

## Approved minutes of the regular Board of Directors meeting April 17, 2021

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

1. **Call to order:** 9:00 am
2. **Roll Call:** Directors Present: President Doug Hjelmhaug, Vice President Mike McAtee, Treasurer Joanne Schultz, Secretary Dale Ward, Director Jimmy Cooke and Director Roxanne Dubois. Absent: Director Steve Pollock. Staff Present: General Manager- Tony Abila & Assistant General Manager- Amber Meyer
3. **Executive Session:** Delinquent accounts and CC&R violations were discussed.
4. **Open Session:** 9:30 am **Director Dubois moved to send notices to appear before the board to the following APN #s that are in violation of the CC&Rs, with failure to appear constituting legal action. APN 026 004 006, APN 024 007 014, APN 026 035 014, APN 026 004 025. Director Cooke seconded the motion. The motion passed unanimously.**
5. **Member/Guest Introduction/Comments:** 26 members attended the meeting via Zoom. Correspondence included a suggestion of forming a “Compliance Committee” and allowing homeowners to submit CC&R violations via the website. Another correspondence was received regarding the posting of changes to policies on the website and to make said changes more clear.
6. **Approval of Minutes of the Regular Board Meeting March 20, 2021 meeting: Vice President McAtee moved to approve the minutes of the regular Board meeting March 20, 2021. Secretary Ward seconded the motion. The motion passed unanimously.**
7. **Presidents Report: President Hjelmhaug gave the following report:** Good Morning Board of Directors, and greeting from Blue Lake Springs. We certainly welcome the change of seasons from Winter to Spring. While Bear Valley ski season winds down this weekend, the Sequoia Woods gold season officially begins. It will be good to spend more time outdoors and enjoy our beautiful surroundings after this difficult Winter.

April is the start of the busy season for the Blue Lake Springs staff in preparation for Summer activities. The maintenance crew will begin work on projects at both the lodge facility and Fly-in Lake. Both lakes will begin refilling to capacity, and the beaches will be restored for our memberships enjoyment. The Summer Recreation program staff is already planning for activities in preparation for the season between now and Memorial Day Weekend. We are hopeful that we can have a full activity program, with fewer restrictions than last year.

By this time the Membership should have received the “Call for Candidates” package for the upcoming Board of Directors election process. This package outlines the timeline for Candidate submission of interest, and the election process outlines. We will have openings for 3 board members. If you have an interest, please submit your candidate information by April 21<sup>st</sup>. The Snowflake Lodge restaurant is now open for dining as well as takeout. The dining in the lodge is restricted to 25% capacity at this time, based on the red tier stratus of Calaveras County. There will be seasonal menus as we go through the year, and we also

have a weekly dining special. And on a final note, the CC&R committee has been established to review policies that govern the HOA. On a periodic basis you will begin to see them published for membership review. Enjoy the Spring weather! Thank you.

#### **8. Manager's Report: Manager Abila reported**

- **Delinquent Accounts:** Discussed in closed session
- **CC&R Report:** Discussed in closed session
- **Election:** Included in the Board packet is a draft of the "Notice of Election Information" that will be send via email and posted on the Associations website once the closing date of candidate applications is reached.
- **Membership Links:** There have been some comments from members regarding placing an access code on the members information section of the website. At the recommendation of Adam & Stirling Law Firm, the Association should have a password protected members only section of their websites.
- **Fly-In Lake:** Lake valve has been closed. Flow is low and it will take longer than anticipated to fill. The lake should be full in approximately 2 weeks. The issue with the low water flow from Moran creek, the lake level could begin to drop at the start of July. This is due to lack of snow fall this year.
- **Fly-In Park:** Staff will, when time permits install a gate and split rail fencing at the entrance to the park area to keep cars from parking on the property. Management will obtain pricing fencing; gate was purchased two years ago.
- **Lodge Lake Area:** Lake is full. Fish will be delivered end of April/First week of May. The maintenance staff has installed two sections of split rail fence at the new sign near the end of the lodge parking lot. This will keep cars from trying to exit this area, which they do all the time.
- **Restaurant Report:** Manager Meyer reported March was slightly slower for takeout than February. We did see the County move to the red tier, which allows the restaurant to open at 25% capacity. We started in dining service the last weekend of March, with a capacity of 40 per night. We booked out both nights in March, and ran takeout simultaneously. Labor numbers are higher in March due to training, as well as FOH staff working longer shifts in the dining room. Cost control continues to be the major driving factor in the menu, with a net loss of\$ 3,382.05. The budgeted loss was \$10,020. That is a savings of \$6,637.95.

