

DCLI Board Meeting

Wednesday, December 16, 2015 @ 7:00 PM at Tom Bird's House

A. Review and Approval of the Minutes of the 14Nov15 DCLI Board Minutes.

1. Per the Secretary the 14Nov15 Minutes were updated to reflect the fact that the 07Nov15 Fall General Meeting Minutes had been revised to include Jay's proposed amendment to the Joint Maintenance Agreement (JMA) for the proposal redoing the road use assessment method. Revised updated 14Nov15 Minutes were distributed to interested Members.
2. Miller: John stated that what was attributed to him in the 14Nov15 minutes, "The Yahoo group should be used for official communications with the Board", was incorrect and that he believes that the Yahoo group should NOT be used for official communications with the Board".
3. Motion made and seconded to approve 14Dec15 Minutes: For = 7; Against = 0; Motion Approved

B. Road Manager's Report

1. Tom presented two invoices to be paid. JC didn't have funds to pay for asphalt, so Bird paid and requests reimbursement. Total amount requested is \$4,063.00. Marco: Quality of work on section between Hartman cutoff and 3rd bridge is not good. Potholes are already apparent. Dave: Not Jim Walters quality. Tom: No roller and racing the rain. Better than what is was.
2. Tom: Projects completed: #5, Add trash rack; #9, Bottom of Ramble – patched potholes; #10, Deer Crk Rd & Bear Crk Rd @ mailboxes – patched potholes; #13, Upper Jack's Rd – replace culvert; #18, 3rd Bridge to Hartman Crk Rd – patched potholes & paved over slide (geologist opinion is that road will slide into creek). Per Bird: Budgeted total = \$5,450; Actual Cost = \$4,065 Miller: Signed work orders missing; Bird: Need forms; John: He emailed forms.
3. Tom: 3 transfers of rock delivered; no invoices yet. One Transfer to Hartman @ taxi cab to ¾" rock area; might want to cap later, but is working itself in for now. Needs to fix drain rock area. Miller: Need to fix Ken's corner. Tom: Too much rock setting there. Another transfer to be delivered Thursday for Upper Ramble. Of the three transfers delivered, one transfer went to the junction of Jack's and Upper Deer Crk; one to Hartman Crk; ½ by slide and rest is setting in the front of the road.
4. Dave: Move to accept Road Manager's Report; Tys seconded: For = 7; Against = 0; Motion Approved

C. Other Comments on Road Maintenance

1. Marco: We should consider paving the approaches to all bridges. Dave: Good idea. Rocking approaches hasn't worked well in the past. Miller: Paving just causes the problem to proceed to the end of the paved part. Tom: Thinks it's a good idea for next year's budget.
2. Miller: Culvert cleaning should be a major priority. Too many are currently clogged causing drainage problems with the roadway. He doesn't feel that it is his responsibility to identify and clean plugged culverts. Dave: He got out and cleaned problem areas during the last storm
3. Tom: We need to schedule a work party. People living on a road should get out of their cars occasionally and do the necessary manual labor to clean ditches & culverts. Miller: Culvert outlet by Marco's driveway is clogged. We need an adopt-a-culvert plan for people to take responsibility for cleaning culverts.

D. Treasurer's Report

1. Miller: 14Nov15 \$3,148 Deposit; 10Dec15 \$1,583; deposit total is \$4,731; He has not written any checks "to his knowledge". He passed out a "check register thing" from Liberty Bank. John initially resisted disclosing the purpose of withdrawals but eventually disclosed Pay Pal transactions of \$223 =

QuickBooks software + disc +shipping and \$80 John's payment for Road Maintenance Fees. He agreed to disclose what the transactions are for in the future.

2. Chandik: We need a Balances Due Report. Miller: There is no Balances Due Report. All we have is Comstock bill outstanding. Chandik: Balances due from landowners; Miller: here is a report. (Report is Titled: DCLI Invoices for all Customers-1, May 1, through December 15, 2015; report column titles are "Customer", "Amount", "Open Balance": Source, derivation and meaning of included numbers vary from speculative to totally incomprehensible.) Miller: You can get Balances Due report from Joy. Chandik: Joy isn't the Treasurer; you are. How am I as Secretary going to tell a title company what past due road maintenance fees are owed to DCLI to be collected upon the sale of the property? John: I am the Treasurer and I will give you the numbers when you ask for them. Miller: You are nitpicking. Chandik: I want to know what every transaction represents because we as a Board are responsible for the legitimacy of all corporate funds.

