



**BLUE LAKE SPRINGS HOMEOWNERS' ASSOCIATION
MINUTES OF THE BOARD OF DIRECTORS
Saturday, August 21, 2021
Snowflake Lodge and via Zoom**

1. **Call to order:** 9:02 am
2. **Roll Call:** Directors Present: President Kevin Prosis, Vice President Roxanne Dubois, Secretary Nancy Dommes (via Zoom), Treasurer Joanne Schultz, Directors Dale Ward, Kayleen Clemens, and Rick Giorgetti. A quorum was established.

Staff Present: General Manager Tony Abila and Assistant General Manager Amber Meyer
3. **Executive Session:** Delinquent accounts and CC&R violations were discussed
4. **Open Session:** 9:30 am President Prosis reported on action needing to be taken against properties discussed in closed session.
Vice President Dubois moved, **“To add fines to:**
 - **APN #026 009 010 – additional fine of \$500**
 - **APN #026 035 014 - additional fine of \$1,000**
 - **APN #024 007 014 - additional fine of \$1,000”**The motion was seconded and passed unanimously.
5. **President’s Update:** President Prosis’s update included identifying Board strengths, asking members to communicate with the Board as well as volunteer for committees.
6. **Open Forum-Members comments:** 16 members attended the meeting via Zoom. 5 members attended in person.
 - Correspondence was received regarding Sons in Retirement calendar notification in the Lodge Log - Secretary Dommes requested item to be placed on a future agenda.
 - Correspondence was received and read regarding the complexity of the Snowflake menus - Comments and feedback will be passed along to the chef.
7. **Approval of Minutes:**
 - Approval of prior month’s meeting minutes. Director Giorgetti moved, **“To approve the meeting minutes of the June 19, 2021 Regular Board of Directors’ Meeting.”** The motion was seconded and passed with 6 yeas. Vice President

Dubois abstained.

- Approval of the 2021 Annual Meeting Minutes: Treasurer Schultz added a correction to the amount of money in the reserve. Director Giorgetti moved, **“To approve the 2021 Annual Meeting minutes as corrected.”** The motion was seconded and passed unanimously.

8. General Manager’s Report: Manager Abila reported

- Delinquent Accounts: The current list was included in the Boardbook and discussed in closed session.
- CC&R Report: Discussed in closed session
- Ongoing Lawsuit: The Court of Appeals has upheld the original court ruling in favor of the Association. The case will now be sent back to the District Court to hear the Association’s request to recover the cost of the appeal process.
- Maintenance: The maintenance department remains under staffed with 6 employees
- Lodge: AC System for Gym and Lounge area was down for approximately three weeks due to unavailability of parts and the timing of technicians. On August 18th, a technician performed repairs for a total of \$3,241.68.
- Wooden Pool Decking: Management recommends replacing the current wooden decking in the pool area. Staff has found many areas of rot, and there is insufficient support for the deck itself. The repair cost is covered in the reserve at a cost of \$50,910.
- Outdoor Space (Above Restaurant): Maintenance is currently removing old brick drinking fountains as well as cement pads from the area. The project was submitted by the Facilities and Long-Range Planning Committee before the summer season began.
- Fly-In Lake: Lake is approximately 5 feet below capacity. The flow coming through is enough to maintain the current level, however, it will likely drop as the current flow slows down. Handicap signs missing in the main parking lot and at the picnic table have been replaced.
- Fly-In Park: Staff has completed 95% of the installation of a new gate and split rail fence at the entrance to Fly-In Park area to keep cars from parking in that area.
- Restaurant Report: Manager Meyer reported the following: July was busy with dining counts up over 200 people compared to 2019. Net dining income was above 2021 projections by almost \$7,000. Dining income was up over 2019 by \$11,000. Average monthly food cost was 31.27%. Although staffing continues to remain an issue, adjustments are being made to continue service
- Snack Bar Report: Manager Meyer reported the following: The snack bar sales continue to be up over years past. July alone was up \$7,000 over 2019, even with closing Mondays and Tuesdays because of staffing issues. Net sales for July 2021 were \$25, 517.82, this highest in recent history. Operations have continued in spite of staffing levels below what should be necessary for successful operation. Management continues to be impressed by the professionalism, capability, and loyalty the staff has displayed this season.
- Summer Recreation: 95% of the summer staff has now returned to school. The staffing

shortage will cause an adjustment in summer recreation hours as the season winds down.

