

Approved Minutes of the Regular Meeting on February 20, 2010

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

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

DIRECTOR ABSENT: President Frank Hengel

General Manager: Tony Abila

Assistant General Manager: Marsha Hampton

1. Member/Guest Introduction: Bev Vasquez, Lot 182, Unit 10; Kaaren & Clint Babb, Lot 620, Unit 5; Mary Peterson, Lot 151, Unit 11; Matt & Leni Salayko, Lot 114, Unit 8; Marilyn Szukalski, Lot 39, Unit 9; Sheila Silcox, Lot 785, Unit 7; Barbara & Victoria Guevara, Lot 206, Unit 2; Joe & Lucy Morgan, Lot 282, Unit 2; Don & Stell McPherson, Lot 92, Unit 1; John Brennan, Lot 129, Unit 8; Guy Pollak, Lot 840, Unit 7; Sherry Tittle, Lot 12, Unit 1; Jon & Laura Dashner, Lot 164, Unit 9; George Paul, Lot 120, Unit 11; Dick & Claudette Lawlor, Lot 83, Unit 8; Norm Friborg, Lot 785, Unit 7.

2. Member/Guest Forum: No comments.

3. Approval of Minutes:

a) Approval of Minutes for the January 16, 2010 Regular Meeting:

Director Rischbieter made a motion to approve the Minutes of the Regular Meeting on January 16, 2010 with the identified corrections. Treasurer Rossi-Clay seconded the motion. The motion passed unanimously.

4. President's Report: Vice President Ryniec stated that during the Closed Session, one of the discussions items will be the information from the Association's legal advice that was given to the Board of Directors this morning. Since the Board Members have not had a chance to absorb this information, the discussion will center on ensuring that everyone understands what this information is saying.

5. General Manager's Report:

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

There was accidental damage to a few paintings from Art of Bear Valley and they have requested reimbursement.

Director Silcox made a motion to reimburse Art of Bear Valley \$750 for the paintings that were damaged. There was no second to the motion.

After further discussion Director Silcox amended his motion.

Director Silcox made a motion to reimburse based upon a negotiated price between Manager Abila and Art of Bear Valley, not to exceed \$750.00. Secretary Tittle seconded the motion. The motion passed unanimously.

A sales representative will meet with Manager Abila on February 23rd to evaluate the Fly in Lake Foot Bridge.

Fly in Lake Homes Association will conduct all necessary repairs on their secondary Foot Bridge during the spring. Repairs will be conducted by a licensed contractor.

The Long Range Planning Committee has requested the staircase located on the teen beach at Fly in Lake be repaired by removing the last steps. Erosion on the last set of steps has caused a foot hazard. There is concern that the removal of the last step would create the same problem on the next set of steps. There were several suggestions from Board Members about how to construct a safe alternative and prevent further erosion. Manager Abila will take their suggestions to the Maintenance Department.

The new DJ system has arrived and will be used at the St. Patrick's Day dinner on Friday and Saturday night dining. Dancing will begin at 8:00 p.m. on both nights. The Association will still need to purchase a CD player and iPod.

The Fly in Lake retaining wall will be assessed the week of February 23rd and management will confer with the contractor about the time frame for the replacement of the wall.

The Walk-in-Freezer had to be replaced for a cost of \$3,283.02.

Last year's annual fishing derby was cancelled due to the discontinuation of the issuance of stocking permits. Management has filed the paper work for a stocking permit for 2010.

Fish and Game has indicated that it looks promising in obtaining a stocking permit for 2010. Lodge Lake will be planted three days before the July 4th Fishing Derby.

Director Silcox addressed an item in the Manager's report referring to a 'Member to Member' Letter submitted by Treasurer Rossi-Clay for the Lodge Log publication. Director Silcox expressed his concern that the 'Member to Member' letter does not indicate that it was submitted by a Board Director. He stated that there should be a notation in the publication that the letter does not reflect any of the Board's official representation or opinions, especially since there is disagreement among some Board Members about the accuracy of the statements contained in the letter. Treasurer Rossi-Clay indicated that the referenced Letter was clearly submitted by "Members" and further discussion of any change to the Policy or Procedures would need to be an item correctly placed on the Agenda, which has not been done.

There was further discussion about the importance of transparency when information is presented by a Board Member to the membership. Director Silcox stated that he would like to see a policy written that specifies, "when a Board Member publishes an article on an individual basis as a member only, it includes a disclaimer that states, the article does not represent the opinion of the Board and is written as a member only."

Vice President Ryniec reaffirmed his opinion with Manager Abila that when he screens a Member to Member letter before publication, submitted by a Board Member, he include a disclaimer.

6. Member Forum: A member expressed the following concerns:

When a Board Member talks to the membership it is kind of assumed that there is a major influence that the Board member has specific information that the members do not necessarily have.

In reference to the restaurant, a subsidy is just that, it is not a loss, it is a subsidy. The question is whether that subsidy was over budget or under budget because that subsidy is budgeted every year. There are other factors to consider, such as other restaurant events and the apportionment of those costs. There are also other things that are subsidized such as Recreation. There happens to be more full time members who give their support to these amenities which allows part time members who come up less often to enjoy the amenities that are provided.

During the General Manager's report, it would be helpful to state what the item of discussion is referring to so we can get a sense of what the Board is talking about.

7. Financial Report:

a) Financial Statement Review for the period ended 1/31/10: There were a few detailed expenditures clarified for the Board and Treasurer Rossi-Clay referenced an approximate \$11,000 shortfall in income attributable to the timing spread of budgeted items and noted expenses were slightly (\$2K) under budget.

b) Accounts Receivable Review-status of the A/R reconciliation from Management:

The Auditor's recommendation for Reserve for Doubtful Accounts is to adjust the delinquent accounts that are not collectable according to the collection agency to Bad Debt and adjust receivables that are delinquent more than one year to the Reserve for Doubtful Accounts, which as provided, is about \$42,000.