3. Dave: What are deposits shown on bank report for? Tys: Basically, Road Maintenance Fees payments for FY2015/16. John: Liberty Bank doesn't breakdown the source of the deposits on their statement. You can drill down further and identify the source of the checks. Miller: you guys have been snooping around in the bank account. Chandik: That's right. I have been looking for what kinds of transactions are being processed so that I can verify their legitimacy. John: I have a beef with that. Chandik: Tys and I both have access to the bank account. Miller: I don't think that is right. Tom: what is the problem with other Board Members accessing the account? Miller: The more people who have access into the bank account and all the little things that happen, it causes problems. Tom: The intent of other Board Member access is to insure transparency of financial data for the Board and for the landowners we represent. Miller: Other people have never had access to the account. Dave: Anybody who is a signatory of the account has access to it. Miller: It has never been that way before. Chandik: It has always been that way from day one. No corporation on the planet entrusts corporate funds exclusively to one person. Tys: more importantly, every member of this Board (Tom: every member of this corporation) has a right to know what funds are going into and out of the corporate account. Miller: He attempts to interpret his financial report.

4. Tys: You as Treasurer are responsible for providing detailed financial information to the Board at each meeting and the Board will share it with the membership. Miller: No. That includes personal financial data that should not be distributed. Tys: The Balances Due are what landowners owe to the corporation and every member has a right to know this information. Miller: It is a little tricky to do. Tys: Why is it tricky? Miller: I haven't verified that everything on previous years' spreadsheets are 100% correct and I am transferring current information to QuickBooks. Tys: How are you verifying the transactions? Miller: I've moved to QuickBooks now and had to go through all previous years transactions in Quicken for the years that Joy was posting to Quicken. I have a real problem with disclosing this information anyway. Tys: This is the fundamental problem. We are not talking about personal information. We are talking about corporate information that all Board Members and all landowners have a right to know. I want to know who is and who is not paying. Maybe I can do something to encourage more people to support Road Maintenance. The more we share information, the more likely it is to be accurate. People will complain if they have a payment issue and we can evaluate it and make adjustments where mistakes are made. I want to know what every member owes and how much is owed for each year in the past and present. Miller: I don't know about that.

5. Tys: I plan to post it on the Web site so that everybody can look at it. It's called transparency. Jay: He doesn't think that corporate financial data should be posted on the Web Site. Dave: It might be considered to be a shaming device. Tys: Only reason he has ever heard for not putting financial data on the Web Site is that one person didn't like his name being linked to his parcel number because he didn't want the government to know where he lived. Jay: I think it's a bad idea to publish everybody's name and how much they owe on the web site. It is going too far. Distributing it in printed form is O.K., but not publishing it on the Web Site. Dave: I guarantee you it would be perceived as a public shaming. Jay: we need transparency as a Board and anybody who asks to see the information should have it given to them, but we don't need to be proactive and distribute it. Tys: Let's start with getting all the financial data to the Board. Chandik: Could we decide what we mean by "all the information"? No response was provided for this question.

Miller: Additional Treasurer issues include an outstanding payment to Comstock, invoices are up to date on QuickBooks, and vendors are being programmed into the system. He will attempt to provide what people were billed and what they paid for prior years.

Dave: So, what is the current bank balance after we subtract the current road maintenance invoices submitted by Tom ? Tom: that's what we are talking about. It's about \$31K minus the \$4K+ I submitted today. Miller: I can't find the paper it was written on. You can go on line and find it.

Tys: Motion to accept Treasurer's Report; Jay so moves; Dave seconded: For = 7; Against = 0; Motion Approved

E. Secretary's Report

1. Chandik: Hands out Master list of all DCLI associated landowners and Liens & Releases report from Santa Cruz County Records Office. He reviews content of reports including basic information about each landowner including name, address, email address, Resident/Non-Resident indicator, 845 indicator, mileage from Bear Creek to each parcel, DCLI Map #, and APN.

2. Miller: He thinks we need mileage from Bear Creek to Yellow gate and mileage from Yellow gate to parcels listed separately; Chandik: That depends upon how we agree to do the billing in the future, which will be discussed later.

