

Approved Minutes of the Regular Meeting on November 21, 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 to order at 9:00 a.m.

- 1. Member/Guest Introductions:** Sal & Cindy Culcasi, Lot 104, Unit 11; Matt Salayko, Lot 114, Unit 8; Alice Hengel, Lot 127, Unit 2; Larry & Bobbi Haskell, Lot 731, Unit 5; Clint & Kaaren Babb, Lot 620, Unit 5; Larry & Marilyn Larson, Lot 119, Unit 13; Don & Mary Peterson, Lot 151, Unit 11; Norm & Anne Friberg, Lot 785, Unit 7; Bob Asher, Lot 468/469, Unit 3; Sheila Silcox, Lot 785, Unit 7; Don & Debbie Ruble; Sherry Tittle, Lot 12, Unit 1; Joe & Lucy Morgan, Lot 282, Unit 2; Ellie & Dan Wendin, Lot 400, Unit 3; John & Bev Vasquez, Lot 182, Unit 10; Joe & Gerda Schmitt, Lot 175, Unit 8; Luann Baugher, Lot 801, Unit 7; Dick & Claudette Lawlor, Lot 83, Unit 8; Art & Robin Blevins; Tom & Marie Jones, Lot 785, Unit 7; George Paul, Lot 140, Unit 11; Ed & Michele Stahlberg, Lot 128, Unit 10; Bob Blakeley, Lot 155, Unit 2; Barbara & Victoria Guevara, Lot 206, Unit 2.

Vice President Ryniec read the Member Participation Policy to the audience.

- 2. Member/Guest Forum:** Manager Abila read a letter from Ronald and Kathlene Martyn to the Board of Directors which is summarized as follows: The Board of Directors made the right decision by exempting second lots. Times are difficult and paying a greater amount than many that use the facilities is unjust.

George Paul responded that he objected to the statement just read. He stated that benefits are not limited to use of the facilities and that last year's Board of Directors violated the trust of the membership by voting to exempt lots.

Bev Vasquez read a statement to the Board of Directors which is summarized as follows: The Board of Directors over the last year have heard a sampling of a majority of homeowners that exempting lots from paying their fair share is unacceptable. The lawyer for BLS and the auditor for BLS concluded that all lots must pay dues. Continuing the pursuit of a different answer has and will cost the Association considerable amounts of money and time. I and a majority of members are here today to support the Board's vote in August that all lots will pay dues in 2010.

Director Logan requested that President Hengel ask the audience whether they were supporting exempting lots or not exempting lots. There was a majority, by hands raised, that the preference was all lots pay dues.

Dan Wendin stated that each ownership, whether improved or unimproved, benefits from being part of BLS.

Unimproved lots benefit from security and fire safety. A reasonably based dues structure can reflect different ownership and development status. One owner should not have to carry the burden for other owners. If every lot is not going to pay the same dues then a status analysis of all lots is required. Until then, the Association is obligated to set the dues the same for all lots.

**3. 2010 Budget:**

a) Review and Approval of 2010 Budget – draft Version 4R (revised) to be presented (Dues to be reviewed and approved separately): Treasurer Rossi-Clay reported that she has received revised information for the recreation department and the restaurant that is relevant to the budget.

Manager Abila interceded that the information that Treasurer Rossi-Clay is referring to is incorrect. The projected figures are not right.

Treasurer Rossi-Clay stated that the revised analysis shows a significant difference to what the Finance Committee was working with. The 2009 projection was the basis for the development of the 2010 Budget. She stated that if the numbers in Version 4 are incorrect then the rest of the Budget may also be flawed. Therefore, she was going to withdraw consideration of this Budget until this is worked out.

Manager Abila explained that the budget process starts in August so the actual figures to date are used and then projected figures are used for the rest of the year. He stated that he used 2008 actual figures but should have used 2009 projected figures.

**Vice President Ryniec made a motion to table the Budget until the December 19, 2009 meeting. Treasurer Rossi-Clay seconded the motion. The motion passed unanimously.**

b). Review and Approval of 2010 Membership Dues-proposals to be presented: Treasurer Rossi-Clay stated that a finite decision of an amount for dues should be tabled until the December meeting when final budget figures will be presented, however making a decision on the method of distribution would be acceptable.

Treasurer Rossi-Clay summarized the proposals presented from the Finance Committee as follows:  
Proposal #1: Equal Dues to all “Members” plus a \$1 surcharge to Members with more than one lot.

