

# Deer Creek Landowners, Inc. Fall General Meeting

November 4, 2017

A. The meeting was called to order at 11:00 AM by President, Tys Sniffen. A Fall 2017 Landowner Proxy Voting Eligibility spreadsheet had been prepared and eligible Landowners signed into the meeting at the door. Ballots for voting had also been prepared but were not distributed until they were needed for the election. If necessary, the Proxy Voting Eligibility spreadsheet would be used to distribute eligible ballots to Proxy assignees.

## B. President Comments:

1. Tys: Board Policy is: What we decide at this meeting today is official unless somebody raises an issue regarding the existence of a quorum; in case of some objection we will have to re-decide the issue(s) at another meeting with a quorum.
2. Tys: Welcome and congratulations to all Landowners surviving the Bear Fire and associated evacuations.
3. Tys stated the intention of this meeting is to talk about the fire and discuss the status of the SBA Loan project. We'll also have elections for Road Manager, Secretary, and Director #2 currently held by Dave McGuire, Ron Chandik, and Simon Field. We'll start the meeting with reports from our current Officers.
4. Tys: We are currently six months into the fiscal year. Last May at the Spring DCLI General meeting we voted for a substantially higher budget (about \$63K vs about \$45K) than we normally supported. We currently operating at a 50% payment rate, which means that the Road Mgr does not have the money he needs to complete the projects included in last May's budget.
5. We have 79 DCLI Members plus another 15 that we call "845s" (people in front of Yellow Gate). A quorum for making business decisions is defined in our JMA as 30% of the total DCLI Members, so a quorum is  $30\% \times 79 = 24$ .
6. Secretary Note: The final sign-in count at the door was 15 and there were 2 valid proxies resulting in a total of 17 DCLI Landowners, an insufficient number for establishing a quorum for this meeting.

## C. Road Manager's Report by Dave McGuire:

1. Nothing has been done on Little Buck or Ramble. Some culverts were replaced on Hartman and some drainage restored and some rock spread. These projects are mostly band aids rather than substantial maintenance projects.
2. We collected less than half of the Road Dues billed for FY2017/18, which placed us in a triage mode picking the most pressing damage and applying what little funds we had available.
3. Jim Walters did a good deal of grading from the Locatelli washout to Ramble with some rock by the 3<sup>rd</sup> bridge and at Palm Cutoff, but no other rock was included.
4. The main road is being eroded into the wash board condition and we have major drainage issues.

5. We needed to keep some reserve for winter contingencies and we were unable to set aside the \$15K for paving voted for at the Spring meeting.
6. Joey Lafever has agreed to restore the drainage where culverts were previously placed and to clean the ditches.
7. The absence of funding makes the SBA Loan an even more critical issue.
8. We still need to put plastic sheeting on the slide and go down into the creek to divert some of the water from undermining the repaired wash-out area.
9. Jim Walters will charge \$60K to grade and rock from the bottom of Ramble at Deer Creek road to Deer Creek Heights. JC's bid was about \$30K, but he agreed to do some work including grading and rock for \$18K. Ramble is a big problem and currently we are going into the winter without any work having been done.
10. Motion made and seconded to accept the Road Mgr's report. Motion Passed.

#### D. Secretary's Report by Ron Chandik

1. Secretary works on issues relating to land ownership and sale, tax issues, and several documents used to facilitate the smooth and efficient administration of corporate issues.
2. Parcel Map of DCLI road system with Map #s and APNs relating back to the landowner: This is used to identify who owns land on each road and how far they travel on the road for billing purposes.
3. Updates on Master Lists: Members' data & changes.
4. Work with Title companies on land sales and new owners. There has not been much sales activity in DCLI in the past six months.
5. Prepare to process Lien and Release transactions with Santa Cruz County Recorders office and with Tys in December.
6. Record & Distribute Meeting Minutes.
7. Prepared documents for DCLI Fall General Meeting and assembled and mailed the meeting announcements. We also assembled and mailed THREE Invoice Balance Due letters to delinquent Landowners and a special SBA Loan letter to all Landowners explaining DCLI's plan to pursue these available funds.
8. Motion made and seconded to accept the Secretary's report. Motion Passed.

#### E. Treasurer's Report by Mac Marshall:

1. \$13K was paid to Jim Walters for road work and an additional \$10K was spent on miscellaneous other road projects. Dave: The \$10K was spent on Hartman.
2. Current Liberty Bank balance is \$7,468. Plus we collected about \$2K from the P.O. box and meeting today.
3. Tys: Considering that we spent \$24K last winter on the road, going into winter with such minimal funding is disturbing.
4. Checks were created and mailed to suppliers and vendors to cover road maintenance and administrative costs of DCLI.
5. Jay: Contention is that increased billings resulted in less people paying. What evidence do we have to suggest cause/effect? Tys: None other than the obvious review of data. Jay: We seem to have occasional lien collections on sold

property, so we know that eventually we will collect the large balances due. Ron: There have not been any DCLI parcels sold in the past six months.