**9. Treasurers Report:** Treasurer Schultz gave the following report:. a)The finance committee met on Thursday the 15<sup>th</sup>. We addressed the outcome of the March 30<sup>th</sup> meeting we had with the Bill Erlanger of the CPA firm Levy, Erlanger and Company, did a second review of the Reserve Study, took a look at a proposed Committee timeline of activities, considered the review checklist, briefly touched on the change in processes regarding inventory and cost of goods sold, reviewed the February Financials, and began dialogue on meeting with our investment advisor at Edward Jones. The meeting with Bill Erlanger was a chance for the Committee to get to know our audit firm and offer up areas where the board had questions.

As indicated last month, the first review of the Reserve Study showed several items that needed to be adjusted. After the meeting, with Mr. Erlanger we came away with a slightly different view of the study and how it interacts with Fixed Assets. As a result, a position paper was drafted and will be revised and brought to the board in May to assist with the understanding of the Study, it's significance and how it should be tracked and recorded. The Reserve Study is included in the packet and will be discussed more, shortly.

The timeline of suggested activities was included in the Finance Committee packet and will be further reviewed at the next regular meeting. The committee members also asked for a checklist for the review of the financial statements. A check list was developed and will ensure that the primary responsibilities of the committee are met. Management is working on the change in recording of cost of goods sold and inventory so that the subledgers will agree with the financial statements.

The net Revenue over expenditures for February is up from January to \$83,393 which is typical for this time of year. Receivables are coming down as home owners remit their assessments. Cash flow from the billing is in good shape. The budget increases for the two items approved in March will not show up in the April Statements. There were several questions that came up, they were researched and were answered. No IRS response on PPP Loans forgiveness the loan/grant amount is \$151,483 The investment accounts that hold the Asset Replacement funds are invested in CD's the safest type of investment.

The next project for the Finance Committee will be to review and update the investment policy and work with Edward Jones to look at other safe investment options that might have a higher yield and still be in compliance with applicable regulations. The Finance Committee reviewed the transaction reports, as well as the Balance Sheet, Revenue and Expense statement, Budget to Actual, and the President and the Treasurer reviewed the Bank Statements, based on that I recommend certification of the February 2021 Financial Statements.

**Vice President McAtee moved to certify the February financials. Director Dubois seconded the motion. The motion passed unanimously.**

b) Approval to move additional \$100,000 into the Reserve Fund for replacement of culvert- **Secretary Ward moved to move an additional \$100,000 into the reserve fund for the replacement of the culvert. Director Cooke seconded the motion. The motion passed unanimously.**

c) Board Review of the 2021 reserve study- The Finance Committee, based on the first review, thought that the reserve study would be in final form for this meeting but after we met with Mr. Erlanger we discovered that while the majority of the report will not change there will be adjustments. We learned that the reserve study is an assessment of risk rather than a ridged list of replacement assets. The study is more fluid than the Fixed Asset list that conforms with Generally Accepted Accounting Principles.

The HOA's original understanding was that if the item was not on the replacement list or had a life in excess of 30 years it could not be replaced through the reserve. However, we learned that was not strictly the case. When we set up the budget, we budgeted the cost of the culvert under the tennis court as an operational expense and also included a reserve contribution of \$75,000. Mr. Erlanger pointed out that the culvert replacement was not an operational expense. So we will be recommending that the culvert be paid for out of the Reserve Fund and that we increase our Reserve Fund contribution by \$100,000 for a total of \$175,000. This simply replaces the culvert expense with a like increase in the contribution so there is no change to the bottom line of the budget.

The HOA's understanding of funding was based on reserving up to 50% of the total replacement cost. That cost in the current study is \$2M. The study refers to A "Fully Funded Reserve" as one that takes into consideration the amount of time elapsed, the future market value and the remaining life of each component. The fully funded amount \$1.1M. The HOA has currently set aside \$708K. The 2020 contribution of \$164,500 is not included in that number.

That contribution will go in this month. The 2021 contribution will be done monthly so that no matter when the study is done the funded amount will but current.

Based on the on the information in the study, the condominium/HOA green book and the audit, we should be doing a study every year: an onsite review every 3 years and an update on the off years. The updates are relatively inexpensive and should be included in the budget. This study crosses committee lines. The Long-Range Planning Committee needs to be involved is setting the projects in conjunction with management and the Finance requests the study, does the initial review and using the results and the LRPC input to develop the budget. Ultimately When replacement is reserved at a high level, studies have shown that it serves to increase the property values by upwards of 12.6% compared to low reserved associations.