9. Treasurer's Report: Treasurer Schultz reported the following:

A. During the recent Finance Committee (FC) meeting:

- introduced new member Ed Stahlberg;
- reviewed its Charter and Responsibilities; the Charter was discussed, accepted and will be proposed to the Board of Directors;
- reviewed documents related to review of the Financial Statements and the transaction Reports;
- had a first reading of the proposed BLSHA Investment Policy;
- recapped the monthly CIDC meeting;
- discussed the 2019 and 2020 audit,
- received a brief restaurant update;
- familiarized FC with the May reports;
- discussed the June reports;
- set the date for its next meeting
- received input on future agenda items including to review insurance coverage and a desire to add aged receivables to the list of documents the FC receives. There was also a request to have a training on the latest financial pitfalls of HOAs.

B. Policy Development

The FC is developing an Investment Policy for submission to the Board of Directors for its acceptance prior to publication for membership review. The Policy will include but is not limited to, the role of the Finance Committee, its oversight and investment guidelines.

C. Accounting Firm Meeting

A small group met with CID Consortium, LLC (CIDC) which is the management solutions firm hired by BLS. Discussions continued on report timing, audit adjustments, petty cash accounting; and adjustments for June were reviewed. This relationship is going well and improving at each meeting.

D. Restaurant Accounting Update

Each month since January 2021, a progress report has been presented with the goal of clear reporting on Snowflake Lodge Restaurant. At the September 2021 meeting, a full update with all changes and the outcomes will be presented. In August, the focus was on inventory from the actual count to how to format the inventory report. The initial June Report reflected a significant loss on inventory which led the inventory review to look at any discrepancies the effect the timing of purchases had on the timing of the count. The upcoming July report should be rectify the timing.

E. 2019 & 2020 Audit Report Update

The FC performed a final review of audits for two years.

- The 2019 audit was done during the pandemic and was the year that was split between the BLS in-house bookkeeper and the new contract with CIDC. There were also a number of possible issues ultimately resolved but resulted in the Association being considered a higher risk. The audited financials were complete before the pandemic hit but not the additional procedures required by the Federally mandated

Sarbanes-Oxley Act of 2002 and the increased risk. The additional test work was interrupted and was resumed this year. Management, CIDC, Kayleen Clemens and myself worked to clear this up. 2019 was also the year the new Accounting Standard Codification 606 was implemented. It changed the way that revenue is recorded for the Reserve Fund and moved the Reserve Fund Balance up to a liability account. The audit is a good one and indicates that the statements fairly represent the financial condition of the organization.

- The 2020 audit goes back to the dual presentation and is also an unqualified opinion. As the Treasurer, Ms. Schulz has taken an active role in working with the audit firm and has assisted in gaining understanding of the HOA audit process as well as the accounting for the reserve fund. This led to the Position Paper on Reserves to assist with future budget cycles.

F. May 2021 Report Review

The FC reviewed the May reports and noted there is one bank account yet to close. The Cash Balance in May is \$1,162,774 and Receivables are down to \$126,664; this includes a bad debt allowance of \$70,000. The Reserve Fund is at \$748,846. At the end of May Cash Expenses are at \$517,224 and net income is at \$140,675.

G. June 2021 Report Review

The June Balance Sheet was reviewed. There are a few accounts requiring further review. Operating cash accounts show a balance of \$930,787. Accounts Receivable continues to go down and is now \$78,787 again with a bad debt allowance of \$70,000. The Reserve Fund has increased to \$932,087 with approximately \$127,000 replacements left to be completed.

