

Draft minutes of the regular Board of Directors meeting October 20, 2018

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

1. **Call to order:** 9:00am
2. **Roll Call:** Directors Present: President Mike McAtee, Vice President Bev Vasquez, Treasurer Bruce Utter, and Directors Doug Hjelmhaug, and Steve Pollock Absent: Director Guy Pollak and Secretary Denny Clemens
Staff Present:
General Manager- Tony Abila
Assistant General Manager- Amber Meyer
3. **Member/Guest Introduction:** Members from the following lot/unit numbers attended the meeting: 002-01, 003-01, 739-05, 661-05, 269-02, 120-02, 230-02, 021-01, 022-01, 004-08, 011-09
4. **Member/Guest comments:** Several members commented on their concern over the potential RV storage at Russel and Moran Rd. President McAtee assured those in attendance that the subject was discussed and placed on the member survey to get feedback, but at no time now nor in the future are there plans to put an RV and Boat storage at that location. Member commented on where the progress of the lodge generator is. President McAtee reported the association has received a bid. Questions were presented regarding the Violation and Finning Policy, and whether people are being fined and if those fines are being paid. Questions were asked regarding set backs on properties.
5. **Approval of Minutes of the Regular Board Meeting September 15, 2018 meeting:**

Treasurer Utter motioned to approve the minutes for the September 15, 2018 meeting. Vice President Vasquez seconded the motion. The motion passed unanimously.

6. Presidents Report: President McAtee gave the following report:

Good morning fellow board members.

Last Saturday our HOA hosted a community meeting with representatives from PG&E to discuss their marking, trimming and removing trees under their power lines.

Approximately 60 people from all over the area attended the meeting. While many of the attendees got their personal questions answered, many wanted more information about PG&E's overall plans that the representatives were prepared to discuss, so these people were not satisfied with the information provided. We have informed PG&E that if they wish to hold another meeting to discuss their overall plans regarding power lines, fire prevention and vegetation removal, our HOA would be willing to host them again. Blue Lake Springs Mutual Water Company has begun its water line replacement project in our community. This project got off to a rocky start when the contractor attempted to store their materials on our property on Russell Dr. and Moran Rd. It took quick action by GM. Tony Albia to convince the construction company to move the materials off our property. As most of you are aware, BLSMWC declined our offer to rent our property at Moran Rd.

and Russell Dr., or a portion of our new property near Fly-In Lake to store their materials. Instead, this week they rented a property owned by the Ebbetts Pass Fire District near their Volunteer Fire Station on Moran Rd. near Pine Brook Lake. Tony Abila, Dave Hicks, and the construction company manager have agreed to have regular meetings going forward in order to coordinate road closures and storage of materials on our roads. Under the heading that stupid rumors will never cease, the HOA is still receiving complaint letters from residents living near Russell Rd. who are protesting the rumor that the HOA plans to permit BLSMWC to build an RV park on our property at Moran Rd. and Russell Dr. This is even after we wrote a denial about the project in last month's Lodge Log. BLSMWC has zero interest in building an RV park anywhere, and our only interest was a question in our member's survey sent out last month about establishing a small RV park for members to help members get their vehicles off our roads. Our finance committee has finalized our budget for 2019 one month early. You will hear more about that in the Finance Committee report this morning. Treasurer Bruce Utter will be presenting the budget for board approval so that we can send out our annual member financial disclosure and the bills for the 2019 Annual Assessment. We are going to have a number of interesting things going on this winter like possibly dredging the cove at Fly-In Lake. Stay tuned for more information as the time nears. Mike McAtee BLSHA President