The Recommendation for this meeting is: Move the Culvert Replacement from the operation expenses to the reserve expenditures and increase the contribution to the reserve fund by \$100,000 to be \$175,000

## 9. Committee Reports:

**A. Summer Recreation:** a) 2021 Season- We will be open to members, and family season card holders, with the suggestion of 2 guest being allowed per member. Once restrictions are lifted by the state mid-June, the plan is to open as usual. **Treasurer Schultz moved to allow 2 guests for members between Memorial Day Weekend and when the facility full opens on June 16<sup>th</sup>. Director Dubois seconded the motion. The motion passed with 6 yay and 1 nay.** b) Discussion was had regarding raising the fee for Guest/Renters at Fly-In Lake to match what is charged at Snowflake. **Director Dubois moved to raise the Fly-In rate for guests/renters to \$15 per person, per day to match the fees at Snowflake, as well as instituting different wrist bands for each site. Director Cooke seconded the motion. The motion passed unanimously.**

c) Approval of the 2021 Summer Recreation Handbook- **Vice President McAtee moved to approve the 2021 Summer Recreation Handbook pending fee change. Director Cooke seconded the motion. The motion passed unanimously.**

**B. Events Committee:** No report

**C. Architectural Review:** No report

### D. Facilities/ Long Range Planning: LODGE LAKE PROPERTY

1. Clean up and plant flowers at sign at Moran Rd. – *Green Thumb Day Late May. Tony to coordinate*
  2. Children’s play area - *Will be installed prior to opening in May*
  3. Pool area retaining wall. *Will begin construction as soon as ground dries out. Probably in September*
  4. Facilities Check-in software – *Reviewing options*
  5. New POS System for Lodge and Fly-In. *Testing a Square system*
  6. Contract for addition of asphalt walkway to gym. *Will review. Possibly other alternatives*
  7. Crack filling upper tennis courts. *Before May opening. Contractor bailed. Maintenance staff will do the work.*
- FLY-IN LAKE
8. Relocation of horseshoe pit – *Before May*
  9. Corn Hole sets – *Before opening in May*

## ASSET RESERVE PROJECTS

1. Repair Culvert under lower tennis court - *waiting for stream to dry out*
2. Replace kitchen halogen fire system
3. New carpet in conference room
4. New Picnic tables at Fly-In
5. Replace office equipment
6. Replace iPads
7. Replace security cameras
8. Restaurant deck. Replace: chairs, round glass table, metal square table
9. Replace pickle ball wind shields
10. Replace pool pump
11. Replace maintenance shed roof

## PROJECTS FOR 2022

1. Beautify area near lodge entry. *Maintenance Staff*
2. Review parking lot options. *Waiting for plans*

## CC&R COMMITTEE:

1. Board of Directors Duties – *Sent to board for approval*
2. Use of Snowflake Lodge facilities
3. Association Policies

**E.EPPOC:** Director Ward reported on the happenings of the meeting, which included info about vaccine sites and fire safety information.

**F. Fire Prevention Program:** Good morning. During the last 30 days, we have seen much work within the subdivision. Many property owners are filing ARC applications and cleaning their debris, from the last big storm. On April 27, 2021, we will begin inspecting all properties within BLSHA. We will be starting on Stephanie and El Dorado and moving toward the Lodge. The inspections are estimated to take about 4 weeks. Last year, we were able to get it done in 3 weeks, but this year we need to pay special attention to the unimproved lots.

Last year due to Covid19 restrictions, many of the unimproved lots were not given the attention that they will require; especially, after this last storm. We have finally made an impact with the Lot Service providers, which work in BLSHA. They are now very aware that the BLSHA CC&Rs go further than PRC4291, and that if they are going to guarantee a passing inspection, they will need to follow the BLSHA CC&R Article III / Section 6: Trees and Vegetation. I now have lot service providers asking for more clarification, while on site. This is a good thing. We have been and will continue to call businesses that put their advertisement signs up by Russell and Moran. We give them 24 hours to remove their signs, or we carefully take them down and store them, here at the office. So far, not one company has taken issue with the removal of their signs.

**11.Old Business:** a) Radio repeater purchase and location- There may be a potential change in location of the repeater. This remains an ongoing matter.

**12. New Business:** a) Acceptance of Board member resignation- **Treasurer Schultz moved to accept Director Cooke's resignation from the Board of Directors. Vice President McAtee seconded the motion. The motion passed unanimously.**

b) Board Appointment of new Director- The Board held a secret ballot vote in open session to

choose Director Cooke's replacement. Rick Giorgetti received the most votes and was appointed.  
c) Inspectors of Election, date and process- Discussion was held to ask membership to volunteer to fill 3 roles of inspectors of election, to be appointed at a later date by the Board of Directors.

**13. Correspondence:** No additional correspondence received

**14. Adjournment:** 11:55am

Respectfully submitted: Amber Meyer