

2010 ANNUAL MEETING MINUTES

1. **CALL TO ORDER:** President Hengel called the meeting to order at 11:05 a.m.
2. **INTRODUCTION OF BOARD MEMBERS AND ELECTION OFFICIALS:** President Hengel introduced the Board Members: Director Roy Silcox, Director Doug Rischbieter, Secretary Harry Tittle, Vice President Dave Ryniec, Director Angela Logan and General Manager Tony Abila and Assistant General Manager Marsha Hampton. He also introduced the Directors of Election; Jeanne Multhaup, Norm Friborg and Jerry Getty. He also noted that Treasurer Teresa Rossi-Clay chose not to be here.
3. **APPROVAL OF 2009 ANNUAL MEETING MINUTES:** **Kaaren Babb, Lot 620, Unit 5, made a motion to approve the 2009 Annual Meeting Minutes. Martha Votaw, Lot 205 ,Unit 2.** No vote was taken.
4. **CREDENTIAL'S COMMITTEE REPORT:** Jeanne Multhaup gave the following report: "Blue Lake Springs HOA has 2022 lots minus ten APN (Assessor's Parcel Number) combined lots minus 148 delinquent members times 33% gave us 615 ballots needed for a quorum and we had 809 ballots so there is a quorum."
5. **PRESIDENT'S REPORT:** President Hengel gave the following report: "We live in one of the greatest areas in California, the Arnold Corridor and within that area we live in by far the finest Homeowners Association there can be. That is noticeable by property values which are considerably higher than other developments. I give credit for that to our staff and our incredible volunteers."
6. **TREASURER'S REPORT:** Manager Abila gave the following report: "To date the 2010 Reserve Account is at \$444,715.73 which is sound. The January through May 2010 gross profit is 1.5% within budget. Expenses January through May 2010 is 5.6% below budget which gives the Association a net profit of \$72, 815.
7. **GENERAL MANAGER'S REPORT:** General Manager Abila introduced Judith Anderson, Recreation Director. She reported that 2009 was a terrific year due to a wonderful staff and that again this year the staff is great with many returning employees. There will be a lot of logo items for sale. She also informed the members of changes this year in activities and instructed them to check their recreation books carefully. She stated that she is looking forward to a fantastic summer.
8. **CANDIDATE PRESENTATIONS:** Vice President Ryniec introduced the Board Candidates and asked them to give a short introduction. He noted that Ed Stahlberg, one of the three candidates was absent due to an injury.

Mary Peterson stated that she has volunteered for Chair of Easter Event, Co Chair of Winter Recreation and Co Chair of Potluck. She stated, "As a member of the Board I would work with other Board Members in a congenial manner to help maintain the wonderful amenities we have at our Association. I appreciate the opportunity to do what is best for all members of our homeowners association."

Bill Osincup stated that he has served on the Blue Lake Springs Long Range Planning Committee where all the facilities were reviewed and evaluated for future improvements. He hopes to continue that work.

9. ELECTION RESULTS: President Hengel announced that he will move to the Election Results and then come back to 'Comments from Members'.

Director Rischbieter requested that due to a disagreement between himself and the Board President and the Electors during the Special Meeting on June 4, 2010, in which ballots were counted, that he be allowed to make a motion. He stated that during the counting of the ballots, twenty-six ballots were not counted. There was not a quorum in the second half of the Special Meeting to take an action on whether to allow those twenty-six votes to be counted. Since there is a quorum at this Annual Meeting, **Director Rischbieter made a motion that the Board instruct the Election Committee and Credentials Committee to count those twenty-six ballots not included in yesterday's count because they were delinquent in their dues.**

Director Rischbieter stated, there are penalties for having delinquent dues but losing voting rights is not one of them.

President Hengel stated that the By Laws revoke the ability to vote if a member is delinquent in paying dues.

President Hengel asked for a second for the above motion.

There was not a second to the motion therefore the motion died for lack of a second.

President Hengel then asked for the election results from the Election Committee.

Elector Jerry Getty reported that there were 809 votes and the results of the election were: Ed Stahlberg, 528, Mary Peterson, 459, and Bill Osincup, 446. Consequently, Ed Stahlberg and Mary Peterson are the elected board members.

