

Approved Minutes of the Regular Meeting of June 20, 2009

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

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

General Manager: Tony Abila Assistant General Manager: Marsha Hampton

President Hengel called the Regular Meeting of the Board of Directors to order at 9:00 a.m.

1. Member/Guest Introduction: Dan & Ellie Wendin, Lot 400, Unit 3; Sal & Cindy Culcasi, Lot 104, Unit 11; Kaaren Babb, Lot 620, Unit 5; Joe Morgan, Lot 282, Unit 2; Kent Brady, Lot 25, Unit 1; Sherry Tittle, Lot 12, Unit 1; Dick Watson, Lot 222, Unit 2.

2. Member/Guest Forum:

Member Culcasi referred to a letter he had submitted to the Board of Directors concerning problems experienced while dining at the restaurant. Manager Abila responded that Mr. Culcasi's concerns would be addressed immediately.

Member Culcasi asked the amount that the members were subsidizing the restaurant. Director Rischbieter stated his recollection that the reported amount that the membership subsidizes the restaurant per lot has ranged over the years from less than \$10 to nearly \$30.

He echoed others' assertions that some other amenities also do not pay for themselves.

President Hengel agreed that as a homeowners association we offer many things to our members. Every one of them runs a deficit including the restaurant. He also stated that in the past a study had been done analyzing homeowner associations who had restaurants. Not one in the State of California ran in the black. To run in the black is an unrealistic expectation but it is a service we provide the membership.

3. Approval of Minutes:

a) Approval of Minutes for May 2009 Meeting: There was extensive discussion on acceptable revisions to the May 2009 Minutes and the appropriateness of including director names in the Minutes from motions made in Closed Session.

Director Rischbieter made a motion to approve the Minutes of the May 16, 2009 Meeting with the revisions he requested. Treasurer Rossi-Clay seconded the motion. Roll call vote was President Hengel aye; Vice President Ryniec aye; Secretary Tittle nay; Treasurer Rossi-Clay aye; Director Silcox nay; Director Logan aye; Director Rischbieter aye. The motion passed with five ayes and two nays.

4. President's Report: President Hengel presented a roster of committee assignments. He requested that the committee chairs invite a member(s) to participate on their committee where appropriate. He further requested that the committee chairs identify their committee members at the next board meeting.

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

a) Operations Review: New bottom pool drain covers and low level skimmer covers have been installed to meet federal and state requirements.

Two properties that were in violation of tree removal were brought to the Board last month. One property has complied with the removal of the dead tree. There has been no contact from the second owner.

June 10, 2009 Pasta Night was cancelled due to lack of reservations. Manager Abila recommended that Pasta Night be held from the 4th Wednesday in June to the 4th Wednesday in September of each year.

There have been no additional bids for the recreation office cooling system. The Board gave Manager Abila a directive to do more research on solving the high temperature problem in the recreation office.

Vice President Ryniec made a motion to pre approve spending not more than \$3000 after an appropriate review of the problem by the Facilities Committee and the Manager. Secretary Tittle seconded the motion. The motion passed with six ayes and Director Rischbieter nay.

The Annual Fishing Derby will not be held this year.

Manager Abila has contacted The Department of Fish and Game and Calaveras Trout Farm. Calaveras Trout Farm will not stock the lake without a permit from BLS. The Department of Fish and Game is not issuing any permits this year due to a lawsuit filed by the Pacific Rivers Council and Center for Biological Diversity in 2006.

The number of members using the recreation facilities over Memorial Weekend was the highest participation in the last six years.

6. Member Forum:

Member Babb suggested substituting a taco night in place of one of the Pasta Nights. Manager Abila responded that he is already researching the feasibility of her suggestion.

Member Sal Culcasi requested an explanation of remarks made in the resumes of the three new board members in which he states that there was reference to a lack of communication to the membership from the previous board.

In response, President Hengel stated, "I was concerned as we were moving into areas that had a great deal of effect on the membership at large, that we did not include getting more input from members. I would have liked to see an open forum where the whole membership could have discussed some of these items and not rushed through and vote prematurely."

7. Financial Report, Treasurer:

a) Review Financial Reports – 5 mos. Ended 5/31/09: Treasurer Rossi-Clay gave the following report: It was noted that the 'Employee Incentive Program' account will be added to the financial statements in June 2009 to align with the Budget.

It was recommended that an adjustment to budgeted interest income reported on the financial statement be reduced by \$2,798 to align the budget reported on the financial statements with the Board Approved Budget.