7. Manager's Report: Manager Abila reported

- Annual Employee performance reviews have started and will be completed for the November Board of Directors meeting.
- Over the next several months GM will be submitting updates to association policies section 500-A's for review and approval. These updates will include new law changes and clarifications needed. Included in this month's Board Book is Policy 500-A-37 Opt-In Association Garbage Spill Cleanup Program.
- Fly-In Lake- Waiting on contractor to return to continue working around the edge of property. Disc Golf baskets will be purchased in 2019 budget cycle. Fly in lake will be drained at the end of next week contingent on CAL FIRE. If the fire danger is still high in the area, we will need to hold off.
- Lodge Lake- Well #2 is not producing the correct amount of pressure to irrigate the facilities. Contact with Tanko Brothers has been made, and we are currently waiting on them to come and see why we are having issues with pressure. There could be a blockage in the main line coming from well 2, or there may be a crack in the mainline. All systems have been shut down at this time. With the cooler weather this should not present too much of a problem. If needed, we will divert water from well 4 into the system.
- Amphitheater Project- Last stages of project are near completion.
- Lodge Generator: New bid received to run just refrigeration so as not to have product loss in the event of a power outage
- Food Service: September was steady for the restaurant as far as dining, and the lodge also hosted the Quilters retreat for a week at the end of the month. Overall a very solid month for food service.
- Delinquent Accounts: Progress has been made in collecting from delinquent accounts. The amount still past due is the lowest it has been in many years.

8. Treasurers Report:

Financial Review: Treasurer Utter reported YTD income is 1.3% above budget. YTD Expenses are about 6.4% over budget lead by maintenance and utilities. In September the restaurant turned its first profit at \$2406.

9. Committee Reports:

A. Finance: Treasurer Utter reported the following 2019 Budget Presentation to the Board: “Managing our BLSHOA annual budget is our greatest fiduciary responsibility, and is managed with the greatest care and respect. Accordingly, the Finance Committee is pleased to present the attached budget to the Board for its review and approval. We are recommending that the annual assessment be increased from its present value of \$714 to \$735, an increase of 3% over 2018, and the smallest increase in assessments since 2012. This modest increase is despite a California State mandated minimum wage increase of 9.1% in 2019, which affects all of the labor costs in our HOA. We plan to mitigate this increased expense through careful management of overtime, a reduction in capital improvement and operating expenditures compared to 2018, some reduced expenses related to our ongoing lawsuit by one of our members, and other cost reduction efforts. We plan to fund out Major Asset Reserve Accounts in accordance with the policies outlined in 500-A-17 and 500-A-35. More detail is provided below. Asset Reserves- BLSHOA Policy 500-A-17, revised October of 2017, establishes the goal of our Asset Reserve Account reaching 50% of our major asset value no later than 2027, and hopefully sooner. A large part of the 18% increase in last year’s assessment was to make significant steps in accomplishing this goal. With this step increase last year, increase in the remaining years of our plan should be more modest, in the range of 2-3% per year. Our projected percentage for the end of 2018 is 21% funding, and our budget numbers for 2019 should bring us to 26%. This is in line with the plan outlined in 500-A-17. Operating Reserves- Operating reserves are used to fund all asset components of less than \$1000 in value. Our operating reserve fund target is 5%, in line with Policy 500-A-35. Our 2019 Budget shows \$94,088, 5% of operating expenditures in 2019. Legal Expenses- In June of this year, Calaveras County Superior Court ruled in favor of the HOA on all counts in the lawsuit by one of our members. The court also ruled that attorney fees and court costs of \$263,362.97 be awarded to the HOA. However, the litigant has appealed the case, and the appeal process is expected to take between 12 and 18 months. In 2018, we budgeted \$100K for legal expenses. With the costs of the trial taking place this year, our actual expenses will exceed this number by about 20%. In 2019 we have once again budgeted \$100K for legal expenses. We believe this is conservative in that it is unlikely that the appeal will be heard in 2019, and that even if it is, our costs for the appeal should be somewhat less than the costs for the original trial. Additionally, we incurred nearly \$27K in Accounting services in preparation for the trial. We have budgeted only \$7500 for Accounting Services in 2019, a savings of nearly \$20K. Cost of Amenities- In 2019, our budgeted net cost of Recreation is \$78,945. Our budgeted net cost of Snowflake Restaurant and our Snack Bar is \$96,564. Delinquent Accounts- In order to make it easier for our members to pay their assessments, and in an effort to reduce the balance of delinquent accounts, in March of this year the Board approved a policy allowing assessments be paid in installments. As a result of this and a more aggressive collection policy, 2018

delinquent accounts were reduced from a value of \$64,974 and 91 properties at the end of May, to just \$3570 and 5 properties in mid-October.” The Pro-Forma, as well as a summary of the above will be sent to members with the 2019 Assessment billing.