Proposal #2: Equal Dues to all “Lots”.

Proposal #3: Dues to be structured at 100% Developed, 75% Undeveloped, 50% Previously Exempt.

Larry Larson also shared a proposal for dues structure in which the extra undeveloped lots would be assessed to cover their proportionate share of expenses.

Secretary Tittle shared a proposal for dues structure in which all lots pay equal with the exception of multiple owned lots paying more in 2010.

President Hengel stated that several members expressed a desire to comment on the dues structure. A summary of their comments are summarized as follows:

Combined lots will allow for less people, less cars, etc., which is an asset to other members.

Everyone should be charged a full amount. When members purchased their lots they knew at the time what the fees were going to be.

Unintended consequences could happen when people start to manipulate the process resulting in even less revenue. Then other members have to make up the difference.

The Association has spent so much money researching this issue. It is time to get on with it.

Support a structure of different dues based on an analysis but for now stay with everyone pays equal dues in 2010 and then do analysis for the following year.

**Director Silcox made a motion that we adopt proposal #2 which is charging all lots the same amount. Secretary Tittle seconded the motion.**

Director Silcox proposed that next year the Board submit a tier structure to a tax attorney and find out if this would change our tax exempt status.

Vice President Ryniec asked for clarification on Proposal #2. He questioned whether this proposal addresses the Associate Member's fee. President Hengel stated that determination of the Associate Fee would be separate.

Director Rischbieter addressed two themes he had perceived from both sides of the assessment issue discussed above and is summarized as follows:

There is a potential for unattended consequences and there is a recurring theme of 'what things should be'. He stated that he remains adamant that the Board last year did not act arbitrarily but acted on the best available information. He further stated that this information has not been credibly reviewed, therefore taking any action that deviates from that may have unattended consequences. He suggested that the CC & Rs be amended so that it reads clearly what a lot owner's obligation is.

President Hengel responded by stating that the Board last year took action not based on any external source. The action was based on their own research. Subsequently, the Board obtained opinions from both the CPA and Attorney, both vendors of the Association and they both, in strong words, recommended not to exempt lots. He stated that he found their recommendation to be credible in refuting what the Board had done last year. He further stated that the Board should not take action based on fear. The Board may want to look at the wisdom of going taxable as an Association. In the meantime the Board should choose a dues structure.

Treasurer Rossi-Clay stated that she found no basis in the Association's Articles of Incorporation nor the CC & Rs or any of the Association's documents for charging certain members double and would not support that option.

Vice President Ryniec stated that he would support Proposal #2 from the standpoint that it would buy the Board another year to work on a tiered structure, a structure the Association has had for 30 years and one that he is comfortable with. He stated that in order to move forward Proposal #2 makes a lot of sense.

President Hengel called for the question: **President Hengel, aye; Vice President Ryniec, aye; Secretary Tittle aye; Treasurer Rossi-Clay, nay; Director Logan, aye; Director Rischbieter, nay; Director Silcox,**

**aye. The motion passed five to two.**

President Hengel stated that with the Proposal that just passed it becomes clear that the Associate Members should pay the same fee.

**Treasurer Rossi-Clay made a motion that the Associate Members pay the same fees as the members of developed and undeveloped lots. Secretary Tittle seconded the motion. The motion passed unanimously.**

c) Review draft proposal Dues Policy: Director Rischbieter explained the proposed Policy. He stated the concept of this policy is valuable and is open to editing but should be pursued next year. President Hengel recommended that any Dues Policy should be reviewed by an attorney.

#### **4. Approval of Minutes:**

a) Policy for Board of Directors Minutes-second reading: Two versions of a policy for Minutes was presented to the Board. A discussion took place about which policy best fits the goal of providing adequate Minutes for Association members.

**Director Silcox made a motion to adopt Policy 500-A-26, Board Minutes. Vice President Ryniec seconded the motion.**

There was a lengthy discussion about whether to vote on the Board Minutes Policy as presented in the above Motion at this meeting in light of the fact that Board Policies should be posted for Membership comment thirty days before voting takes place. Moreover, a second proposed policy was submitted for consideration.

Treasurer Rossi-Clay emphasized the importance of providing both proposed Board Minutes Policies on the internet, informing the Membership that the Board is considering adopting one of these two policies to be voted on at the next Board meeting.

**Director Silcox withdrew his motion.**

b) Review of "Member Information Format" Minutes Policy and review timeline: Discussed in Section 6.a).

c) Approval of August 15, 2009 Regular Meeting Minutes: **Director Rischbieter made a motion to adopt the corrected version, Version B of the August 15, 2009 Minutes. Treasurer Rossi-Clay seconded the motion. President Hengel, nay; Vice President Ryniec, nay; Secretary Tittle, nay; Treasurer Rossi-Clay, aye; Director Logan, nay; Director Rischbieter, aye; Director Silcox, nay. The motion did not pass with five nays and two ayes.**

**Director Silcox made a motion to approve Version A of the August 15, 2009 Minutes. Secretary Tittle seconded the motion.**

Treasurer Rossi-Clay stated that Version A omits very important information for the membership including information on a foreclosed property, clarification on Other Member Receivables, and disclosing the fact that the Management Report has a reportable condition as a finding. She stated that anything less than including this information in the Minutes is a snub at our fiduciary responsibilities to this membership. Vice President

Ryniec asked Treasurer Rossi-Clay if Version A of the Financial Report contained any numbers that were erroneous. Treasurer Rossi-Clay responded that the numbers are correct, though their presentation may be in error.

**President Hengel, aye; Vice President Ryniec, aye; Secretary Tittle, aye; Treasurer Rossi-Clay, nay; Director Logan, aye; Director Rischbieter, nay; Director Silcox, aye. The motion passed with five ayes and two nays.**

d) Approval of September 19, 2009 Regular Meeting Minutes: **Director Rischbieter made a motion to adopt the corrected Version B of the September 19, 2009 Minutes. Treasurer Rossi-Clay seconded the motion.**

Treasurer Rossi-Clay stated that there are several corrections and points in Version B that are necessary.

Vice President Ryniec informed the Board that he will be abstaining in this vote as he was not at the September 19, 2009 meeting.

**President Hengel, nay; Vice President Ryniec, abstained; Secretary Tittle, nay; Treasurer Rossi-Clay, aye; Director Rischbieter, aye; Director Logan, nay; Director Silcox, nay. The motion did not pass with four nays, two ayes, and one abstention.**

**Director Silcox made a motion to approve Version A of the September 19, 2009 Minutes. Secretary Tittle seconded the motion.**

There was more discussion about what should be in the Minutes, what should not be in the Minutes, what constitutes a correction and what defines an expansion of the Minutes.

**President Hengel, aye; Vice President Ryniec, abstention; Secretary Tittle, aye; Treasurer Rossi-Clay, nay; Director Logan, aye; Director Rischbieter, nay; Director Silcox, aye. The motion passed with four ayes, two nays and one abstention.**

e) Approval of October 17, 2009 Regular Meeting Minutes: **Treasurer Rossi-Clay made a motion to adopt corrected Version B of the October 17, 2009 Minutes. Director Rischbieter seconded the motion.**

Director Logan informed the Board that she will be abstaining in this vote as she was not at the October 17, 2009 meeting.

**President Hengel, nay; Vice President Ryniec, nay; Secretary Tittle, nay; Treasurer Rossi-Clay aye; Director Logan, abstention; Director Rischbieter, aye; Director Silcox, nay. The motion did not pass with four nays, two ayes and one abstention.**

**Secretary Tittle made a motion to approve Version A of the October 17, 2009 Minutes with a correction made in Section 3.c) Vice President Ryniec seconded the motion.**

**President Hengel, aye; Vice President Ryniec aye; Secretary Tittle, aye; Treasurer Rossi-Clay, nay; Director Logan, abstention; Director Rischbieter, nay; Director Silcox, aye. The motion passed with four ayes, two nays and one abstention.**

f) Adoption of Expanded Version of 8/8 Special Meeting Minutes: It was clarified that according to California Corp. Code 7211, an act or decision done or made by a majority of the Directors present at a meeting, in which a quorum is present is an act of the Board. The Articles or By Laws may not provide that a lesser vote than a majority of the Directors present at the meeting is an act of the Board. In others words to get a majority of the Directors present, (if there were six Directors) four votes are needed, not three.

**Director Rischbieter made a motion to adopt the Traditional Format Version, of the August 8, 2009 Special Meeting Minutes. Treasurer Rossi-Clay seconded the motion.**

**President Hengel, nay; Vice President Ryniec, nay; Secretary Tittle, nay; Treasurer Rossi-Clay aye; Director Logan, nay; Director Rischbieter aye; Director Silcox, nay. The motion did not pass with five nays and two ayes.**

**Director Silcox made a motion to adopt Version B of the August 8, 2009 Special Meeting Minutes. Secretary Tittle seconded the motion.**

**President Hengel aye; Vice President Ryniec, aye; Secretary Tittle, aye; Treasurer Rossi-Clay, nay; Director Logan, aye; Director Rischbieter, nay; Director Silcox, aye. The motion passed with five ayes and two nays.**

**5. President's Report:** No report.

**6. Manager's Report:**

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

All lakes have been drained. There is some silting which in turn is clogging up the value.

Purchase of the sound system will be deferred until 2010.

Fly In Lake parking lots have been sealed.

Paving of the Maintenance shop was completed.

A proposal for a Kiosk in the Cul-de-sac and use of daily wrist bands was presented.

**7. Member Forum:** Sal Culcasi read a statement to the Board and is summarized as follows:

Mr. Culcasi described an incident during the October 17, 2009 Board Meeting in which harsh words were exchanged between himself and a Board Director. Mr. Culcasi was displeased with the way the incident was handled by the Board President and requested that action be taken so this does not occur again.

Dan Lezotte commented on several issues including the budget (he agrees with postponing until next Meeting); wristbands (good idea); dues (encourages Board to go with higher amount); trees (builders should be required to remove logs within 24 to 48 hours); rentals (assess fines for garbage spills).

Director Rischbieter stated that the CC & Rs do not give the Association the authority to assess fines except

for removal of dead trees.

Kaaren Babb commended the Board for all the hard work that they do to represent us.

**8. Financial Report, Treasurer:**

a) Financial Statement Review for the 10 month period ended 10/31/09: Treasurer Rossi-Clay gave the following report:

The YTD financials show a shortfall for Income of \$49,000, but Expenditures are \$68,000 below the anticipated budgeted amount for a net income of \$50,500 verses a budget of \$31,000.

Most of the departments are under the budgeted amount in expenses. The Association is in good financial standing going into the end of the year.

b) Accounts Receivable Review-status of account reconciliations: Treasurer Rossi-Clay informed the Board that progress is being made with the completion of the reconciliation of the accounting program to the subsidiary ledger.

**9. Committee Reports:**

**A. Finance**

a) Meeting held 10/31/09 – The Minutes are included in the Board Book.

**B. Summer Recreation:** No report.

**C. Winter Recreation:** Board of Directors Information in the Board Book.

**D. Marketing:** Minutes of the November 5, 2009 meeting are included in the Board Book.

**E. Personnel:** See Closed Session.

**F. Architectural Review/CC & Rs:**

a) Status of ARC reviews: All plans have been reviewed with the exception of one plan that did not have an application form.

b) Revised ARC Policies: Director Rischbieter stated that he will have revised policies for the Board to review at the January meeting.

**G. Facilities:** No report.

**H. Long Range Planning Committee:** Vice President Ryniec reported that the committee should have some definitive ideas to bring to the Board in January.

**I. EPPOC:** No report.

**J. Tax Exempt Status:** No report.

**10. Old Business:** None.

**11. New Business:**

- a) Corrections to the "President's Message" in the Nov/Dec '09 Lodge Log and quality control of such: Treasurer Rossi-Clay stated that there are a couple of inclusions from the President's Message in the Nov/Dec. Lodge Log that concerns her. She stated that the Association is not bound by Robert's Rules of Order as implied in the President's Message. She further noted that in the past the Board reviewed the President's Message. The Board might want to consider that in the future.

**12. Member Comments:** Norm Friberg commended the volunteers for the many hours they spent decorating the lodge and for coming to many of the Board Meetings. He stated, "That's the spirit of BLS".

**13. Correspondence:** President Hengel stated that there are members who send in letters because they cannot attend the meetings. He stated that he is concerned that these letters tend to get buried and not discussed.

**14. Closed Session:** Approve recommendations of the Personnel Committee:

The Personnel Committee approved the following:

No COLA for employees in 2010.

The Health & Welfare cap for qualified employees will remain the same for 2010.

All full time and supervisory employees are eligible for health and dental benefits.

Modifications to policy 5002 Insurance Benefit were approved.

Upon completion of a satisfactory evaluation and evaluator's recommendation, employees may progress up to 20% within their salary range.

**15. Adjournment:** President Hengel adjourned the regular meeting at 12:50 p.m.

Respectfully Submitted,

Recording Secretary Marsha Hampton

Approved for Posting: December 19, 2009