3. Chandik: Pleads for everyone to check the information for mistakes and/or discrepancies based on Board Members knowledge of landowners and for the information to be distributed to landowners so that they can verify the accuracy. Tys: He doesn't want to put the landowners address or email address on the Web Site, but other than that he agrees to include the information. All information will distributed to Board Members. Phone numbers would be helpful.

4. Chandik: Explains report sorted by DCLI Map # and its linkage to Larry Palm's 1996 parcel map.

5. Chandik: Explains Liens & Releases report.

6. Chandik: Received Title company request for information on the sale of Patricia Skiff land including liens and outstanding Balances Due. I will respond to the title company based on the information provided by the Treasurer. Tom: Skiff is Johnny Jackson's girlfriend. Miller: Skiff hasn't paid any road dues since the land purchase in April, 2014. \$840 owed on the land. Chandik: But according to the list you just handed out, there is no balance due. Miller: Report shows Skiff owes \$840. Chandik: Shows list of balances due provided by Miller under the Treasurer's report. Miller's report shows NO balances due. What am I supposed to report to the title company ? Miller: I need to check into this.

7. Tys: To Miller, please sort your reports by last name and not first name. Miller: This can't be easily done in QuickBooks.

8. Tys: Motion to accept Secretary's report. Jay moves; John seconds; For = 7; Against = 0; Motion Approved

F. Old Business

1. Tys: Comstock letter: Last meeting we decided that, if anything, DCLI would pay \$1K, but not the \$2,475 billed to us, because there are charges in the bill for time periods before the Board's vote to hire a lawyer. No letter has been written because there was further chatter on line. No additional letters. Miller: Comstock is still tight with Greg and Ann. Tys: Fundamental issue is: Are we going to pay the \$1K or argue that we shouldn't pay anything ?

2. Chandik: I will not vote to pay Comstock anything. The work was intended to undermine the legitimacy of DCLI and I do not believe that DCLI Landowners should pay for this type of expense out of funds they intended to pay for road maintenance.

3. Marco: Didn't the DCLI Landowners vote to spend funds for this purpose ? Tys: No, the vote was at a Board meeting. Miller: The process started in November. Dave: I would agree with what Ron said. DCLI would be paying for self-destruction. Chandik: Somehow we need to stop these continuing efforts to bleed DCLI to death with lawyers' fees continually raising the same issues.

4. Tom: I was on the Board at that time that proposal was brought up by Greg and Ann. Greg and Ann proposed having a lawyer review whether or not the existing JMA was legitimate. The Board did agree to address the issue, but not with lawyers we know about. This specifically excluded Comstock because of his personal service to Greg and Ann. Other lawyers with linkage to the incorporation effort were also excluded. Tom offered to find an unaffiliated lawyer. He found a Santa Cruz lawyer and submitted her name to the Board, but nothing was ever done about it. Chandik: What was Comstock trying to do? Tom: The intention was to verify the validity of the JMA. Comstock should have secluded himself. Jay: There doesn't appear to be a Board motion to perform the work for which we are being charged. Tom: The Board voted to have a lawyer review the JMA. Comstock's proposal goes far beyond that direction and into the realm of abolishing the corporation and reconstructing it and very large cost, approximately \$100K. So, Comstock's response was not what was requested and not what was authorized. Tom's comments were not included in the Minutes of the meeting where the work was approved by the Board. Miller: There is a transcript available. Tom: I'd like to hear it. Dave: He would like to not reply to Comstock and see if he pushes it. Miller: He sent Comstock an email telling him to stop working on the project. This is where it now stands. Marco: He agrees that DCLI should not pay Comstock if it is established that it was agreed not to use Comstock, but someone went ahead and told him to pursue the issue. Tom: The mission was to determine the validity of the JMA, not to toss it out and start over. Miller: It was verbally said (but not included in the meeting Minutes) that Comstock would operate pro bono for Greg and Ann prior to a Board approval of the project. On Aug 3 at Gary's place the Board voted to give Comstock \$2,500 to review the JMA. This was officially done on Aug 3, but discussed at many previous meetings. Marco: Since the bill went back to February, why don't we just tell Comstock that we won't pay for anything prior to Board approval? Jay: If the Board actually did agree to pay Comstock for his services, that changes the situation. Miller: Right after the Aug 3 meeting, Ann sent an email to Comstock saying that he could start billing DCLI now. Dave: The general tone among us seems to be to not pay anything at this time.

