

DCLI Board Meeting

Saturday, November 14, 2015 @ 12:00 Noon in Boulder Creek Library Meeting Room

Prior to the meeting: John, Tys and Ron met at 11:30 AM at Boulder Creek Liberty Bank. Operations Mgr., Karen Edwards, filled out the necessary forms to give Tys and Ron access to the DCLI bank account and to serve as signatories on DCLI checks. Ron signed up for a Debit card and for On-Line Banking. The process took longer than expected and caused the meeting in the Library to start a half hour later.

A. Review of Board Standards and Fundamental Agreements.

1. These business practices are explained in Attachment I. They were distributed before the meeting and no dissenting arguments were presented at the meeting.
2. Tys- Yahoo discussion group is for the convenience of the DCLI "community".
 - a. John-The Yahoo group should be used for official communications from the Board.
 - b. Tys- Board Communications can come as e-mail to the Yahoo group from any Board member so long as the Board has voted for and agreed with the position communicated. DCLI Web site offers links to "e-mail John, Treasurer", "e-mail Tys, President", etc. Board members can use any e-mail address that they want DCLI communications to come to and Tys will link to it from the web site without specifying the actual address used.
 - c. Miller makes a motion that a DCLI e-mail address be set up so that all communications related to DCLI business will be routed to that e-mail address. John wants the Secretary to read and to distribute all e-mails from this account. Motion was seconded. Discussion: Long and involved. Secretary refused to monitor the account. VOTE: Establishing a Corporate e-mail account monitored by the Secretary FOR = 4; AGAINST = 3 Motion APPROVED **Secretary refused to comply.**
3. Tys wants to try to get 845 Landowners to join DCLI.
 - a. John- Gordon Stewart will be "in charge" of the front part of the road and this proposal would interfere with his authority.
 - b. Issue dropped; no vote.

B. Regular scheduled meetings

1. Week nights were preferred (Tuesday), once per month (2nd Tuesday of month), 90 minutes maximum.
2. Tys will explore meeting at Tom Bird's house and meeting in Los Gatos and use of Skype.
3. Meeting starts at 7:00 PM
4. Next meeting December 8 at Tom Bird's house.

C. 07Nov15 DCLI Fall General Meeting Minutes

1. Minutes were distributed before the meeting and comments and suggestions were received, evaluated and incorporated as deemed necessary.
2. Jay felt that the Minutes excluded an important discussion at the end of the meeting regarding the proposed JMA Amendment changes to revise the Road Maintenance Fee assessment algorithm.
3. Approval of the Minutes was tabled and the Secretary was instructed to include the JMA Amendment discussion and to distribute the Minutes again via e-mail to the Board.

D. Discuss JMA Amendment Planning

1. Tys resented a proposal to change the billing algorithm to follow state rules specifying Road Maintenance cost allocation to Landowners based on road usage. A JMA Amendment is needed. How soon should changes be implemented ?
 - a. Miller- The presence of "more Renters" influenced the billing. (Secretary Note: Renters are NOT Landowners and their presence has no impact on the billing of DCLI Road Maintenance costs)
2. Tys- \$50K budget adopted in a meeting without a quorum is unjustified. He proposes to follow the "spirit" of the intent of the law rather than the letter of the JMA and to establish a new budget **now** along with an associated detailed Road Maintenance plan for the next six months. The new budget would be in the mid \$30's plus we would use Jay's fix of the billing algorithm. We should adjustment the billing algorithm now, and adopt a new budget now.
 - a. Jay question on Renters: Landowners are billed as Residents or Non-Residents. If a Landowner is not a Resident, but he has a renter, the Landowner is billed as a Resident. If a Landowner lives on his land, but rents to another person, the Landowner is bill the Resident mileage fee plus the Administrative fee for fixed costs plus an additional mileage based Resident fee, but without the Administrative charge for the renter. Renters are **not** included in the per mile fee calculations for Residents & Non-Residents.
 - b. Miller says he looked at the last seven years of Road Maintenance fee payments and says that Residents are paying "way more" than the specified 60/40 split. John suggests leaving the existing billing (FY2015/16) as is for this year, or calculate a revision of this year's billing now and make any adjustments with next year's (FY2016/17) billing.
 - c. Tys- We now have an unfair billing based on an imaginary number (not approved by a quorum). We should redo the billing and re-do the budget number now.
 - d. John says Joy changed the billing algorithm to create a "double" algorithm; Joy changed the spreadsheet and told John the changes were approved by the Board and included in the JMA via an amendment.
 - e. Tys- We need to redo the bills and redo the budget now.
 - f. Tom Bird- Bear Creek Canyon sends out a spreadsheet rather than create individual invoices.
 - g. Miller- It is far easier to leave current bills as is and to build an adjustment into next year's bills. We can send an explanation with next year's invoices regarding an adjustment for the FY2015/16 invoice plus an FY2016/17 bill. An alternative is to send a message to Non-Residents asking them to pay this year's excess bill and receive a reimbursement with next year's bill.
 - h. Jay- We should use \$35K not \$50K as the FY2015/16 budget.
 - i. John- We can't change the bills until we change the JMA.
 - j. Jay- WHEN do we make the adjustment ?
 - k. Tys- Two years from now we will be placing liens on Landowners **who did not pay** the unfair FY2015/16 invoices.
 - l. Tom Bird- The JMA should be fixed first. We can send a letter asking Non-Residents to pay the FY2015/16 invoice, because we need the money, and to accept an adjustment with the FY2016/17 invoices.
 - m. Tys- We would just be perpetuating a bad budget and a bad algorithm.
 - n. John- He wants to change billing to a Project basis.
 - o. Tys- Calls for a vote. VOTE: Redo budget and redo bills **right now**. FOR = 2 AGAINST= 5 Motion fails to pass.