The net Revenue over expenditures for June is \$115,011. At the half way point of the year the Expenditures to date are \$701,222 at 44% of the budget; and Revenue is \$894,624 at 48% of the budget.

H. Report Certification Disclaimer

Just a reminder when the Treasurer and the Finance Committee recommend certification of the Financial Statements it does not mean the reports are perfect and/or are 100% accurate. It means the reports have been reviewed and necessary adjustments identified. It is the opinion of the Treasurer and FC that further review and/or any identified changes are not material.

I. Recommendations

- May & June 2021 Financial Statements. The Finance Committee reviewed the transaction reports, as well as the Balance Sheet, Revenue and Expense statement, Budget to Actual, and the President and the Treasurer reviewed the Bank Statements. Treasurer Schultz moved, **“To certify the May 2021 financial statements as presented.”** The motion was seconded and passed unanimously. Treasurer Schultz moved, **“To certify the June 2021 financial statements as presented.”** The motion was seconded and passed unanimously.
- 2019 & 2020 Audit Reports. Treasurer Schultz moved **“To accept the 2019 audit**

report as presented.” The motion was seconded and passed unanimously. Treasurer Schultz moved, **“To accept the 2020 audit report as presented.”** The motion was seconded and passed unanimously.

10. Board Committee Reports:

- **Facilities and Long Range Planning** - Vice President Dubois reported the Committee has assembled with some members new to volunteering for our HOA, and a few familiar faces. The participants are Jason Burch, Ciara & Justin Leo, Guy Davis, Bill Cover, Adela Moreno, and Suzanne Taylor.

At its first meeting, the members self-introduced and accomplished the following:

1. Developed/finalized the following Charter Statement: *To maintain and improve the facilities at Blue Lake Springs, including maintenance and repairs to existing facilities, improvements, and addition of new amenities.*
2. Reviewed ground rules and reviewed procedures the committee shall follow
3. Established a regular meeting schedule
4. Additionally, members will openly share new ideas, contribute to prioritization of action items both new and existing, volunteer for assignments according to his/her skills and interests, gather and formulate information for the committee to include what matters and rises to the level to be presented to the Board for discussion.

At its second meeting, the committee developed a list of five (5) projects to monitor which can be easily implemented or are already in progress. Some ideas discussed include

1. improving the WIFI at the facility,
2. the repair and replacement of the retaining wall on the pool deck,
3. security company walk thru for the future,
4. improvements to the website,
5. talking to an arborist regarding types and number of trees to be replanted in the outdoor area above restaurant.

- **Events Committee** - Secretary Dommes reported the committee has not met yet, but will be meeting once a date can be agreed upon.
- **Governing Documents Committee** - Secretary Dommes will solicit committee members for this committee.

2021-22 Organizational Chart: The organizational chart Draft #3 was distributed to the BOD to be ratified. Secretary Dommes recommends “ad hoc” be removed from “Restaurant Committee”. Treasurer Schultz made a correction to the “Finance Committee” to include 3 members as well as 3 Board members. Director Giorgetti moved, **“To establish the Restaurant Committee as a standing committee and shown on the Organizational Chart.”** The motion was seconded and passed with 4 yeas and 3 nays.

Discussion continued regarding changing the organizational chart to remove the Facilities, Usage & Fees committee as a subcommittee and establishing a stand-alone committee. Treasurer Schultz moved, **“To establish the Facilities, Usage, and Fees committee as a standing committee.”** The motion was seconded and passed unanimously.

Secretary Dommès agreed to amend the 2021-22 Organizational Chart and send to management for distribution to the Board. Vice President Dubois moved, “**To accept the 2021-22 Organizational Chart as amended.**” The motion was seconded and passed unanimously.