5. Tys: The question now is: How should we respond to Comstock? Tom: I would be happy to meet with Comstock along with John or whoever else wants to go along. Dave: The intention would be to find out whether or not the agreement with Comstock was appropriately negotiated. Tys: By consensus he will let Tom interface with Comstock to determine an appropriate course of action. Tom: He will communicate his recommendations to the Board, after listening to the Board meeting recordings and prior to solidifying anything with Comstock.

G. Definition of "Member in Good Standing" for this Board

1. Tys: To be a "Member in Good Standing" according to the JMA, a DCLI Landowner (1) must have all current and prior years' balances due paid in full or (2) must have a valid payment plan approved by the Board in effect. We need to define what it means to have a "valid payment plan". Proposal: DCLI 2015/16 Board defines a "valid payment plan" to include payments that will cover 100% of the current fiscal year's assessment by the end of the current fiscal year. In addition, if there is any further debt, the payments must also cover at least 25% of that back debt in the fiscal year.

2. Jay: moves to accept the idea; Chandik seconds the motion. Discussion: Miller: I am not paying it. You can get rid of me that way and that's fine. Dave: In principal I am for it. Tom: I have people on the road saying, "Wait a minute. You are asking me to pay, but there are people on the Board who are not up to date." Miller: So, I'll just quit the Board and quit cleaning culverts and do nothing. That's what you want. Tom: No. That's not what we are after. Miller: I don't have the money, so you can do whatever. Marco: Is there some kind of other plan for people who can't afford it? It's not much of a payment plan if they have to pay within a year. Chandik: If you don't pay down the debt, it will just keep growing. John: I make money on a project basis without a regularly scheduled paycheck. Every couple of years I get a good a job and get paid. John recalls bad experience with the first time he was liened for late payment of road maintenance fees. Miller: I'm willing to bump my \$20/month payments to \$40/month. Dave: To Tys: What would it require from John within your proposal to keep him in "good standing" and on the Board? Tys: If your current assessment is \$525, that would be \$43.75 per month for the current year's road maintenance fee. John: Well, that's what you are going to get. Tys: It's now December and you are going to get another bill at the end of April, 2016. So you need to be at zero for the current fiscal year at the end of April. John: Can I get some credit for some of the work I do on the road? Tys: That's a different conversation. Dave: It's not unprecedented.

John: In years past, like in the 90s I gotten a lot of credit. Chandik: I had sent an email with the previous Work Credit Voucher to the Board. Why can we not use that process ? Tys: when we do road projects now, we do not pay people to go along with the equipment and do manual work, so it is not in the budget. John: In my opinion that's a mistake. Tom: In Bear Creek Canyon we do give work credit, but it has to be for work scheduled in advance, included in the budget and not done retroactively. Chandik: To Tom: You had used the DCLI work credit voucher in the past. Is there some reason why you stopped using it ? Tom: Nobody asked for it. I'm not opposed to it.

3. Off the subject: Marco: Some people are upset about paying their bill when light weight water trucks continuously tear up the roads. Isn't there some way to bill the water trucks and let them collect from the water users ? Dave: He thinks it's time to have a serious talk with some of the big players regarding water usage and usage of the roads.

