

Approved minutes of the regular Board of Directors meeting May 15, 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 Roxanne Dubois (via zoom) and Director Rick Giorgetti (via zoom). Absent: Director Steve Pollock. Staff Present: General Manager- Tony Abila & Assistant General Manager- Amber Meyer
3. **Executive Session:** CC&R violations were discussed
4. **Open Session:** 9:30 am President Hjelmhaug reported on action needing to be taken against properties discussed in closed session. 2 properties will not be fined, as they have shown progress in remedying violations. All other owners of the properties requested to appear before the Board will be fined. **Vice President McAtee move to hold fining on the following APN #s due to progress on property cleanup. APN# 026 009 010 & APN# 026 004 006. Secretary Ward seconded the motion. The motion passed unanimously. Treasurer Schultz moved to fine the following APN#s for failure to comply with CC&Rs. APN# 024 007 014, APN# 026 035 014, and APN# 026 004 025. Vice President McAtee seconded the motion. The motion passed unanimously.**
5. **Member/Guest Introduction/Comments:** 19 members attended the meeting via Zoom. Correspondence was received regarding the fee increase at Fly-In lake, and what motivated the decision. There was also member feedback on the current restaurant menu, both positive and negative.
6. **Approval of Minutes of the Regular Board Meeting April 17, 2021 meeting:** Discussion was had on editing the meeting minutes to reflect the dates in which Members are allowed to bring 2 guests (between memorial day and June 15th), as well as fixing typos. Vice President McAtee moved to approve the April 17, 2021 meeting minutes as edited. **Treasurer Schultz seconded the motion. The motion passed with 4 yay and 1 nay. Director Giorgetti abstained from voting.**
7. **Presidents Report: President Hjelmhaug gave the following report:** Greetings from Blue Lake Springs. The weather has changed to summer conditions, and it is good to be able to spend more time outdoors in our beautiful surroundings. The Blue Lake Springs staff is busy making preparations for the summer season, which kicks off Memorial Day weekend. The summer rec staff is making plans for the 2021 season, most of which are already in place. The 2021 Recreation handbook was emailed to the membership in April. The handbook outlines the activities, programs, and events planned for this summer. The handbook is also available on the Blue Lake Springs website. We are hopeful that we will

be able to have fewer restrictions on our activities this summer, and we are anticipating that the June 15th date the State has set to open up will eliminate restrictions all together.

As I have mentioned in past messages, there will be 3 openings on the Blue Lake Springs board of Directors this summer. In the month of June, the membership will be receiving a ballot and information package. We have five very strong candidates for these positions, so please take the time to review the information package and submit your ballot. The ballots will be counted on July 16th and the announcement of the results will be at the annual meeting on July 17th.

The Snowflake Lodge restaurant continues to have weekend dining and takeout with fewer restrictions than in the past months. With Calaveras County now in the Orange tier, the dine-in capacity has moved to 50%. We are also pleased to announce that outdoor dining on the deck has been expanded, and looks beautiful. There will be a new Summer season menu available the second week of June.

Included in this month's Lodge Log, there is an article from Thomas Hein, our BLS Fire Prevention Coordinator, giving us an update on the lot inspections, as well as fire prevention activities and information. Please take the time to read through that. Enjoy the upcoming Memorial Day Holiday, and kick off to Summer!

8. Manager's Report: Manager Abila reported

- **Delinquent Accounts:** The current delinquent account list was included in the Board book.
- **CC&R Report:** Discussed in closed session
- **Election:** Notice of Election was sent to the membership via email, as well as posted on the Association website. Annual election ballots will be mailed on June 12, 2021.
- **Fly-In Lake:** Staff will begin work on relocating the horseshoe pit on May 17th. The current lake level is about 4 feet shy of full. The Facilities Manager believes the lake will reach capacity by Memorial Day weekend.
- **Lodge & Lake area:** The Maintenance department is slightly behind schedule due to lack of staffing. Despite this, all facilities will be ready for Memorial Day weekend.
- **Restaurant Report:** The water heater stopped working on April 24th, the cost for a new tankless water heater as well as installation was \$1,500. Manager Meyer reported the following: April was the first full month of limited indoor dining, and all weekends were booked out at 25% capacity. Staffing continues to remain an issue, with active job postings for multiple positions with very little response. Both Manager Meyer and Chef Kris remain committed to cost control, with the restaurant bringing in a slight profit the month of April. The total income net of food cost was \$9,527.25. Labor cost was \$8,728.55 and operational cost was \$842.19. Bottom line net income for the month is \$43.49, with a budgeted loss of \$4,483. That is a savings of \$4,526.49 for the month of April. Food cost for April was 26.79%. Chef Kris and Manager Meyer continue to monitor social media and community chatter, and will adjust to community wants in terms of menu.
- **Summer Recreation:** Recreation Director Judith Anderson submitted a report to the Board with an update on planning for the 2021 Summer season. She also expressed

concern with the sharp increase in the fees at Fly-In Lake as well as the negative impact it may have on patrons and staff.