6. John: Mac, do you have any paper work or reports you can provide ? Mac: I can show you the checks deposited and checks written, but I don't have a summary report.

7. This time last year we had 33 people with a zero or negative balance due. Right now we have 42 people with a zero or negative balance. Last year there were substantial lien recoveries from land sales, but none this year.

8. Motion made and seconded to accept the Treasurer's report. Motion Passed.

F. Tys: Reminder of lien process: It's been six months since the bills were sent out. Any unpaid invoices are now overdue and we will shortly go to the Santa Cruz Records office and file the related liens. Anyone who has not paid their Road Dues and has not set up a Valid Payment Plan will be liened. A Valid Payment Plan must include 100% of what you owe for the current fiscal year and at least 25% of your prior years' balance due. Liens include 10% interest and 10% penalty on the entire balance due to DCLI.

G. SBA Loan Discussion: Tys

1. SBA Loan process was initiated six months ago and is going well.

2. Earthworks and K & M paving contractors were solicited for bids. Earthworks is way more expensive, so we are focusing on K & M.

3. 4-5 sections of DCLI Roadway were identified as being locations where paving costs could be justified for 30 years of loan payments.

4. Quotes for the projects amounted to \$251K and the SBA approved our loan for \$251K. Much paper works needs to be done and SBA is slowing down processing because of additional work due to major hurricanes. \$251K is the principal at 2.5% over 30 years, which amounts to \$357,031 total cost to DCLI.

Our annual payments will be \$12K per year. This work should result in lower costs to Landowners so assessments for regular annual maintenance should be lower than for previous years. The plan is to each year pay \$12K on the loan and about \$20K additional for other projects like culverts and ditching, which are not included in the SBA loan projects.

5. SBA loan projects are places where we continuously dump money every year.

Dave: We are targeting the steepest sections which is also where we are spending the most money. We need to discuss our selections. Work will start in 2018. Board thoughts are:

a. First Bridge to washout.

b. Second Bridge to Palm.

c. Third Bridge to Ramble.

d. Ramble from Deer Creek to Deer Creek Heights.

e. Bottom part of Hartman.

6. Mo: What's the algorithm for the repayment of the SBA loan ? Dave: We will use that same algorithm as for our regular annual Road Maintenance Fee Assessment. Tys: I have a spread sheet here that will tell everyone what their

portion of the loan liability is. 845s will not be assessed for any of the SBA loan; they did not vote and did not participate in project selection. 845s can make donations if they want to participate in the project.

7. SBA Payback: If we spend all the \$251K and if the SBA decides for some unknown reason that we must pay the \$251K back to them (we default on the loan), each DCLI member is liable for returning his/her allocated portion of the loan per the billing algorithm. Reasons for default:

- a. DCLI not paying the \$12K payment per year to the SBA.
- b. DCLI using the money for projects that are not approved. There is no known or specified SBA project auditing process.

8. Tys: 845 landowners are not committed to repaying DCLI's SBA loan. DCLI solicited objections to the SBA loan via a special May 17, 2017 letter sent to all DCLI Landowners. We only received three objections. We believe that this process along with the vote for approval at the May 13, 2017 DCLI Spring General Meeting authorizes DCLI to enter into this agreement with the SBA.

9. Miller: A previous SBA Loan while Larry Palm was President went directly to his personal bank account. Not all the money was accounted for. Larry spent the money on projects of his own choosing. Maybe the money should go into a separate bank account and not be co-mingled with other DCLI funds. Tys: We agree to keep an accurate, valid and transparent accounting of all SBA funds and to report funds withdrawn and projects funded as work is initiated to the Membership.

10. Tys: Our intention is to have all "fixes" we make to the roadway with SBA funds to last thirty years. Miller: The work still needs to be maintained, which isn't currently happening. Dave: Earthworks gave us a quote for repairing all currently exist asphalt and I will initiate this activity as soon as we have sufficient funds. There are also several areas that need grading and rock to repair previously existing and currently damaged sections. Little Buck, Hartman and Ramble are good examples of this need.

11. Tys: Final opportunity to raise issues or object to the SBA loan or to these projects: Dave is glad to accept suggestions.

a. Jay: Since DCLI has already spent substantial funds for emergency road repairs and the funds used for these repairs were taken from already approved and budgeted projects, which were never completed, will DCLI retrieve these funds from the SBA loan proceeds and complete the original projects? Tys: We spent \$24K of DCLI's FY2016-17 budget that we should be able to recover from the SBA funds.

b. Simon: We need to be careful not to use these recovered funds on "band aids" and to make sure we use the SBA funds where they can do the most long term good.

