

Approved Minutes of the Special Meeting on August 8, 2009

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

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

DIRECTORS ABSENT: Vice President Dave Ryniec

General Manager: Tony Abila

Assistant General Manager: Marsha Hampton

President Hengel called the Special Meeting to order at 9:00 a.m.

1. Member/Guest Introduction: Matt Salayko, Lot 114, Unit 8; Charles & Carol Hoenisch, Lot 205, Unit 13; Don Shawver, Lot 63, Unit 10; Clint Babb, Lot 620, Unit 5; Bev Vasquez, Lot 182, Unit 10; Carl Schelbert, Lot 393, Unit 3; Sherry Tittle, Lot 12, Unit 1; Shiela Silcox, Lot 785, Unit 7; David Wood, Lot 20, Unit 13; Don Stebbins, Lot 571, Unit 5; Alice Hengel, Lot 127, Unit 2; Jim Clay, Lot 120, Unit 10; Ehrling Carlsen, Lot 170, Unit 8; Don & Mary Peterson, Lot 151, Unit 11; Jim Evans, Lot 498, Unit 8; Frame Reiff, Lot 499, Unit 4; Barbara Guevara, Lot 206, Unit 2; Norm & Anne Friborg, Lot 785, Unit 7; Larry & Marilyn Larson, Lot 119, Unit 13; Daniel Wendin, Lot 400, Unit 3; Larry & Bobbie Haskell, Lot 731, Unit 5; Jill Shustoff, Lot 170, Unit 10; Bob Asher Lot 468, Unit 3.

2. Member Forum: There were several people from the Association membership who spoke and in all cases those speakers were in favor of rescinding the exemption of lots.

3. Review Auditor's Response:

a) Regarding Exempt Lots: A lengthy discussion was held amongst the Board Members regarding the correspondence from the Association's Auditor and Attorney.

4. Consider action concerning currently exempt lots:

The following motion was made by Roy Silcox:

I move that the Board direct the General Manager to reinstate the practice of charging Annual Assessments to each homeowner's lot regardless of ownership. The assessments are to be made effective in 2010 and be included in the 2010 budget. Secretary Tittle seconded the motion. The motion carried four to two. A roll call vote was taken: Secretary Tittle, aye; Treasurer Rossi-Clay, nay; Director Logan, aye; Director Silcox, aye; Director Rischbieter, nay; and President Hengel, aye.

Summary of pertinent points made during the Special Meeting on August 8, 2009

Arguments for a “no” vote:

Not all questions have been answered and further dialogue is necessary.

Several of the assumptions and premises made by the CPA were incorrect and therefore the CPA’s conclusion was likely incorrect.

The Association’s attorney and CPA have not demonstrated thorough knowledge of our organization and its founding principals.

The Association would be better served if we wait until we have an understandable, well-reasoned, justified, documented and well-cited answer about why we are doing what we’re doing.

The CC & Rs literally state that “Each owner of property within the Blue Lake Springs Subdivision shall pay...” not each owner of “each” property.

If we reverse course and start “double charging” people we invite an IRS audit, we invite a lawsuit, therefore it would be important to have all available information.

Arguments for a “yes” vote:

Background information plus questions from individual Board Members were sent to the Attorney. The Attorney states that he has reviewed all of the information sent to him and his opinion is that all lots should be assessed.

The Association Auditor reviewed all the information from the Attorney and the Board and he states, “I disagree with the Board interpretation” and recommended that the Board suspend its current assessment exemption.

The decision made last year to exempt lots was done without asking the Association’s Attorney nor the Auditor for their professional opinion. Now we have two professional opinions which conclude and agree that we should stop exempting lots.

When the budget was approved in November 2008, exempting lots was included however there was a misconception on what was being voted on by several Board Members.

There are many members who disagree with the action that was taken to exempt lots.

The intent of the CC &Rs originally is that every lot pays dues.

According to our CPA a “private benefit” exists if any lots are exempted from annual assessment.

5. **Adjournment:** President Hengel adjourned the meeting at 9:41 a.m.

Respectfully submitted
Recording Secretary Marsha Hampton
Approved for posting: October 17, 2009