- 9. Treasurers Report:** Treasurer Schultz gave the following report: The finance committee met on Tuesday the 11th. We welcomed a new member Kayleen Clemens, we discussed the Final Reserve Study, reviewed an account connection report designed to assist the Finance Committee with its fiduciary responsibility, got a detail report on what is changing with the Restaurant Reporting, reviewed and asked questions on the transaction report, went over the Balance Sheet and the Revenue and Expense budget to actual reports, got an update on the audit and started the process of developing an investment strategy for our Reserve Funds. All of the questions and changes that we asked for in the Reserve Study are included in the Final Report along with a position paper that describes what we learned through this process and a number of recommendations for practices going forward.

Based on a request from a non-accountant member, the treasurer developed a report that delineates the connections between Balance Sheet accounts and Revenue and Expense accounts including Assessment, Restaurant Activity and Reserve accounts.

Management did a great deal of work on how the Restaurant activity is accounted for and is recorded: receiving documents are now being matched with invoices; inventory has been updated to include all items and is done on a monthly basis, point of sale system (POS) is going to be updated each month with the new costs; several new accounts will be set up to account for waste and menu development; purchases will be recorded in inventory and cost of goods sold will come from the updated POS system and the Cash : dining is now counted every day the restaurant is open and balanced to \$2,000. There is a meeting set up with CID to complete the last reporting items such as cash sales and gift certificates.

The transaction report was reviewed in detail and all questions were answered and the remaining Amazon invoices will be sent to the committee to complete the review. The Balance sheet will have quite a few adjustments based on the results of the audit. There will be a number of modifications that will be posted in December 2020. The net Revenue over expenditures for March is up from February to \$110,697 which is typical for this time of year. Receivables are coming down as home owners remit their assessments. May is the usual month when the receivable are considerably reduced. 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 or May Statements. There were several questions that came up, they were researched and were answered.

IRS requested additional information and we are still waiting a 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 and other investment advisors to look at other safe investment options that might have a higher yield and still be

incompliance with applicable regulations. A subcommittee has been assigned to this review. This will be based on the new laws coming through the California government

RECOMMENDATIONS:

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. **Secretary Ward moved to certify the March financial statements Vice President McAtee seconded the motion. The motion passed unanimously.**

Treasurer Schultz gave the following report on HOA Reserves: The Reserves are an integral part of the HOA's ability to manage future risk. The study goes into depth concerning the remaining life of each component, how well maintained they are and possible points of deterioration. All adjustments. Questions and additions were made and the 2021 contribution was revised.

The revised Study and the Position Paper are included in the board packet. Pages 14 through 23 of the study give a good summary of the process.

The study was conducted in accordance with the National Reserve Study Standards (NRSS). It contains estimates and projections of future costs. It is not to be considered an audit or a forensic analysis but it is intended as a guideline for budget purposes and therefore what is budgeted by management might be different from what is in the report.

This current study shows that the "Fully Funded" amount is \$1,119,475 and our current level of funding is \$708,993 which is %63.3 funded. This represents a medium risk. However, there is a 2020 amount of \$164,500 that is not yet included yet. The 2021 investment of \$175,000 approved by the board in the April meeting will help to increase the percentage. The total future cost of the reserved assets is \$2,021,893 at the time of the study. Based on the review of management and the Finance Committee I recommend acceptance of the study for inclusion in the 2022 budget process.

Further after discussions with the auditor, review of the audit, the study guidelines and the 2018 Green Book as discussed in the last meeting, the committee also recommends the following:

Recommendations:

Every Three years do an on-site visit

Complete an update during the 2 intervening years

Engage the study in July so as not to interrupt any other board/finance committee activity yet be prepared for the budget process. Next review will be July 2022.

Use the Investment account as of the study date as the Funded Balance

Review the list of additions in conjunction with the Long-Range Planning Committee to ensure that all of the additions are appropriate and that none are left off.

Secretary Ward moved to approve the 2021 reserve study as recommended by the finance committee for inclusion in the 2022 budget process. Vice President McAtee seconded the motion. The motion passed unanimously.

10. Committee Reports:

A. Summer Recreation: a) 2021 Season- Discussion was had regarding the fees at Fly-In lake the board voted to increase during the April 17, 2021 meeting. It was decided to research the usage and fees regarding Fly-In in committee, and then revisit any change. **Vice President McAtee moved to rescind the \$15 daily fee at Fly-in lake and revert back to \$5 daily fee until there is a recommendation from the appropriate committee to change the fees. Director Giorgetti seconded the motion. The motion passed with 6 yay and 1 nay.**

B. Events Committee: No report

C. Architectural Review: Paint color approvals, and tree removal applications were reviewed.

D. Facilities/ Long Range Planning: Vice President McAtee submitted the following report:

SNOWFLAKE LODGE

1. Crisis Management – *On Hold*
2. ADA COMPLIANCE: Finished for 2021

SPRING PROJECTS

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 – *Due to shortage of staff will be installed later in summer.*
3. Contract for addition of asphalt walkway to gym. *Will review. Possibly other alternatives*
4. Crack filling upper tennis courts. *Before May opening. Contractor bailed. Maintenance staff will do the work.*