## Addendum:

Prior to this general meeting, we mailed all members a vote (mailed May 17, 2017) and we only received 2 no votes. so 77 yes votes to approve getting the loan from the SBA and doing a special assessment on each landowner, based on our billing algorithm was passed, by voice vote May 13<sup>th</sup>, 2017, by mail vote May-June, 2017 and by final hand vote, November 4<sup>th</sup>, 2017 with a 98% approval (77 of 79).

### H. Discussion of disposition of the \$24K DCLI spent last year before the second bridge.

1. Simon: How much of that \$24K was billed to the 845s ? Tys: None
  - a. 845s should have gotten an exact pro-rata allocation of those costs. Maybe we can't bill them for improvements, but we can bill them for emergency repairs. We kept the road open for THEM as well as for us.
2. Dave: Who is behind the stumbling block of the 845 situation ? Simon: We could rebuild our emergency fund by billing the 845s for their fair share of the \$24K DCLI spent.
3. Tys: The issue is whether we do an annual budget and bill according to the budget or whether we do an after the fact accounting and bill actual expenses. Currently, our billing is "forward looking". We bill what we budget.
4. Simon: This is a one off special case. We spent a bunch of money for a emergency and we should be able to recover it.
5. Tys: It comes up to about \$255 per Member for both DCLI and 845s.
6. Simon: You don't have to bill DCLI Members again. We already used their money to do the emergency repairs. By doing so, DCLI Members gave up the projects that were budgeted to use the funds spent on the emergency. Only 845s did not pay for the emergency. This is the entire point of the 845s.
7. A long discussion ensued regarding the satisfactory treatment of 845 Members Road Maintenance Fees. Simon gave a very complete and persuasive argument in support of the following resolution.
8. Motion for vote: Take the \$24K DCLI spent last year before the second bridge; divide it by 94 DCLI & 845 Landowners; giving approximately \$255 per Landowner.

Motion #1: We would bill ALL (DCLI & 845s) \$255 each for emergency repairs:  
In Favor = 4; Opposed = 9 Motion Failed

Motion #2: We would bill only the 15 845s for \$255 for their share of the emergency road work: In Favor = 9; Opposed = 3 Motion Passed

### I. Election of Officers

1. Road Manager (currently Dave); No other nominations; Elected by acclamation.
2. Secretary (currently Ron); No other nominations; Elected by acclamation.
3. Director #2 (currently Simon); No other nominations; Elected by acclamation.

J. Special THANKS to Ginny and Tys and Dave for massive personnel commitments of time and effort to securing the SBA Loan, especially in light of the negative karma surrounding the previous SBA Loan experience.

1. Acknowledgement of current Board Members for professional management of a complex and in some sense dysfunctional organization.
2. Tom: Acknowledgement of Andrew for special efforts coordinating activities during the most traumatic Bear Fire incidents.
3. Andrew: Community Emergency Response Team (CERT) was the active group supporting the Bear Fire emergency effort. Their meetings are the first Thursday of every month and involve about 30 Boulder Creek residents.
4. Manuela: Acknowledged Cal Fire for saving their house.

K. Additional comments of fire prevention

1. Miller: Some people were able to get out through Castle Rock. Someone had broken through the gate.
2. Bird: Defensible space and a water supply are key issues. County and Sheriff will be more active in our area.
3. Andrew: Route signage and home address is important. Tys: proposal for large blocks of letters to form sturdy road markers.

L. Abandoned Cars

1. There are currently 4 known abandoned cars on the roadway: Isuzu, green Dodge, Daly vehicle at bottom of Ron's Road, and red Jeep Cherokee.
2. Tys: Offered \$100 per vehicle (paid by DCLI) to a person who will remove them. After two months, the vehicles are still there. What should we do ?  
Dave: Is against spending DCLI money to remove personal vehicles. This is the landowner's responsibility.
3. Miller: "Someone" could contact the DMV to secure the title and then remove the vehicle. Mac volunteered.
4. Tys: Any objection to DCLI removing abandoned vehicles ? Much discussion, no conclusion.

M. Tys: Electric gate at Bear Creek Road was proposed by Andrew. Ginny offered advice based on the gate she installed on Upper Deer Creek; her cost was less than \$10K.

N. Dave: He has road work that needs to be done and DCLI currently does not have any funds to pursue this work. Does he have to wait until Spring to do any more road work ? Some members want to use the portion of the SBA loan that was used for emergency repairs, but Tys says that we don't have the money yet and that additional paperwork needs to be completed. Only viable option seems to be to use any late FY2017/18 Road Dues received between now and the Spring General Meeting.

O. Reverse 911 calls were used to send evacuation notices, but you need to sign up for it.

P. Next meeting will tentatively be the first Saturday in May, 2018.

Q. Tys formally closed the meeting.

Respectfully Submitted by DCLI Secretary,

Ron Chandik

12Feb18