

Approved minutes of the regular Board of Directors meeting November 17, 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, Treasurer Bruce Utter, Secretary Denny Clemens and Directors Doug Hjelmhaug, and Steve Pollock. Absent: Director Guy Pollak and Vice President Bev Vasquez
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: 661-05, 739-05, 269-02, 117-09, 120-02, 495-04
- 4. Member/Guest comments:** Member commented on issues with neighbors being in compliance with fire codes and his concern regarding potential wildfire danger in the Arnold area.
- 5. Approval of Minutes of the Regular Board Meeting October 20, 2018, 2018 meeting:**

Secretary Clemens motioned to approve the minutes of the Regular Board Meeting October 20, 2018. Director Hjelmhaug seconded the motion. The motion passed unanimously.

President McAtee requested an amendment to the August 15, 2018 Regular Board of Directors meeting asking to strike the line regarding improving the property on Moran/Russel to be a potential RV/Boat storage facility. There are no current plans to convert the property to anything at this time.

Secretary Clemons motioned to amend the Regular Board of Directors Meeting August 15, 2018 meeting minutes by striking the comment regarding a potential RV/Boat storage. Director Pollock seconded the motion. The motion passed unanimously.

Presidents Report: President McAtee gave the following report:

Good morning fellow board members.
Fall is finally here and everything is slowing down. Our Maintenance Staff has finished the amphitheater and is now concentrating work on Fly-in Lake in preparation for the winter rains and snows. As of this week they began excavating the waterways that bring water into the lake from Moran Creek and from the golf course. Their goal is to keep the waterways clear enough and deep enough to keep the water flowing so that all of the water makes it to the lake and that the areas north of the lake do not become marshy. As you will hear in later discussions, last month the State of California passed two new HOA regulations that must be complied with by January 1, 2019. One requires that all HOA's have financial fiduciary bonds in an amount of at least the total of the asset reserves, plus three months of dues. In our case that will be a little over \$2M. The second new law requires that the Treasurer and one other officer certify monthly they have reviewed eight specific financial documents and that these documents are correct and in conformance with our budget. While this is a good idea, it will be time consuming initially because our bookkeeper will have to create some of these reports and possibly have them available to the Treasurer before the books are closed for the previous month.

Our Facilities and Long Range Planning Committee had a productive meeting this week. Among other things it began scheduling a hard timeline for beginning construction of the improvements at Fly-In Lake. One of the items that I particularly like is a treed park on the new property, with grass, where we can have picnic tables, dog runs and possibly a kids play area. When completed this area will go a long way to help divert families from our overcrowded Snowflake Lodge facility to Fly-in. As this will be our last board meeting this year, I want to wish all of you a safe and happy Thanksgiving and a merry Christmas and happy New Year.

6. Manager's Report: Manager Abila reported

- Annual Employee performance reviews have been completed and will be covered in closed session.
- Legal Fee Update: Currently \$8000 over budget in Legal Fees for the year, with more bills expected before the end of the year. \$100,000.00 was budgeted for 2018.
- Grant on Cleaning of Right-of Ways: Management has contacted the Calaveras County Fire wise council; they will bring the request to administer a *potential* grant to their Board of Directors.
- 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 are Policies 500-A-11 Procedure for Updating and Reissuance of Changes to the Association Bylaws, and Policy 500-A-19 Extension of Membership Privileges.
- Fly-In Lake- The lake has not been drained due to the continued high fire danger. There is a prediction of weather coming in the week of the 19th, so we should be safe to start draining at that point. Staff will begin draining on November 20th and should be completely drained by November 23rd.
- Lodge Lake- At this time, Tanko Brothers has still not inspected the well system. The well system is holding and has not progressed.
- Amphitheater Project- Redwood seating, metal railing, and concrete landing are all completed. Under rail lighting as well as the speaker system and movie screen will be completed in Spring 2019. Shade sails will be installed in 2020.
- Lodge Generator: Bid that was submitted last month was incorrect. Cost of generator is not \$25,000 but \$35,068. The bid is in the Board Book
- CC&R: Police activity, as well as a specific incident was reported to Management regarding a home in unit 13 that is being rented out. A letter was generated to the owner of the property and Management will follow up as needed.
- Food Service: October was busy for the Lodge. Along with regular monthly events, there were several private events held at the Lodge, including a week long quilting retreat and a Community Fashion Show to benefit PEO. Regular dining remains steady, and staffing continues to be an issue.

7. Treasurers Report:

Financial Review: none. Reports are given quarterly.

8. Committee Reports:

- A. Finance:** Beginning in January, there are now 8 separate reports that need to be reviewed by the Treasurer and one other member of the Executive Committee. The finance committee has met and will meet in December, to become familiar with the reports and to be ready to be compliant with the new law beginning in January. Fidelity Bond insurance now has to be increased by \$5700 to be in compliance with a

law passed late this year. The coverage increase was not budgeted for since the law was passed after the budget was approved, but will be coming out of Operating Reserves. The finance committee is also recommending a change to the tax filing status from section 23701(g) to a section 23701(t), which is a designation recommended by the Associations CPA.

