

Approved Minutes of the Regular Meeting on November 20, 2010

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

DIRECTORS PRESENT: President Roy Silcox, Vice President Frank Hengel, Treasurer Ed Stahlberg, Secretary Mary Peterson, Directors Dave Ryniec and Harry Tittle.

General Manager: Tony Abila, absent

Assistant General Manager: Marsha Hampton

Introduction of Members: Five members attended the Board Meeting

1. Member/Guest Forum: No comments.

2. Approval of Minutes: Vice President Hengel made a motion to approve the October 16, 2010 Minutes. Director Tittle seconded the motion. The motion passed unanimously.

3. President's Report: President Silcox thanked Harry and Sherry Tittle for the wonderful job they did with the Monte Carlo Night event.

4. Manager's Report:

a) Operations Review: In Manager Abila's absence, the Board reviewed the following items:

The Association was levied an increased premium to State Workers Compensation when the policy was renewed in October.

The footbridge at Fly In Lake is in the process of being installed, weather permitting.

b) Consider selling the 1997 Ford Ranger. The Ford Ranger maintenance vehicle is in need of major repair which is more costly than the vehicle is worth.

Vice President Hengel made a motion to sell the 1997 Ford Ranger truck. Treasurer Stahlberg seconded the motion. The motion passed unanimously.

A new menu will be forthcoming and will be included in the Jan/Feb. Lodge Log.

5. Treasurer's Report: Treasurer Stahlberg gave the following report:

a) Financial Review YTD: Administrative expenses for October were 57% over budget due to the timing of the Lodge Log expenses and \$830 in unbudgeted legal fees. Utilities were over budget by \$800. The restaurant income in October was \$6,800 or 70% over budget. The restaurant counts have increased and are above average in October. The restaurant expenses were \$4,400 or 26% over budget. The restaurant operated at \$2,400 to the good in October. YTD the restaurant income was \$1,300 over budget and expenses were \$12,500 over budget for a net loss of \$11,200. As stated in the September financial report, \$6,000 of the expenses are from an employee settlement in 2009 and paid in 2010. There was also an increase in workmen's compensation premium amounting to \$1,000 over budget in restaurant expenses.

6. Committee Reports:

A. Finance: Will be discussed under Old Business.

B. Summer Recreation: No report.

C. Winter Recreation: No report.

D. Personnel: No report.

E. Architectural Review:

a) Status of ARC reviews: Vice President Hengel reported that there is only one application and it is still being reviewed.

F. Facilities: No report.

G. Long Range Planning: No report.

H. EPPOC: Director Tittle gave the following report: Steve Baran from USFS stated that several campgrounds have been upgraded. Union and Utica campgrounds were undeveloped and are being converted to developed. Tim Tate from SPI stated that they have a 100 year plan on file that ensures logging at a sustainable level. He also stated that he had to close some roads he would not have normally closed due to road damage from vehicles. The access policy for SPI is that even on gated roads, if you are on foot, bicycle or horses the public is welcomed. Merita Callaway explained that a subdivision may have a no-burn policy, but it is up to the HOA to enforce it. CalFire and EPFD will not enforce HOA regulations.

7. Old Business:

a) Authorize Treasurer and Assn. CPA to file form 1120H with the IRS for the 2010 tax year: Treasurer Stahlberg explained that the Association Attorney and the Association CPA and Tax Advisor, who specializes in homeowner's associations recommends that Blue Lake Springs change its tax status from a social club to a full homeowner's association beginning with the current year 2010. This recommendation is based on how we now operate and our need to be able to enforce our CC & Rs. As for tax liability, the CPA estimates the change would be only a few hundred dollars a year more in taxes and we will be able to enforce our CC & Rs. The attorney also indicated implementing a tax status change does not need a membership vote, and is part of the normal administrative function of a Board of Directors. Treasurer Stahlberg further explained that there are a number of options available to HOAs and the following motion allows for additional research to determine which tax status option is most viable for our operation.

Treasurer Stahlberg made a motion that the Board of Directors authorize the General Manager and Treasurer to work with our CPA to determine the most appropriate tax filing for 2010. Director Tittle seconded the motion. The motion passed unanimously.

8. New Business:

a) Consider entering into a contract with the Association Attorney for the purpose of updating and

revising the Association's CC & Rs: President Silcox explained that the Association's CC & Rs have not been reviewed for over 15 years. The By Laws were revised two years ago and the CC & Rs need the same review and revision due to changing laws and ambiguities that exist in the current CC & Rs.

Vice President Hengel made a motion to enter into a contract with the Association's Attorney for the purpose of updating and revising the CC & Rs for a fee of approximately \$10,000. Director Tittle seconded the motion. The motion passed unanimously.

Committee Reports continued

A. Finance: Treasurer Stahlberg gave the following report for the Finance Committee:

With a goal of keeping the 2011 annual dues per lot at the same amount as 2010, some areas of savings were realized, however the increases in expenses far outweighed the savings found. Therefore, the 2011 budget is based on a dues per lot of \$405 or a 8.58% increase over 2010. The increase for the 2011 budget is due to a number of factors which include: a 44% increase in Worker's Compensation Insurance which amounts to an additional \$31,443 expense for 2011; a reduction in dues income projected at \$20,500 for anticipated 2011 delinquent member accounts; a decrease in interest received from investment accounts; decrease in advertising income from the Lodge Log; the legal expense line item was under budgeted for 2010 and with the anticipation of significant additional legal costs the line item has been increased \$11,000. The budget also allows for completing the \$30,000 of postponed 2010 projects and \$5,000 for the Long Range Budget Committee to make their project recommendation presentation needed for the 2011 annual meeting.

Additional money will not be placed in the Reserve Account for 2011. However, \$25,008 borrowed from the reserve account in 2009 will be repaid.

Also, the Finance Committee members were thanked for the many hours they spent on developing the 2011 budget.

Secretary Peterson made a motion to approve the Pro Forma Budget and the Reserve Funding Disclosure Summary for 2011. Vice President Hengel seconded the motion. The motion passed unanimously.

9. Member Comments/Forum: A member complimented Director Ryniec on the excellent work he has done as the Coordinator of the VIP program.

10. Closed Session:

a) Consider moving two delinquent assessments to the Bad Debt account: **A motion was made and approved to move two delinquent assessments to the Bad Debt Account.**

11. Adjournment: President Silcox adjourned the meeting at 10:30 a.m.

Respectfully Submitted:

Recording Secretary Marsha Hampton

Approved for Posting: December 18, 2010