received:

Director Rischbieter pointed out that this Agenda Item was discussed under **Member Comments** and continues under **Correspondence**.

Director Rischbieter commented on the scope of Board responses to member correspondence. He stated that referring members to the Board Minutes and sending one reply to several different members does not capture the nuances of what they are asking or some of the specifics they are asking.

A member requested that his email dated June 2, 2010 in regards to the Association's tax exempt status be forwarded to the Association's tax consultant.

12. Closed Session:

- a) Law Suit Review: Director Rischbieter recused himself from the Closed Session.
The Board reviewed the pending law suit.

Respectfully Submitted:

Recording Secretary Marsha Hampton

Approved for Posting: July 17, 2010