B. Summer Recreation: No report

C. Events Committee: Meeting Minutes were attached to Board Book

D. Architectural Review: No report

E. Facilities/ Long Range Planning: The committee met on November 13, 2018 and the following items were discussed:

***Plan for sale of lot at Moran Rd. and Russell Dr.**

- Tony will talk with Mike Karnes regarding rezoning the lot to residential so that it can be put up for sale, and using a lot line adjustment to carve out the portion of the lot where the BLSHA sign is ***Lodge Generator** – This has been referred to the board for action this month ***Elliptical machine for gym-** This will be referred to the board for action in January ***Repair culvert under lower tennis courts** - Our staff can repair the left side culvert, but the right side must be relined. Repairs are currently in process. Estimated cost will be \$30K to \$50K. ***Fly-In Lake** – timing for: Drain the lake and dredge the cove- The lake will be drained as soon as we get clearance from Cal Fire. Tony will consult an excavation contractor and try to schedule a time for dredging as soon as weather permits. Remove cattails around the lake- Work on removing the cattails around both lakes as soon as the maintenance staff can fit it into their schedule. Plant redwood trees- Tony will contact an arborist to determine the type of trees that would be suitable for that area. We are looking for fast growing, hearty trees that provide shade. Complete disk golf course- Completion of the disk golf course and the exercise trail will begin in early spring. Picnic tables around new area- Tables for the new area will be ordered when the trees are ready for planting.

***Other lake improvements** - Dog runs, the size of the parking lot on Meadow Dr., and acquisition of the property near our lower parking lot will be discussed at a later meeting.

F. EPPOC: Director Pollock attended the meeting and gave the following report: A representative from the Sheriff's office asked citizens to please report things they see going on, rather than just putting something on Nextdoor or Facebook. Also, marking your personal valuables with the serial numbers would be helpful in the event of items being stolen. The Fire Department held a separate meeting to speak on the possibility of raising the fire tax rate to help cover the cost of new ambulance, as well as hiring more staff. To raise the rate; the Fire Department needs the approval of 66% of voters. There was also discussion on the Departments ISO Class 2 rating, which means the Department is in the top 10% of Departments nationwide.

G. Fire Prevention Program: Over the last month we have been sending out CC&R letters as well as helping our homeowners with another \$30,000.00 in reimbursements for the Tree Mortality grant. The grant is helping our VIP efforts. When the tree service providers clean the slash from the trees, they are helping keep our homeowners PRC4291 compliant. We have currently spent over \$115,000.00 of the \$200,000.00 allotted to BLS. We currently have another \$43,000.00 in applications that we are moving forward

with. We have sent out four CC&R letters this past month to homeowners that need to fix issues on their properties. The violations include non-operative vehicles, standing dead trees, flammable materials near the home, and logs that have not been removed. We have also attempted to call these property owners to notify them of the violations and the letter they should be expecting. We have also compiled a new list for Public Works expressing the need to have our setbacks cleared of all the PG&E debris. The office sent a letter along with the list to Public Works and is awaiting their response. It is very important to our roads and drainage ditches that these setbacks are cleared of debris and logs. We are currently developing a PRC4291 document to be sent out with the new homeowner packets. The information in this document will provide the new homeowners with information regarding our inspection process as well as CALFIRE and EBFD regulations on PRC4291. I hope you all enjoy your Thanksgiving holiday! Thank you, Thomas Hein. VIP Coordinator Jimmy Cooke reported the following: He and Thomas are continuing to look at, and be in contact with the most egregious properties to bring them into compliance. Jimmy Cooke spoke about information he would like to include in a future mailing, or include in the Associations New Homeowner Packet, so people are aware of their responsibilities when owning a home in the forest.

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

Garbage Spills & Fining policy (draft policy submitted by legal counsel): This policy was posted on the website for review last month and is now being brought to the Board for Approval.

Secretary Clemons motioned to accept Policy 500-A-37 Opt-In Association Garbage Spill Cleanup Program. Director Hjelmhaug seconded the motion. The motion passed unanimously.

2018 Member Survey- Results were included in the Board Books for review.

10. New Business: Approval to postpone December 15, 2018 Board of Directors Meeting: **Treasurer Utter motioned to cancel the December 15, 2018 Board of Directors Meeting. Director Hjelmhaug seconded the motion. The motion passed unanimously.**

Policy 500-A-11 Procedure for Updating and Reissuance of Changes to the Association Bylaws: Policy was updated and made clarifications on reference numbers

Secretary Clemens motioned to accept the revision of Policy 500-A-11. Treasurer Utter seconded the motion. The motion passed unanimously.

Policy 500-A-19 Extension of Membership Privileges: Policy was updated and clarification made on legal verification of spouse/domestic partners

Director Hjelmhaug motioned to accept revision of Policy 500-A-19 Extension of Membership Privileges as amended. Treasurer Utter seconded the motion. The motion passed unanimously.

Approval to increase Association Fidelity Bond per new Assembly Bill 2912- Policy needs to be increased by approximately \$5700 to meet the requirements of new Bill. The funding will come from the Operating Reserve Fund.

Treasurer Utter motioned to amend the 2019 budget to increase the Associations monthly insurance policy to meet the requirements of Assembly bill 2912. Director Pollock seconded the motion. The motion passed unanimously.

Approval to change the Associations tax filing status per Associations Auditors

recommendations: At the time the Association was formed in 1963, the only tax filing status for Homeowners Association that offered amenities and recreational opportunities was 501(c)(7). For the past couple of years, the Associations CPA has been recommending the Association change that status seeing as our current filing status is no longer the best option for several reasons. The recommendation is to change the tax filing status to a C. Corporation filing under RTC Code Section 23701(t) as a homeowner's association. The financial impact on the Association is minimal, but brings us into conformance with tax laws.

Secretary Clemens motioned to change the Associations tax filing status as recommended by the Associations CPA to a C. Corp under RTC Code Section 23701(t). Director Hjelmhaug seconded the motion. The motion passed unanimously.

11. Correspondence: none

13. Closed Session: 11:00 am Personnel issues were discussed.

14. Open Session: 12:02pm

Director Hjemlmaug motioned to accept the 2019 wage scale proposal with an amendment to the percentage increase for the Assistant General Manager. Treasurer Utter seconded the motion. The motion passed unanimously.

15. Adjournment: 12:05pm

Respectfully submitted: Amber Meyer