

Approved Minutes of the Regular Meeting on October 17, 2015

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

**Directors Present:** President Kevin Andel, Vice President Michele Stahlberg, Treasurer Mike McAtee, Secretary Linda Penney, Directors Jimmy Cooke, Bob Podesta and Chris Gosswiller.

General Manager Tony Abila            Assistant General Manager Marsha Hampton

President Andel called the meeting to order at 9:00 a.m.

1. **Member/Guest Introductions:** Four members attended the meeting.
2. **Member/Guest Comments:** One member was interested in getting information about the Bark Beetle. Another member wanted to thank BLS for the communications sent out during the Butte Fire.
3. **Consent Agenda:**
  - a) Approval of Minutes of the September 26, 2015 Regular Meeting.  
**Secretary Penney made a motion to approve the Minutes of the September 26, 2015 Regular Meeting. Director Gosswiller seconded the motion. The motion passed unanimously.**
4. **President's Report:** President Andel gave the following report:

This month we will review, and possibly approve, the 2016 Budget. This is a culmination of several months' work and many hours dedicated by our Treasurer, Mike McAtee, and his Finance Committee. This is another great example of how volunteerism makes this HOA operate so efficiently.

I am very impressed by the work produced. We now have a full thirty year look at our Assets and the Reserve Fund. Our association has a fully documented list of all owned assets, the year we anticipate they will need to be replaced and the cost to do so. This work has allowed us to develop a thirty year look at our Reserve Account as well. I mentioned at the annual meeting, and at several board meetings, that this work was one of my top priorities. The initial work revealed that at our current rate of Reserve funding we would actually run out of money in 2024. This is clearly not an acceptable position for an Association our size, or any Association, for that matter. This budget and it's forward looking Reserve Account funding plan will assure us that we will not run into that problem.

The Committee took a very careful approach to what this year's annual assessment should be by building a plan that keeps us funded to meet Davis-Stirling requirements. Understanding a

dramatic jump in assessments can be difficult for some to handle, the Committee took an approach that will raise member annual assessments, and if no unforeseen large expenses, at a more gradual rate than first proposed. We'll hear more about all of the Finance work later in the meeting.

I also want to thank the committee leaders and volunteers working on various efforts such as, Long Range Planning, New Year's Party, Holiday Brunch, Monthly Potluck's and Texas Hold 'Em. And I have to mention this evening's Murder Mystery night! There are so many activities continually going on at our HOA and as I mentioned earlier, this is all because we have people willing to dig in and offer their time and skills. Thanks to each and every one of you.

Some more good news, the bathroom remodel has started at Fly in Lake. It will be fun to watch the progress and kudo's to GM Tony and Maintenance Manager, Marc. By utilizing the skills of our maintenance team we are able to do a great deal of the work ourselves. This is a tremendous cost saver and ultimately the best use of our member's money.

I can't go without thanking Pete Padelford and his team of volunteers. I don't know how he keeps everything organized when you look at the VIP Program (again, 40+ volunteers), working through the Grant that will cut a firebreak around the perimeter of BLS and the time spent with all of the dead trees. Fantastic job!

I'll close by expressing my sorrow at the news one of our members losing his cabin to a fire in late September. We again saw our local firefighters do a great job by keeping the fire to a single residence and no injuries. For that we are all grateful.

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

A trailer parked in Unit 12 is not in violation of the CC &Rs. The trailer is being used for lot cleaning.

The Association litigation cost for the lawsuit to date is now \$30,000. The court date is still scheduled for February 2016.

Chubb Insurance coverage is still pending further correspondence.

Lake levels continue to drop. Management was informed of a blue green algae that has been reported to be very dangerous that have appeared in some bodies of water. Staff inspected both lakes and find no sign of this type of algae.

Staff has almost completed the removal of the roof at the Fly-in Lake restrooms. Trusses for the roof will be ordered next week.

The Grant Writer for the dredging project at Fly-in Lake will be sending a report on Friday. Obtaining a grant for this project will help alleviate the necessity of drawing money from the BLS Reserve Fund.

Two bids were presented for the removal of the thirty dead trees on BLS property.

**Treasurer McAtee made a motion to accept the bid from A-1 Land Management in the amount of \$14,408. Director Podesta seconded the motion. The motion passed unanimously.** Removal of the trees will start in two to three weeks.

Snowflake Lodge Restaurant was closed on September 11<sup>th</sup> & 12<sup>th</sup> due to the Butte Fire.

## **6. Treasurer's Report:**

a) Financial Review YTD: Treasurer McAtee gave the following report:

YTD income is \$1,063,561 or 0.1% better than the budgeted amount. YTD expenses are \$996,621 or (3.6%) under the budgeted amount. YTD net profit was \$38,587 or 136.1% better than the budgeted amount. Maintenance YTD was over the budgeted amount due to the many projects completed this year. Legal expenses were over the budgeted amount due to the suit brought by a member. Restaurant P/L was better than the budgeted amount by \$27,472.