Treasurer Rossi-Clay made a motion that the above corrections are made to the financial statement to tie with the board approved budget as stated. Vice President Ryniec seconded the motion. The motion passed unanimously.

YTD Income was \$440,040, a shortfall of (\$38,322) or (8%) as compared with the budget.

YTD Expenses were \$396,930 and under budget (\$14,819) or (3.6%).

YTD Income exceeds expenses \$43,110, a shortfall of (\$23,503) or (35.3%) as compared with the budget.

An income statement for the month of May was also received by the Board.

The \$23,000 shortfall (from budget), is due primarily to an overstatement of budgeted Associate dues (\$15k), increased security expenses (\$3k) due to work hours, which should decline the latter part of the year and increased maintenance expenses (\$5k).

Treasurer Rossi-Clay presented a draft of Planned Operating and Reserve Fund/Capital Improvements prepared with Manager Abila to be used as a tool to see what costs have been incurred as compared with budgeted expenditures. Also a proposed Projection Analysis Sheet to be updated on a quarterly basis was presented with the intent to use year-to-date actuals plus future budget amounts with most importantly, known adjustments to provide an educated estimate of where we will come in at the end of the year.

The Morgan Stanley operating account is over the FDIC insurance limit by approximately \$30,000.

Treasurer Rossi-Clay made a motion to transfer excess funds in the amount of \$50,000 from Morgan Stanley to El Dorado Savings as a liquid asset fund. Director Silcox seconded the motion. The motion passed unanimously.

The Board agreed that in the future the bank register will be distributed to the Directors excluding the payroll register. The complete bank register (with Payroll) will be given to the Treasurer.

Treasurer Rossi-Clay made a motion to approve the financial statements for the period ending May 31, 2009. Director Rischbieter seconded the motion. The motion passed unanimously.

b) Audit Report (Annual Financial Statements 2008) CPA Review: Treasurer Rossi-Clay stated that in compliance with California Civil Code 1365(c), the Association's audited financial statements should be provided to the membership 120 days after the close of the fiscal year. However, the Association did not receive the Auditor's Report in time. If the Board approves the Audit Report today, the Audited Statement will be included in the August/September Lodge Log.

Treasurer Rossi-Clay made a motion to approve the Audited Financial Statements. Director Silcox seconded the motion. The motion passed unanimously.

Treasurer Rossi-Clay stated that the full Audit Report will be available in the Association Office for

Members to review.

8. Committee Reports:

A. Summer Recreation: Summer Recreation was covered in the Manager's Report.

B. Winter Recreation:

a) Proposed donation from Spring Fling:

Vice President Ryniec made a motion to donate the excess of \$122 from the Winter Rec Spring Fling to Arnold Angels. Director Logan seconded the motion. The motion passed unanimously.

C. Marketing: No report.

D. Human Resources: No report.

E. Architectural Review/CC & R's

a) Status of ARC reviews: Director Rischbieter reported that there was one plan that he could not agree that it had conformed to the CC & Rs. He also stated that there were a couple of paint reviews that did conform to the CC & Rs.

F. Facilities:

1) Long Range Planning Committee: Vice President Ryniec reported that the Committee is looking for approval from the Board to continue with their work.

Director Rischbieter made a motion that the Board approve the continuation of the Long Range Planning Committee based on the outline of their product and timeline that was presented last month and recognizing that no significant cost will incur without bringing it to the Board. Treasurer Rossi-Clay seconded the motion. The motion passed unanimously.

G. EPPOC: Vice President Ryniec reported that the Alpine Lake Construction Project has started. The lake drawdown will start in mid July and will be drawdown about half way by Labor Day and then they will start the construction project to fix the drain. He also reported that signs are now posted at the Logging Museum designating the Arnold Rim Trail.

9. Old Business: None.

10. New Business: None.

11. Member Comments: None.

12. Closed Session: President Hengel called for a Closed Session at 11:05 a.m.

- a) Foreclosure
- b) Exempt Lots

13. Open Session: President Hengel reconvened into Open Session at 12:10 p.m.

Out come of Closed Session:

The Board agreed unanimously to proceed with the foreclosure proceedings through the Association's collection agency against one owner of property in BLS.

The Board discussed the issue of exempt lots in detail for ½ hour with no action taken.

14. Adjournment: President Hengel adjourned the meeting at 12:10 p.m.

Respectfully Submitted:

Recording Secretary Marsha Hampton

Approved for Posting: July 18, 2009