President Hengel congratulated Ed and Mary and thanked Bill Osincup and hopes that he stays involved.

President Hengel stated, "A year ago in November the then current sitting Board approved a Budget and that Budget had revisions for exempting vacant lots that were owned by members of multiple lots and that amounted to about 140 lots that were exempt. The Board at that point, making that motion, did it on their own without seeking the opinion of the Attorney of the Association or the CPA of the Association. A lot of people were very unhappy with that event. As a result, the Board started to ask questions of the CPA and Attorney. The Board got rulings and advice that no, that could not be done, that all lots should pay. As a result the current sitting Board reversed that decision. As a result of that reversal, Director Rischbieter who owns a home and two vacant lots has chosen to sue the Association in Small Claims Court for three years of back dues and 12% interest. That suit is coming up the end of this month. With that, I will open the meeting up to comments from the audience."

10. COMMENTS FROM MEMBERS: The following is a summary of the comments made from members:

It was understood that when we bought our lots, every lot had to pay dues.
When a member buys into this Association, they know what they are getting into.

The dues cover the staff and other things to run the Association.

There are benefits to owning additional lots that go beyond the amenities provided, like increased property values, privacy.

Why can't we go back to a reduced amount fee structure on vacant lots?

What has been the attorney costs about this exempted lot issue?
Manager Abila replied that the cost has been about \$5,000 but he would have to verify those numbers.

Thank the Board for the difficult decisions that they have to make.

It is patently unfair to charge one set of dues per lot. Although we have two lots we do not take up any more space in the pool, etc. then those of you who pay for a single lot.

Is charging dual homeowners a second dues in violation of publication 557 which is the IRS Publication that governs Associations?

Request that if a lot owner writes a letter to the Board of Directors, they should receive a written response within five to ten business days.

A Director who is suing the Association should not be allowed to make decisions for the Association while this is going on and that Director should resign.

A recall petition to recall Director Rischbieter was presented to President Hengel with 190 signatures by member Bev Vasquez, Lot 182, Unit 10. The basis for the recall petition is available upon request.

Director Rischbieter requested that he be allowed to respond to the recall petition. He stated, "Part of the reason my wife and I are pursuing this action is because I refuse to participate in the fraud that has perpetuated this myth that there is any document anywhere that allocates or directs the Dues or Assessment per lot". He further stated, "I want to take this opportunity to say that one of the most diligent, acute Board Members we have ever had is absent today. The Treasurer, Teresa Rossi-Clay who had raised this issue initially had showed me that, 'look what it says here.' Hey, what about that? It is what it says here. How do you reconcile that? That's what I have been trying to pursue."

Director Rischbieter commented that he has a petition in his possession to recall three directors and that it would be completed in the next week or two.

At this point, Director Rischbieter and several members in the audience were conversing in an argumentative fashion.

A member requested that the details of this issue be presented and asked what is in the By Laws that

Director Rischbieter is presenting that is illegal.

President Hengel explained that time does not allow for a detailed debate.

A member informed the audience that information about the issue that prompted the recall has been going on for a year and a half and the Minutes that covered this issue can be obtained by going to the Blue Lake Springs Website.

A member asked why Director Rischbieter has a problem with the Association's Attorney and CPA legal advice and recommendations on the exempt lot issue.

Director Rischbieter stated, "I do not want to breach the Association's confidentiality with the Attorney. The answer we got from the Attorney for no justification, for no review of the facts that my wife and I have sited, of why one dues per member was the original intent of the subdivision developers. It is the actual literal harmonious interpretation of all our governing documents without exception."

President Hengel stated, "Obviously we got recommendations from the Attorney and CPA, obviously the majority of the Board found those opinions satisfactory".

11. AWARDS PRESENTATIONS: Vice President Ryniec presented a plaque to Angela Logan in appreciation for three years of service. He informed the members that a plaque was also presented to Teresa Rossi-Clay at the Special Meeting on June 4, 2010 when she attended the beginning of that meeting in which ballots were counted.

12. ADJOURNMENT: President Hengel adjourned the Annual Meeting at 12:00 p.m.

Respectfully Submitted
Recording Secretary Marsha Hampton
Approved for Posting: