

Approved Minutes of the Regular Meeting on October 17, 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 and Directors Doug Rischbieter and Roy Silcox.

DIRECTOR ABSENT: Angela Logan

General Manager: Tony Abila

Assistant General Manager: Marsha Hampton

President Hengel called the Regular Meeting to order at 9:02 a.m.

1. **Member/Guest Introduction:** Dick Lawlor, Lot 83, Unit 8; Norm & Anne Friborg, Lot 785, Unit 7; Sal Culcasi, Lot 104, Unit 11; Larry & Mariyln Larson, Lot 119, Unit 13; Jim Beckman, Lot 92, Unit 11; Sherry Tittle, Lot 12, Unit 1; John & Bev Vasquez, Lot 182, Unit 10; Michele Stahlberg, Lot 128, Unit 10; Guest: Russ Spear, Fly In Homes President.

2. **Member/Guest Forum:** No comments.

3. **Approval of Minutes:**

- a) Policy for Board of Directors Minutes: Director Silcox presented a draft for Policy 500-A-26, Board Minutes, to provide guidelines for Directors and Staff in the preparation of Board Minutes. He stated that he reviewed the Association's governing documents, specifically Davis-Stirling and Robert's Rules of Order in which he found them to be very specific in terms of what the Association should do as an organization when preparing Minutes. He reviewed the highlights of his proposed policy which included the following: Minutes should record what was done, not what was said; Minutes should not include names of guests who speak which could lead to potential lawsuits; if there is not a unanimous vote, the reasons why the vote was not unanimous should be summarized; there should not be a recording of the meeting by any other Board Members or Guests other than the Secretary or designated Recording Secretary; a draft of the Minutes must be available to the membership within 30 days of the meeting; it is not advisable to place the Minutes on the website but should be either posted or mailed to the membership.

Vice President Ryniec suggested moving the sentence that refers to 'a not unanimous decision by the Board, a summary of the reasons for the vote by each side should be included...', from the section 'What Should Not Be In The Minutes', to the section on 'What to Include'.

Treasurer Rossi-Clay clarified that some of the text of the proposed policy is not referenced in Davis/Stirling since Davis/Stirling only requires that the Minutes be taken and made available to the membership within a certain time frame.

She also indicated that some of the proposed policy references were from a law firm, which also states Minutes should reflect decisions and the reasons for those decisions. Noting that the majority

of our Members are non-resident and may rely on the Minutes to follow what is going on, she emphasized the importance of informative Minutes. She also stated that there is no requirement for the Board to follow Robert's Rules and clarified the reference in the BOD Guide referred to an old bylaw that is no longer applicable.

Treasurer Rossi-Clay stated that Robert's Rules of Order are also referenced in the proposed policy but according to Adams Kessler, strict adherence to Robert's Rules in a Board Meeting can be unwieldy.

Secretary Tittle stated that it is important to have criteria and rules to follow in forming and maintaining Board Minutes. There are many references available providing guidelines for creating Minutes, some of which contradict each other. He stated that what is important is to focus on which criteria we want to use. The proposed policy establishes a criteria taking guidelines set forth in Robert's Rules of Order which have been recommended by the Association's Guide for Board Directors.

Director Rischbieter stated that how the Minutes have been done the last several years has worked well, but he is concerned that the proposed policy is being represented as based on the Association's governing documents. He stated that very little in this policy is tied to or relate to the Association's governing documents.

Director Rischbieter stated that it was his perception that the reason for creating a policy was to give guidance to the staff but this proposed policy is so unwieldy as to be unworkable. He stated that a strict policy to disown people from their comments, whether it is Board Members or the public does not serve the membership. He further stated that because he felt that this proposed policy did not meet the Board's intentions, he drafted a one page policy that he asked the Board to review.

President Hengel stated that the process and format that had been used for many years had worked well. The Minutes were brought to the Board for approval. They would be corrected for grammar, but no substantive changes were made. He stated that his issue is that over the last year those Minutes are published and decimated to the Board Members early and then there are Board Members who enhance those Minutes by elaborating on what they remember as having gone on, which can and does allow personal biases to eke into the document. He stated that he would not have any problem going back to the format that was used in the past if the enhancements could be eliminated. If that cannot be done, then the Board should go with the basis of what Robert's Rules of Order suggests.

Treasurer Rossi-Clay stated that there were efforts to pare down the Minutes to such a degree that one could not recognize the meeting and it was difficult to find what was substantive that went into a discussion.

Treasurer Rossi-Clay commented that according to the Association's Attorney, a new policy must be sent out to the membership at least 30 days before voting on it.

Manager Abila stated that if you change a policy it must also go out to the membership 30 days before voting on it.

Director Silcox, in reference to Robert's Rules of Order questioned, why not use guidelines that have been in use for 100 years?

Director Rischbieter stated that most of the corrections in the Minutes are of omissions and a few are corrections of fact.

Vice President Ryniec stated that if the first set of Minutes he receives makes sense and captures the essence of the meeting he will approve those Minutes. He further stated that he is not going to read six sets of Minutes and then try to figure out whose points are valid and whose are not.

There was further discussion about whether the tapes of the Board Meetings should be retained or destroyed. Treasurer Rossi-Clay stated that she recommends that the tapes be retained. President Hengel stated that all recommendations are that the tapes not be saved; that they be saved through approval and adoption of the Minutes and then destroyed.

The Board agreed that Director Rischbieter's draft of his policy for Minutes will be included in the next Board packet.

- b) Approval of Draft August 8, 2009 Special Meeting Minutes: **Treasurer Rossi-Clay made a motion to approve Version C, the traditional full disclosure version of the August 8, 2009 Special Meeting Minutes. Director Rischbieter seconded the motion.**

Director Rischbieter stated that Version C serves the membership with the information, and it's consistent with the patterns that we have established as far as he is familiar with the proceedings of this organization.

President Hengel stated that in his opinion Version C contained a whole lot of perceptions that were not necessarily shared by others.

Vice President Ryniec stated that for someone who wasn't at the meeting, as he was not, Version C tells the best story of the three versions presented. It tells the most detail.

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

- c) Approval of August 8, 2009 Special Meeting Minutes that include arguments for 'yes' and arguments for 'no' vote: **Director Silcox made a motion to approve Version B that includes arguments for 'yes' and arguments for 'no' vote. Secretary Tittle seconded the motion.**

President Hengel stated that there is a correction in Version B. It should be inserted at the beginning of the Minutes that President Hengel called the Special Meeting to order at 9:00 a.m.

Treasurer Rossi-Clay commented that a statement under 'arguments for a 'yes' vote should have gone under the 'no' vote section.

Director Rischbieter commented that there were omissions and grammatical errors in the document that need to be corrected. He stated that these Minutes do not reflect what happened, and it does not do service for the membership of telling them the reasoning, and who stood for what.

President Hengel called for the vote: **Secretary Tittle, aye; Director Silcox, aye; President Hengel, aye; Vice President Ryniec, abstained; Treasurer Rossi-Clay, nay; Director Rischbieter, nay. The motion did not carry (did not achieve majority of Directors present).**

d) Approval of Traditional Full Disclosure Version of 8/8/09 Minutes: Voted on under 3.b.

e) Approval of August 15, 2009 Regular Meeting Minutes: **Director Rischbieter made a motion to approve Version C of the August 15, 2009 Minutes with two additional corrections. Treasurer Rossi-Clay seconded the motion.** President Hengel called for the vote: **Secretary Tittle, nay; Director Silcox, nay; President Hengel, nay; Treasurer Rossi-Clay aye; Director Rischbieter, aye; Vice President Ryniec, aye. The motion died with three ayes and three nays.**

President Hengel stated that these Minutes will be brought back to the Board after a policy for Board Minutes is passed.

f) Approval of September 19, 2009 Regular Meeting Minutes: **Director Silcox made a motion to approve Version A of the September 19, 2009 Minutes. Secretary Tittle seconded the motion.**

There was discussion about the accuracy of the September 19, 2009 Minutes.

Director Silcox reversed his motion. He stated that the only changes that should be made are for correction of fact and punctuation.

President Hengel directed staff to take the original September 19, 2009 Minutes and go through the red and blue edits for correction of fact for the next Board Meeting.

4. President's Report: No report.

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

a) Operations Review: Manager Abila introduced Russ Spear, Board President for Fly In Acres. The letter from Fly In Acres requesting extension of the ten year lease agreement was presented. Fly In Acres can extend the lease two more times.

Fly In Acres President Russ Spear informed the Board that the area below the lake will be cleaned up and picnic tables added. He invited the Blue Lake Springs members to use that area.

The Avery Transfer Station is now requiring ID to use the transfer station. Apparently our members were told that they could use their member card for identification. However, not all owners of property in Blue Lake Springs have membership cards. The County will need to work out a solution to the problems they have created with this new policy.

The contract for the 2009 audit with Mr. Maltese, CPA was presented for review.

All owners downstream from Fly Lake have been notified by letter that the lake will be drained.

The end of year recreation counts were presented. The number of members and guests using the facilities in 2009 were close to the number in 2008.

b) Purchase Sound System: **Treasurer Rossi-Clay made a motion that the Board approve the purchase of the sound system as provided in the meeting estimate. Secretary Tittle seconded the motion. The motion passed unanimously.**

c) Reserve Transfer for October, November, December 2009: Manager Abila stated that the Association may not meet the operating expenses this year, and he requested that as was done last year, the operating transfer to the reserve be put on hold just to have a safety catch there for expenses in October, November, and December. He further stated that in reviewing the reserve, the Association is properly funded.

Treasurer Rossi-Clay made a motion to delay October, November and December 2009 deposits to the Reserve pending determination of whether operating funds are sufficient to allot for this. President Hengel seconded the motion. The motion passed unanimously.

6. Member Forum: A member asked why it is not advisable to keep the tapes of meeting minutes. President Hengel responded that once the Minutes are approved the tapes are not kept because they are discoverable. It is just a general practice of Boards that keep Minutes.

Another member questioned why it has been so difficult for the Board to pass meeting minutes when the meetings are taped.

7. Financial Report, Treasurer:

a) Financial Statement Review for the nine month period ended 9/30/09: Treasurer Rossi-Clay gave the following report:

Treasurer Rossi-Clay stated that what is needed is a reconciliation of the receivables accounts listed on the balance sheet to those subsidiary systems. Once we have that we will be able to determine whether we have a reasonable amount in our allowance for doubtful accounts.

YTD month of September: The office staff noted on the cover sheet to the financials that the recreation Income Sales Taxable appears high but that is because of a correction that was done for Cost of Sales.

The YTD financials show \$857,000 in income versus the budgeted \$911,615, for a shortfall of \$54,000 attributable to these primary areas: The Association dues were over estimated; the restaurant income was over budgeted as was the snack bar income. Conversely, the expenditures are \$820,000 verses \$891,000 budgeted, for a desirable variance of \$71,000 resulting in a \$16,675 positive variance for the YTD.

There are no notable changes in the Reserve Fund.

- b) Accounts Receivable Review-status of account reconciliations and delinquent accounts:
Covered under 7.a).
- c) Investment Options-review an update from Edward Jones: Treasurer Rossi-Clay did not recommend any of the investment options from Edward Jones. She stated that none of the items are FDIC insured and one is triple A rated and the other two are double A rated. She stated that the Association should not be putting the principal at risk.

8. Committee Reports:

A. Finance

- a) Finance Meeting was held on 10/10/09
- b) Review 2010 Pro Forma Budget: The Pro Forma Budget was presented. **Director Rischbieter made a motion to approve the draft of the Pro Forma Budget Summary 2010 for distribution to the membership in the Lodge Log. Vice President Ryniec seconded the motion. The motion passed unanimously.**

President Hengel thanked Finance Committee member Larry Larson for his contribution to the building process of the Pro Forma Budget.

Treasurer Rossi-Clay stated that the Operating Budget and Reserve is still under process and will come to the full Board in November.

Treasurer Rossi-Clay informed the Board that the Summary Pro Forma as a comparison to the 2009 projected actuals are very close and since these numbers are reasonable it would be doing service to the membership to approve it. Comparison numbers were presented which showed the restaurant deficit increasing since 2002. It is estimated that the actual deficit in 2009 will be in excess of \$74,000. The deficit was budgeted for \$58,000. The recreation department had a \$76,000 deficit but they were budgeted for \$98,000 deficit. The 2010 Pro Forma Budget is providing for a restaurant deficit of \$74,000. It is important to note that the 2010 Pro Forma Budget is budgeting for the increased deficit.

Treasurer Rossi-Clay stated, "I hope the Board will ask the Finance Committee and insist that the Committee and Management and it self work on this to get a budget that is reasonable, that reduces cost, and can provide assurance to our membership that we are on top of it and that we are committed to doing the right thing."

Director Rischbieter stated that the Finance Committee had addressed this issue. He requested that the Human Resources Committee review the Finance Committee's suggestions on a priority basis so we can possibly capture some of those savings in the next fiscal year.

President Hengel requested the source numbers that led to Treasurer Rossi-Clay's analysis.

Vice President Ryniec stated that you have to look at the cost of the meal. What did it cost to produce a meal in 2002 and what does it cost today? Then you know where your costs are. Where are we spending all the money?

B. Summer Recreation: Covered under Manager's Report.

C. Winter Recreation: Secretary Tittle gave the following report:

The Holiday Brunch is scheduled for the Sunday of Thanksgiving Weekend.
Mo Ryniec confirmed that she does have a DJ for the New Year's Eve event.
We hope to have the DJ equipment that we are purchasing by then.
Casino night has been cancelled for October 2009.
A new bingo machine will be purchased.

D. Marketing: No report.

E. Personnel: President Hengel reported that the HR Committee will make the following recommendations: There will be no COLA or cost of living increase for staff this coming year because of the economic condition of the world; the health plan contribution is capped at \$500 per employee and it will be kept at that amount; the medical plan that is available to full time employees will be evaluated as there may be an opportunity to improve on that; funds will be available so that employees who are not at the top of their range may move along at a rate of 20% within that range based on a positive evaluation.

F. Architectural Review/CC & Rs:

- a) Status of ARC reviews: Director Rischbieter reported that all plans have been reviewed.
- b) Revised ARC policies: Director Rischbieter will bring this to the Agenda for the next meeting.

G. Facilities: No report.

H. Long Range Planning: Vice President Ryniec distributed a template to be used when Long Range Committee Members request funding for the \$5,000 that has been set aside by the Board. Ultimately there will be a binder for the Board which will include all the proposed projects.

Vice President Ryniec reported that there are three springs adjacent to the volleyball courts and those springs are creating a safety and health problem to the area. According to contractors underground piping is needed to redirect the water. The cost is about \$25,000. This is a high priority item due to the safety and health hazard. This request will be brought to the next Board Meeting to be included in the 2010 budget.

I. EPPOC: Vice President Ryniec reported that the lawsuit against Fish and Game for planting fish is coming to a conclusion. The White Pines Lake has been approved for planting.

9. Old Business:

- a) Employee and Independent Contractors: President Hengel reported that although it is not illegal to contract a job with a current employee, it is not a sound practice on a regular basis and management has agreed to not do so in the future.
- b) Request for Proposal for 2009 audit including Civil Code reporting requirements (deadlines):

Treasurer Rossi-Clay recommended to the Board that they send a proposal to more than one CPA. She stated that it is advisable to send a request for a proposal, not only to last year's CPA, but to local firms that could do the work. There are time limits per the civil code, of when we are to report to the membership the audited financials. In the past that had not been a problem, but this year the audited financials were not received in time to make that deadline. She further stated that there was other information that was not received in a timely manner.

President Hengel stated that he is concerned about the timing of this recommendation. The bulk of the auditor's initial work is in December. If we start inquiring about other auditors now we could have a problem with timing.

Director Silcox suggested doing research next year for CPAs that do audits for homeowners associations in this area.

It was agreed that the Board would continue with the current auditor and research other options next year.

Director Silcox made a motion to approve the contract with James Maltese, CPA, for the 2010 financial audit and to be signed off by President Hengel. Secretary Tittle seconded the motion. The motion passed unanimously.

10. New Business:

- a) Discuss assessment structure for 2010: Treasurer Rossi-Clay reported on the dues assessment structure that is proposed in Version Three of the 2010 Budget. Version Three Budget proposes dues for developed and undeveloped lots at \$396, the undeveloped extra lots which were exempt last year, at \$1.00 and the known combined lots, which as of the Finance Committee meeting there were four known ones, at \$0.00.

She proposed that the Board consider that it may benefit the Association and future Boards for a Policy to be developed that will provide guidance for consistent dues computation.

President Hengel stated that the dues structure should be a separate item from the budget for the Board to consider because last year it was woven into the Budget approval process and that began a whole lot of contention, what appeared, or was claimed by some to be a gross misunderstanding, and I would like to avoid that this year. The best way to avoid it, is to keep the two issues totally separate, voted on totally separately.

President Hengel reported that there are five different scenarios developed by Manager Abila and Finance Committee member, Larry Larson for the 2010 dues assessment. President Hengel requested that the Board evaluate each one to be discussed at the next Board Meeting.

11. Member Comments: No comments.

12. Correspondence: Sal Culcasi asked if his letter for the Lodge Log had been received. President Hengel assured him that it was.

13. Closed Session:

Director Rischbieter excused himself from the meeting at this point due to a previous engagement.

- a) Long Range Planning Committee: Tabled until next month.
- b) Personnel Claim: **Vice President Ryniec made a motion to deny an employee claim without guilt. Secretary Tittle seconded the motion. The motion passed unanimously.**

14. Adjournment: President Hengel adjourned the meeting at 12:35 p.m.

Respectfully Submitted,
Recording Secretary Marsha Hampton
Approved for Posting: November 21, 2009