- **Architectural Review Committee (ARC)** - Director Ward reported the following ARC approvals:
 - a member’s deck placement with fee waived because it was damaged by storm,
 - a new home is being built and
 - removal of trees
 - garage
 - retaining wall, shed, treehouse
- **EPPOC** - Director Clemens reported the following: The August 4th meeting discussion items included the recent area census taken. Currently in Stage 1 for drought, please think about water conservation. Golf cart accIDCents are on the rise, advising people to slow down and be cautious while driving on the roads. Evacuation routes are important to review with family and friends. Calaveras County, District 3 Supervisor Merita Callaway mentioned HOAs can ban or limit short term rentals, but the County will remain neutral in independent HOA decisions.

11. Fire Prevention Program: Thomas Hein submitted the following report:

- Debris on Property. The last 30 days were extremely productive. Only one improved property owner has not responded to the *Notice of Violation for Fire Prevention*. This property, which is currently in front of the BLSHA BOD for fire prevention violations, has also been reported to Cal Fire and is in its third year being reported for violation. Members have removed almost all of the debris from the Feb 2021 storm and should have what’s remaining cleared within another 30 days. The Members should be very happy with clean-up efforts in 2021.
- Architectural Review Committee. The ARC has reviewed many applications over the past 30 days, ranging from new home construction to changing exterior paint color. During inspections, it’s been noted many Members are attempting to improve their properties without obtaining ARC approval. Member, when has had a problem with retroactively applying for the approval, when asked to do so.
- Light Pollution. Complaints have been received about Members leaving outside lights on for 24 hours a day, even after leaving Arnold. Member-landlords have reported being worried about liability from renters being injured due to lack of light. Members are advised to speak to neighbors, if possible, and as VIP Coordinator, I will also attempt to connect Members to communicate with one another. Once communication breaks down and to help resolve the situation, Members will be referred to **CC&Rs, Article II, Section 6: Exterior Lighting**. Most often light pollution can be resolved using different bulbs, re-directing lights fixtures, using motion sensors, providing suggestions for guests and gaining some understanding.
- Garbage Spills. Garbage spills have been increasing during the past weeks. Every property having a garbage spill also had a metal bear box which means users are not paying attention to securely closing and locking the bear box. New homeowners are reminded to: (1) purchase a metal bear box, (2) Learn how to close and lock the bear box, (3) Teach guests/renters how to close and lock

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the bear box, (4) Apply to OPT-IN to the BLS Garbage Spill Program. The program is a last resort, when homeowners are unable to clean up spills within 24 hours and/or do not have a property management company to address garbage spills.

- Dogs in BLS. Recently more dog owners are letting dogs run free, and/or walking dogs without using a leash. There is confusion whether it is mandatory in BLS to have pets on a leash when outside owner's property. This misconception may be due there being *no leash law in Calaveras County*. While true for the County it is *not allowed* in BLSHA according to CC&R guidelines which quite simply states, *dogs leaving its owner's property must be wearing a leash*.

Following is **CC&Rs, Article III, Section 4: Animals and Household Pets, sub-section 3.**
Pets shall only be allowed on roads and trails when they are leashed and otherwise under the supervision and restraint of their owners. Pets shall not be allowed within the recreational facilities of the Association.

- Future Education. As mentioned above, there are some small issues needing to be address, e.g.,
 - educating Members about the Architectural Review Committee (ARC) processes,
 - helping Members communicate with each other without the situation escalating,
 - education on how to re-direct their outdoor lighting and/or using motion sensors,
 - metal bear box enclosures and directions on how to properly close and lock, and
 - keeping pets under control and when off-property, leashed.

Management will look into these issues and provide feedback and solutions. Again, these issues can all be resolved by putting yourself into your neighbor's shoes and just being kind.

12. Closing Comments: n/a

13. Adjourn: Meeting was adjourned at 12:10pm to the next meeting on Saturday, September 18, 2021, 9:am for Executive Session, 9:30am for Open Session

Respectfully submitted:
Amber Meyer, Assistant General Manager