FLY-IN LAKE

5. Relocation of horseshoe pit – *Before May opening*
6. Corn Hole sets – *Before opening in May*

ASSET RESERVE PROJECTS

1. Repair Culvert under lower tennis court (\$108,350) - *Waiting for stream to dry out*
2. Replace security cameras (\$1,910 Asset reserve analysis estimate) Bids for additional cameras soon
3. Replace pickle ball wind screens (\$1,411) Maintenance Dept. to install before opening
4. Replace pool pump (\$4,535) To be installed by maintenance dept.
5. Pool area retaining wall. (\$1,400) *Will begin construction as soon as ground dries out. Probably in September*

6. New POS System for Lodge and Fly-In. (\$4,774) *Testing a Square system. System for Fly-In ordered. CID will train Management.*

PROJECTS FOR 2022

1. Beautify area near lodge entry. *Maintenance Staff*
2. Review parking lot options. *Waiting for plans*
3. Facilities Check-in software – *Reviewing options*

HOLIDAYS RESTRICTIONS AND FEES:

This Sub-Committee will meet separate from FLRP beginning June 9. Chairman Dale Ward.

1. Fees
2. Capacity
3. Reservations
4. Short term/long term passes

GOVERNING DOCUMENTS REVIEW COMMITTEE:

This Sub-Committee will meet separate from FLRP beginning next month. Date TBD. Chairman TBD.

1. Policy 500-A-1 – Duties of the Officers of the Board of Directors and Board Committees
2. Review Final recommendations per comparison of original vs revisions, and rationale
3. ACTION: Recommend to BOD for May Board Meeting.
4. Policy 500-A-2 – Use of Snowflake Lodge Facilities
5. Review recommendations to date per comparison of original vs revisions, and rationale
6. ACTION: Committee make final recommendations and possibly submit for May BOD mtg
7. Policy 500-A-7 – Membership Lists – CHANGE IN LAW
8. ACTION: must update Policy to conform, NO 28-day review as must conform, attorney task?

E. EPPOC: Director Ward reported on the happenings of the meeting, which included info on the potential return of the CAL FIRE VIP program, an uptick in vehicle theft, the expectation of extra traffic in the area for the summer.

F. Fire Prevention Program: Thomas Hein submitted the following report: In the last 30 days, we have seen many Members either cleaning their properties and/or hiring lot service providers. While the Association is being cleaned up, we are having the same issue as in 2019. Property owners are telling their service providers to only clean 30 feet from their structure only. I have spoken to owners and to the service providers and have informed them that their work will not pass the BLSHA CC&Rs. We spent the last two years trying to educate the Membership about the full 100 feet around ALL structures, but now we have been inundated with new Members. It will take 2021, to get everyone on the same page. The main violations that we are seeing are usually roofs, trimming of the misery, mixing misery with Manzanita, and not clearing the full 100 feet. Zone 2 needs more attention.

The amount of debris which the February storm brought down, has been staggering. The cost alone will hurt our chances for 100% compliance, from the Membership. We are trying to be understanding, but there are some things we just cannot let slide. We have also seen many properties who cleaned their properties, but decided that they were not getting on the roof to remove needles. This is a fire hazard. We explained in the last Lodge Log Article that this will be marked down as a violation. Even if it is the only violation. Roofs and propane tanks must be secure and free of debris. We will continue to focus on these type of violations, over the next year. Once the new Members understand the CC&Rs go further than PRC4291 or Appendix B of the EPFD Requirements for Unimproved Properties, we should see a higher compliance record.

Cal Fire has decided to bring back the VIP program in 2021; however, there will not be a training program. In order for Cal Fire to keep the VIP program, the VIPs must enter the data into the State collector application. This is time consuming, but it also lets Sacramento know the type of materials used to construct each home. This information will need to be uploaded every year. The other HOAs have not seemed to like this platform, but it is the only platform. While BLSHA does not need the Cal Fire VIP inspections in order to obtain 100% compliancy, the show of force helps us obtain compliancy.

We will be starting the second round of inspections between June 1 and June 8. We have completed about 75% of the inspections, during the first round. We will spend the last two weeks of May entering the inspections into our CC&R database, and will send out letters as fast as we can. Only the properties that have not attempted to clean or properties with glaring violations will receive the first round letters. I will also make sure that each Lodge Log Article tells Members that cleaning your roof and around the propane tank, needs to be a priority.

11. Old Business: a) Radio repeater purchase and location- The radio repeater will be installed as soon as possible.

12. New Business: Director Giorgetti requested the following items be placed on the agenda for the June 19, 2021 Board of Directors meeting: a) Information on Dam inspections, reports, and the frequency of inspections b) The HOAs overall security needs c) Discussion about HR and how the HOA handles this area

13. Correspondence: No additional correspondence received

14. Adjournment: 12:00pm Treasurer Schultz moved to adjourn the meeting, Vice President McAtee seconded. The motion passed unanimously.

Respectfully submitted: Amber Meyer