4. Tys: Back to Payment Plans: Jay: I think we should accept this policy effective May 1, 2016 and we should start moving John in that direction by accepting his offer of \$43.75 until then. John: And get paid for doing some of the extra labor he is doing. Tys: This is a Board policy that is six months late now. Tom: I know it's late, but we are just implementing the policy now and I don't think we can implement the policy retroactively. We need to have it effective with next year's billings. Tys: It's not retroactive to last year. Everybody got a bill around June. Jay: You're implementing a policy that had everyone known about it they could have paid off their assessment last June over twelve months. Now you're putting it into place and not giving anyone a chance to pay it off over 12 months. Tys: Another way to look at it is to say that we have given everyone seven months to pay whatever they wanted to pay and now we're asking them to complete their payments by the fiscal year end. Tom & Dave: I don't think we can go back and change the terms of the payments as they existed when the billing went out. Tys: there was no policy in place at the time of the last billing. John: \$20/month was fine with the previous Board. Tys: It is not changing the rules retroactively. It is changing the rules now, at this point in time. Chandik: If we pass the motion, it becomes effective at the time we pass it, not retroactively. Jay: I'm withdrawing my support of the motion and let's amend it so that the applicable payments only apply to the remaining four months of the year. Tys: So what happens to the remaining FY2015/16 balance due. Do we just add it to the Prior Years' Remaining Balance Due ? Jay: Yes. John: I have a big debt already, so you can just add on to it. Tys: So how do I do the math ? Jay: That requires a little detail, which makes it difficult to work out on line. Chandik: I feel like a dumb sucker for paying my \$764 FY2015/16 assessment. I should have just blown it off. Dave: I paid mine and I don't feel that way. Tys: What do I tell other landowners who want to be on a payment plan ? John: This only applies to the Board doesn't it ? Tys: No. It applies to everyone. John: Then what are you going to do with people who don't pay, tell them they can't vote ? Tys: Yes. John: Then I'm totally opposed. Tom: That's a JMA issue, which you can change, but not easily. Chandik: To Dave: Can you really say that you paid your assessment, but your neighbor does not and it doesn't bother you ? Dave: No, but John was elected to the Board and it seems like we are trying to remove him with rule changes and that doesn't seem fair. Tys: Nobody is trying to remove John from the Board. Dave: I'm expecting everyone to pay their bill. Chandik: But you are making this one exception for Miller. How do you rationalize that ? Dave: Maybe it's not logical. Jay: I agree that we need to make rule changes, but I don't think that we should disenfranchise anyone. Dave: I don't think that anyone will not pay their road assessment because we allowed an exception for John which would allow him to stay on the Board. Tys: I have heard personally that some people will not pay. Jay: I think we should accept John's \$43.75/month offer and effective May 1, the new rules will become effective and he will have to comply. Tys: How do I tell other landowners what they should pay ? We are not even talking here about any attempt to recover Prior Years' Balances Due; in fact we are adding to them Jay: I admit that it makes me a little conflicted between the two principals we are trying to enforce. Dave: To John: Do you understand that under this amended proposal you would be paying \$43.75 per month thru April, 2016 and after that period, if you do not conform to the current year balance due payment plan and prior years balances due payment plan, you would not be eligible to be on the Board or to vote ? Dave: To Tys: I want to adopt your payment plan proposal with the next billing cycle and let people know this is coming. Tys: We are trying implement a defined payment plan, not an open-ended payment plan. By not implementing the plan now, people who do not meet the proposed payment criteria will be eligible to vote in the next election. Jay: I think that we need to implement the proposed payment plan changes with the May 1, 2016 bills. Until then, all payment plans currently in

effect allow people with these plans to serve on the Board and to vote in any DCLI election. Dave and Tom agree with Jay.

5. Tys: Calls for a motion to implement the proposed payment plan rules now as stated versus next year: For = 2; Against = 4 Motion Fails to Pass. Now we will publish this policy in hopes that a new Board in May, 2016 will implement it, or that it will be included into the JMA.

H. New Discussion Items

1. Line Item Road Maintenance tasks are accepted and included in mailing.
2. Lien Policy: Tys: vote on this next Board Meeting. Intention is to specify what the liens will be and how much will they be for. Ron will establish a list of landowners to be liened (assuming the Treasurer will provide a Prior Years' Balances Due report for each landowner). Tys will coordinate with Ron on a procedure for establishing liens.
3. Jack's Road Work: Work is done. Nothing to discuss.
4. Paying for ditching team: Issues of liability for accidents to contractor laborers. Miller wants to hire labors to clean ditches and culverts and to do other manual labor. Miller found a temporary labor provider: \$200/per day per laborer Work would be as needed. Jay: Road Mgr. should decide what he feels is necessary. Dave: Ditching is better done with tractor blade. Tys: Put into FY2016/17 Budget or use volunteer road work parties.
5. Mailing includes:
 - a. Road Maintenance line item list
 - b. Who owes what and has owed what and payment plans in place.
 - c. JMA + math showing how new budget & algorithm will change what they owe
 - d. Letter and survey from Tys.
6. Who is the owner ? Sales by Owner but no paper work. Can't communicate with various people living there with absentee landowner.
7. Liability Insurance for DCLI: Do we need it ? Miller: His research indicates that our liability insurance did not do anything. Tys: Has put out feelers to insurance providers to see what is available.
8. Proxy Forms: Must communicate acceptable procedure to landowners.

I. Motion to Adjourn; Tom seconded; meeting Adjourned.

Respectfully Submitted by

Ron Chandik

Secretary, DCLI

December 26, 2015