B. Summer Recreation: Director Hjelmhaug reported the Board should look at putting restrictions on the size of inflatables at fly-in lake, as they are becoming a safety hazard.

C. Events Committee: Vice President Vasquez reported at the last meeting of the Events committee details for tonight’s Oktoberfest were worked out, as well as a theme for NYE was established. “Countdown to Midnight” will be the theme of the 2018 New Year’s Eve Party. Vice President Vasquez reported the new configuration of the events committee has been less stress and running smoothly.

D. Architectural Review: 1 Fence Approval

E. Facilities/ Long Range Planning: The LRPC members physically inspected the BLS lot located at HWY 4 and Moran Road. Members discussed possible future plans and cleanup of the lot. Committee members also inspected the BLS property located at Fly In Lake. Members walked the property to view improvements that have been made and future improvements. Disc golf and the walking trail will be completed in 2019.

Suggestions were made for additional picnic areas and beach areas for the membership.

A suggestion was made to add additional exercise equipment to the BLS gym due to increased usage by the membership. Tony will do additional research on this topic.

F. EPPOC: Director Pollock attended the meeting and reported the following: A meeting of the HOAs along the highway 4 corridor and he attended the meeting on October 5th. Various representatives from local law enforcement were present and spoke on closing streets should there be an emergency such as a fire. There was discussion on speeding through Arnold, and the CHP will be doing their best to monitor the area more.

G. Fire Prevention Program: October has gotten off to a great start. We have over 20 applications awaiting CALFIRE approval for the Tree Mortality Grant, about 15 applications awaiting Pete Padelford's 2nd inspections, and 4 new applications awaiting Pete's 1st inspection. We are using up the grant, but there is still room for more applications. We should have no problem using all of the grant monies by March 2019. PG&E has stated that they will be removing all of the logs in the setbacks in BLS. These are the logs we have been looking at for 2 years now. My biggest worry is that some of the logs they have cut are not in the setback. Even though those logs are not near power lines, they were still taken down by PG&E. We are currently awaiting a response from PG&E to get answers to 10 key questions that we believe the homeowners must know the answers to. Here are those questions we are asking PG&E to answer:

- 1) What do the markings on the standing trees mean? We see yellow x's, red dots, yellow dots and so on.
- 2) What do the markings on the downed logs mean? We see "C" and "R" quite a bit.
- 3) Does the homeowner have the right to refuse the removal of the trees?
- 4) Is there a liability issue if the homeowner refuses the removal of the trees?
- 5) We have been told that the trees would be removed within one week after taken down. Does this mean 1 week after each tree, or 1 week after all the trees are felled in Blue Lake Springs?
- 6) We have heard that PG&E will be removing all the logs still in the setbacks and on properties from the last 2 years. Is this true, if so, when?

- 7) Will PG&E be driving around every street looking for their logs, or would you like a list of all logs in the setback and on properties, that need to be removed?
- 8) What is the best number to call if a homeowner needs to make a claim about damage to their driveway?
- 9) Homeowners want to know if PG&E will be cutting the stumps to 6 inches or lower from the ground. They see quite a few unusually tall stumps.
- 10) How should homeowners let PG&E know if they want to keep the wood for firewood? Is there a special number to call?

We were hoping that these simple questions would be answered during the PG&E BLS meeting last Saturday. Unfortunately, none of these questions were answered. We came across a PG&E crew in BLS and asked them what the markings on the trees mean. The crew told us that a "X" on a standing tree means that tree is coming down whether the homeowner approves or not. Those trees are too close (in PG&E's opinion) to the power lines. We also found out that the markings, on logs on the ground, are as follows. If you see a "C" on the logs, that means that PG&E was requested to "C"ut those logs into firewood for the homeowner. If you see a "R" on the logs, that means PG&E was requested to "R"emove the logs after the tree is felled. However, we have still not found out what the red dots mean. We are still waiting for Tom Smith at PG&E to answer these questions. Please let the office know if the Board has any other questions not listed here in this report.