3. Chandik Motion - Since the Board has voted **not** to revise the unfair algorithm and **not** to revise the unsubstantiated budget, Ron would like to instruct the Road Manager to plan to spend the \$50k that was "budgeted" and for which Ron is being billed.

- a. Tys- We are trying to keep the budget consistent from year to year without major jumps.
- b. Chandik withdraws the motion.

4. Tys- We're not going to work with any real budget. Tom will work with whatever comes in. We don't need to know the Road Maintenance budget because we are not going to redo the bills.

- a. Jay- We need a road Maintenance Budget to calculate revised bills. We decided not to do that until after the JMA changes are approved.

E. Discuss Road Manager's plans for the next six months of work

1. Tom will work on Road Maintenance cost estimate.

F. Review current financial situation

1. Tys- We paid Directors and Officers insurance but not Landowners Liability insurance. Do we need liability insurance?: Issue was Tabled for later action.

2. Tys- What information is needed to use the DCLI Treasurer Pay Pal account? Can authorized DCLI Board members have ID and Passwords to access the account?

- a. John objected that this would give unrestricted access to the checking account in addition to Debit cards.
- b. Tys- Who has a Debit card?
- c. John- There is a Debt card for the Secretary. Ann's card was de-activated.
- d. Chandik- I was given an application for a Debit card at the bank this morning. I think it would be useful to deposit checks if the Secretary is being forced to do that.
- e. Tys- We need internal control of access to DCLI funds.
- f. Other Board members agreed. No further action taken.
- g. Various conversations started discussing the logistics of the Secretary and the Treasurer relationship. There was a lot of talk, but no discernable decision.

3. Miller- Austin Comstock bill issue: Greg and others including Victor Smith, Joy, Tom, and Gary voted to authorize \$2,500 to get a legal opinion on the validity of the DCLI JMA. Comstock is Greg & Ann's personal attorney. Greg & Ann said Comstock was working on the JMA opinion, but that there would **not** be any charges to DCLI. At the August 2015 Board meeting Ann got approval to pay Comstock **\$2,500 to study shutting down DCLI**. Comstock's estimate was \$50K-\$100K to shut down DCLI. The major cost was a title search of all DCLI parcels. A \$2,500 invoice was received from Comstock on October 20, 2015. Ann showed up at a **meeting John scheduled with Comstock**. (Unintelligible mumbling) Comstock's bill dated October 20 includes conferences going back to February 2015. \$1,500 of \$2,500 bill was for time before the August 2015 meeting where Ann got Board approval to pay Comstock for his work. John needs to ask Comstock if this is the final bill, because Comstock apparently did some work after October 20. Comstock was trying to determine whether to "fix" the JMA or shut down DCLI. His final conclusion was to shut down DCLI and to start over. **John wants to know what to do with the bill for \$2,500**. DCLI could logically dispute the charges for work before August. After receiving the \$2,500 bill, John sent Comstock an e-mail telling him to stop all work. We have not yet been billed for John's time at Comstock's office and for the opinion letter Comstock wrote subsequent to John's visit. John wants to send a letter with a \$1K payment saying that only this amount was authorized by the DCLI Board for payment. Comstock may have Arden's records.

- a. Tys- Fighting with a lawyer over his bill is not likely to succeed. Tys asks John to write a letter to Comstock negotiating a final bill payment offering \$1K.

G. DCLI Board Member Qualification Requirements and Payment Plans

1. Tys- The JMA states that DCLI Board Members must be in **good standing**. This means Board Members must pay their Road Maintenance bills.

PROPOSAL: Every year the Board must review and approve all Payment Plans in place and provide the results of that review to DCLI Members. **No one objected to this proposal**. Tys wants Board agreement that Payment Plans are ANNUAL payment plans and road maintenance **fees must be paid up during the year**. Road Maintenance Fees billed during the year must be paid up within 12 months. Tys asked if everyone agrees.

- a. Miller objected. John thinks that Landowners "should be able to pay whatever they can afford and not what is demanded of them". John says, "This is a bill and whether or not people want to pay is their decision". John thinks this leads into other types of issues like the legitimacy of the bill.
- b. Tys- It is foolish for a Board to assess payments to people who they know will never pay the assessment.
- c. John – It's up to the person being billed to decide whether or not he/she wishes to pay the bill. John says he is paying \$20 per month under his payment plan.
- d. Tys- If a person chooses not to pay their Road Maintenance bill, it means that they are not a "member in good standing" and cannot vote at DCLI meetings.
- e. John- The JMA "member in good standing" rule was not in the original JMA; it was in an amended JMA. The validity of that amendment in John's mind is questionable.
- f. Dave- Only a small minority of DCLI members dispute the legality of DCLI collecting Road Maintenance Fees to provide access to Landowners land.
- g. John- The JMA is not legal because there was never enough signatures to satisfy the legal requirements. John had gone to the County Recorders office and counted the signatures on the official documents and there was not enough signatures to validate the document.
- h. Tys- Not only does the current assessment need to be paid off in twelve months, but some amount must be paid toward prior years' balances due.
- i. John- He asks for the discussion to end.
- j. No Vote was taken. The issue is carried over for later action.

H. Jay- Asks a question on the billing algorithm revision wording. He was assured about the correct working of the amendment.

I. John disputes the legitimacy of DCLI operating as a non-profit mutual benefit corporation.

I. Discussion of General Meeting Voting process for the future

1. John wants a policy and procedure on proxy processing.

Meeting degenerated into chaos as individual groups carried on unrelated conversations and members drifted away.

Respectfully Submitted by

Ron Chandik

Secretary, DCLI