## **7. Committee Reports:**

### **A. Finance:**

a) Acceptance of 2016 Budget, Summary ProForma & 2016 Reserve Budget:

Treasurer McAtee provided the following report from the Finance Meetings:

BLSHOA Finance Committee Members:

Mike McAtee - Chairman, Chris Gosswiller, Bob Podesta, Ed Stahlberg, and Kevin Andel - HOA President, Tony Abila - GM, Guest: Jimmie Cooke - BLS Board Member.

At this month's Finance Committee meeting we finalized the HOA's 2016 Budget and Asset Reserve Review. This process has been a long but rewarding one that included seven committee meetings over about two months, and countless recasts of both the Budget and the Asset Review. I want to thank all of the committee members for their time and for their dedication to the process of coming up with a twenty-year budget template and thirty-year Asset Reserve Review that is as accurate as possible and will simplify our budget preparation process in coming years.

The process involved physically reviewing all of the HOA's assets, determining their value, asset life and amount of funds that must be reserved every year in order to replace or repair them over the next thirty years. This is a living document that will be revised annually in order to insure that we continue to comply with state law and have adequate reserves going forward. In the budget review process, each line item, both income and expense, for every department was reviewed, discussed and re-reviewed, until the committee was satisfied that they reflect what will occur in 2016 as accurately as possible.

As a result of these reviews we found the following:

- For many years the HOA has been under-funding our asset reserves to the point where if we do not take immediate action our entire asset reserve fund will be totally depleted within a very few years. To correct this will require an immediate increase the reserves from the current annual contribution of \$67,000 to \$100,000.

- For the coming year the HOA will experience significant cost increases: The new minimum wage increase will result in a 11% overall increase in our labor component, another 11% increase in the costs of products and services provided by our vendors, and a 10% increase in food costs.
- The law suit will require the expenditure of \$60,000 from our operational reserves, and the removal of dead trees will cost up to \$45,000.

Consequently the committee is recommending a 14% increase in our annual assessment from \$478.00 per lot to \$545.00, an increase of \$67. While this is a large annual increase, it should be noted that the 2016 budget is a bare bones budget that does not allow for a great deal of deviation. The committee has also decided to request that the board approve the 2016 budget at the October 17, 2015 board meeting, instead of in November, so that our administration has the time to prepare all of the necessary documentation and get it out to our members by the end of November.

**Director Podesta made a motion to accept the 2016 BLSHOA Budget. Secretary Penney seconded the motion. The motion passed unanimously.**

**Director Podesta made a motion to accept the 2016 Summary ProForma. Vice-President Stahlberg seconded the motion. The motion passed unanimously.**

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

**C. Events Committee:** Vice-President Stahlberg thanked Lodge Manager Meyer for itemizing, cataloging and documenting all the Events Committee decorations. She also thanked Louise Cooke, Debbie Kushnir and Phyllis Rich for their help in this huge project.

**D. Architectural Review:** No report.

**E. Long Range Planning:** On October 16, 2015 the Committee did a complete tour of the BLS facility including Fly-in Lake. It was noted that the dead & dying trees adjacent to the Lodge will need to be removed. There was a discussion about using that area for overflow parking. Manager Abila will get the cost estimate to grade the area. The repair and/or remodel of the amphitheater was discussed. Improvements at Fly-in Lake were also discussed. The goal is to make continuous improvements at Fly-in Lake without major expenditures.

**F. Snowflake Lodge:** No report.

**G. Special Projects:** No report.

**H. VIP:** VIP Coordinator Pete Padelford supplied an indepth report on several issues facing Arnold due to the drought conditions and the consequences of the Butte Fire. With all the dead trees in Arnold, Tree Fallers are booked. There is also the problem of what to do with the wood. The lumber mills are not accepting anymore wood at this time. The wood from the Butte Fire will exacerbate the situation. President Andel thanked Pete for all the work that he has done, and is doing, in such an incredibly difficult situation.

**8. Old Business:**

- a) Update on member legal litigation on Assessment Dispute. No update at this time.

**9. New Business:**

a) Consider approval of dead tree bids: Approval done under Manager's Report.

b) Addition to Policy 500A-17, Reserve Component Protocol:

The Board agreed with the addition to the existing Policy to insure that the Reserve Fund is adequately funded in the future. The Policy will be posted on the BLS Website.

**10. Member Comments:** A member brought up his concern about the work load of the VIP Coordinator Position. The 'volunteer' position has turned into a fulltime job due to all the issues brought on by the drought, bark beetle and dead trees. The Board agreed that this is something that needs to be addressed and Management is already working on a plan.

A new member stated he was impressed with the 'forward thinking' of the Board.

**11. Correspondence:** None.

**12. Closed Session:**

a) Delinquent Accounts: No discussion.

b) Legal: A legal matter was discussed.

c) Personnel: No discussion.

**13. Open Session:** No actions or items to discuss.

**14. Adjournment:** President Andel adjourned the meeting at 11:27 a.m.

Respectfully submitted,  
Recording Secretary Marsha Hampton  
Approved for Posting: November 21, 2015