Our VIP efforts have doubled in the last 30 days as well. We now have our full-time residents, who are VIP's, actively looking at properties for major violations. They are also calling in garbage spills and any other problems they see around BLS. Please call the office and let us know what issues you see when driving or walking around BLS, so we can take care of the issues. Jimmy Cooke and I had a meeting with Captain Steve Hewlett at the end of September. In that meeting, we learned that CALFIRE is citing homeowners aggressively. They have already issued over 40 citations in Arnold. Unfortunately, they could not give us an answer on how many were in BLS. CALFIRE is currently looking on how to fix some of the bugs in the new inspection process. We are also going to add a PRC4291 document to all new homeowner packages. We get a lot of new homeowners who say they had no idea that they had to clean 12 months a year, and most new homeowners do not know what a 100ft defensible space means. Any and all information we can give them would be helpful. It would also be beneficial to have a table, in the back, of all large homeowner meetings. A table where they can come and ask any questions they might have on PRC4291, and be able to sign up for VIP work.

September through November is a dangerous time for fires. We need to continue being aggressive in making sure PG&E does what they say they will do, and keep looking for properties that are not compliant with PRC4291.

Thank you, Thomas Hein BLS Fire Safety

VIP Coordinator Cooke reported the status of the tree mortality grant. Jimmy Cooke also reported he is looking to follow up on the properties the HOA submitted to CAL FIRE to see where they lie in the citation process. Mr. Cooke also asked that information regarding PRC 4291 be included in the New Homeowners Packet. There will also be information sent out with one of the Association mailings. There was discussion on compliance and non-compliance within the subdivision, and what the repercussions would be to those homeowners that continue to ignore the rules. With this being the first

year the Violation and Fining policy has been a part of the Associations enforcement tactics, there is a process that needs to be followed in order to reach the actual fining of Homeowners. Mr. Cooke concluded with reading an email with the answers to the questions the HOA submitted to PG&E. The responses will be sent to the Homeowners via email blast.

10. Old Business: Update on sale of excess lots: No update.

Senate Bill 1265: The Governor vetoed the bill

Garbage Spills & Fining policy: The Board was provided with proposed Opt-In Association Garbage Spill Cleanup Policy 500-A-37. It was explained that after Management contacted the Association Attorney regarding changing the bylaws to include a garbage policy (which would only take a simple majority of the membership to pass), that the HOA would actually need to change the CC&Rs to include such a policy, which requires 61% of the membership to vote. Historically the Association only gets 30% of a vote at any time. The Board received an “opt-in” policy written by Management as an alternative, which has also been approved by the Associations Legal Counsel. Members would have to opt in to a clean-up program, which would include the association sending staff to clean the spill and charge the member. It is not a garbage disposal service. For those members that do not opt-in and continue to have garbage spills on the property, they would be fined in line with the violation and fining policy. The policy needs to be posted for the membership to review, and then brought back to the Board.

Director Hjelmhaug motioned to post the proposed Opt-in Garbage Spill Clean-up Policy 500-A-37 on the website for Membership review. Treasurer Utter seconded the motion. The motion passed unanimously.

2018 Member Survey- Result will be reported at the November Board meeting

11. New Business: 2019 Budget Approval- Vice President Vasquez motioned to approve the 2019 Budget. Director Hjelmhaug seconded the motion. The motion passed unanimously.

2019 Annual Summary Pro-Forma and 2019 Annual Disclosure- Treasurer Utter motioned to approve the 2019 Pro Forma and 2019 Annual Disclosure Package. Director Hjelmhaug seconded the motion. The motion passed unanimously.

2019 Association Annual Assessment & Fees Schedule (Policy 500-A-37)- Vice President Vasquez motioned to approve the 2019 Annual Assessment and Fee Schedule. Director Hjelmhaug seconded the motion. The motion passed unanimously.

12. Correspondence: Correspondence was received and reviewed regarding family cards and non-member use of the facilities, as well as opposition to any RV storage.

13. Closed Session: 10:50am No items were discussed

14. Open Session: 10:51 am

15. Adjournment: 10:52 am

Respectfully submitted: Amber Meyer