**Secretary Tittle made a motion to follow the Auditor's recommendations as stated.
Treasurer Rossi-Clay seconded the motion. The motion passed unanimously.**

8. Committee Reports:

A. Finance: None.

B. Summer Recreation: None.

C. Winter Recreation: Secretary Tittle gave the following report:

The New Year's Eve Event was a success. All in attendance raved about the food and atmosphere.

St. Patrick's Dinner/Dance has been cancelled but Friday and Saturday Dining night on March 19th and March 20th will include a Traditional St. Patrick's dinner and dancing after 8:00 p.m. to the new DJ equipment.

The Spring Fling theme is Cinco De Mayo. Chuck Canterbury will be the DJ for this event.

D. Marketing: No report.

E. Personnel: Deferred to Closed Session.

F. Architectural Review/CC & Rs:

a) Status of ARC Reviews: Director Rischbieter reported that all plans have been reviewed.

G. Facilities: No report.

H. Long Range Planning Committee: Vice President Ryniec stated that there is a request before the Board to pay for conceptual work in the amount of \$1,000 to \$2,000. The committee is working on that report and will come to the Board next month for approval.

I. EPPOC: Vice President Ryniec reported that at the last EPPOC meeting, Supervisor Merita Calloway requested the Homeowners Associations to renew or rejuvenate the Neighborhood Watch Program. He will bring this up for discussion at a later time.

Vice President Ryniec noted that the VIP totals presented at the EPPOC meeting had several errors contained in the report. He also reported that CDF will no longer be doing inspections at the request of homeowners due to their insurance company requirements.

J. Tax Exempt: Director Silcox gave the following report:

The Committee will review all the Association's documents individually and determine whether anything stated in the documents would be questionable in maintaining the Associations' tax exempt status. All information will be compiled together as one report for the Board's review.

The Committee will then make a recommendation that the Board employ a professional to determine whether there are any questionable issues that make a difference regarding our tax exempt status. The committee is using an outline of an IRS publication as a guideline.

Director Logan requested a comparison of the financial difference there would be for the Association between a tax exempt status and non exempt status.

Director Silcox stated that if it is determined by a professional that the Association is non exempt, the ramifications of changing to a non exempt status will be assessed.

Director Rischbieter cautioned the Committee that the way these documents are assigned, some of these will be taken out of context. He stated, "There may be policies that are invalid which may not be captured in the way that this review has been assigned."

Treasurer Rossi-Clay informed the Board that due to her inability to attend the Tax Exempt Committee meetings as scheduled, she decided to withdraw from the Committee.

9. Old Business:

a) Retraction of Multiple Billings Pursuant to CA Civil Code 1366.1:

Director Rischbieter informed the Board that this item was a place holder in case the Board received new information and wanted to take action to reconcile the issue, but based on the short communiqué that was received last night, it does not shed any additional light, so we will move past it.

10. New Business:

- a) Open Meeting Act-Civil Code 1363.05 and criteria for Executive/Closed Sessions, See Civil Code 1363.05(b) and page 8 of the BLSHA Board of Directors Guide. Treasurer Rossi-Clay informed the Board that according to the above code and Director's Guide, the criteria for Closed Session must be met and if it does not meet that criteria, the item must be placed in Open Session.

11. Member Comments: No comments.

12. Correspondence:

- a) Responses to Member Correspondence: Treasurer Rossi-Clay questioned whether we are responding to all communications received from Members. Manager Abila stated that any communication that is addressed to the Board must be answered by the Board or on behalf of the Board. Manager Abila stated that if the Board authorizes him to submit a generic letter that has been approved by the Board, he could respond.

Vice President Ryniec directed Manager Abila to do a rough draft of a response letter and include the member communication and draft letter in the Board packet for approval. The member should immediately receive an acknowledgement of receipt of their letter from Management.

- b) Correct Attachment to Go & Associates Letter: Director Rischbieter stated that in regard to the position he has taken concerning the multiple billings for members who own more than one lot, the first letter received from Go & Associates had an incorrect attachment. The correct attachment which contained eleven references has subsequently been provided to the Board.

In response to a question from a member in the audience, Vice President Ryniec explained the sequence of letters from Director Rischbieter and the Association's Attorney, and noted that the contents of these letters is privileged information.

A member asked Vice President Ryniec on what grounds can a Director be disqualified. Vice President Ryniec explained that a Board Director can be removed by a vote of the membership, referred to as a recall. A Board Director can be removed by the Board if there is cause for removal. Also a Director can recuse himself from a discussion that pertains to the matter at hand.

A member asked what the process was for a recall. Manager Abila outlined the steps as follows: A petition has to be signed by at least 101 voting members. The petition is submitted to the Board of Directors. The Board of Directors sends out a secret ballot for a vote by the membership.

A member asked when privileged information between the attorney and the client can become public. Vice President Ryniec explained that any privileged information will become public when the attorney clarifies what information can be shared with the members.

There was further discussion about when and what information is privileged. Vice President Ryniec Stated that privileged information will become open to the membership as soon as it is allowed.

13. Adjournment: Vice President Ryniec adjourned the Regular Meeting of the Board of Directors at 11:05 a.m.

14. Closed Session:

- a) Employee Claim
- b) Discussion on the Attorney response letter

Respectfully Submitted

Recording Secretary Marsha Hampton

Approved for Posting: March 20, 2010