

STONELAKE MASTER ASSOCIATION  
OPEN SESSION BOARD OF DIRECTORS MEETING  
Thursday, October 14, 2010, at 6:30 pm  
Stonelake Clubhouse  
3000 Riparian Way, Elk Grove, CA 95757

DRAFT MINUTES

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DIRECTORS PRESENT

Michele Mihalko  
Paul Sidhu  
Jeanne Li  
Gina Tosi-Smith

DIRECTORS ABSENT

Daniel Allen

MERIT PROPERTY MANAGEMENT, INC.

Rachel Corona, Community Manager  
Scott Hubbard, Community Manager, CCAM

BAYDALINE AND JACOBSON, LLP

Darin Bevan, Association Attorney

I. CALL TO ORDER

Michele Mihalko called the meeting to order at 6:45 pm.

II. AUDIO AND VIDEO RECORDING MEETINGS

The Board was provided with a draft opinion from Baydaline & Jacobsen regarding homeowner's audio and video recording board meetings.

MOTION: Paul Sidhu

SECOND: Gina Tosi-Smith

RESOLUTION: The Board voted unanimously to allow audio recordings by the Members, Management and the Board during regular open session meetings, but not to allow any type of video recording.

III. MANAGEMENT REPORTS

A. Management Reports

Community Manager, Rachel Corona gave an oral report on the items discussed at the September 23, 2010, Executive Session meeting as well as the October 14, 2010 Executive Session meeting (held immediately prior to this meeting). Those items included litigation, matters relating to the formation of contracts with third party vendors, member discipline, and personnel matters.

B. Violation Summary Report

Management provided a copy of a Violation Category Summary Report for the Board as well as the homeowners.

#### IV. HOMEOWNER OPEN FORUM

Many of the homeowners in attendance had questions for the Board regarding the Association's draft budget as well as questions regarding the Rules Advisory Panel. The Board let the homeowners know that they would not be taking questions related to the budget or the rules advisory panel. Instead, the Board explained that the homeowner open forum would be for homeowners with any other questions. The Board also explained that open forum would be re-opened after the budget was presented and then again re-opened after the Rules Advisory Panel made their presentation.

- Gary Sibner of 2625 Snowy Egret Way: Mr. Sibner directed his comments to Mr. Buckman and Mr. Vilahu in regards to the litigation. Mr. Sibner questioned why Vilahu and Buckman did not use an Alternative Dispute Resolution (ADR) instead of wasting the Association's money on legal fees through litigation.
- Marilyn Santiago of 10053 E Taron Drive: Ms. Santiago asked manager, Rachel Corona to restate the expenses and financial numbers that she had given in the Management Report.
- Stephen Hodge of 9816 Waterfowl Drive: Mr. Hodge responded to Gary Sibner's comment regarding using ADR instead of litigation. Steven stated that they were trying to prevent litigation, but the Board was not working with them through ADR.
- Mark Buckman of 9988 Bobbell Court: Mr. Buckman stated that he liked the violation summary report that was handed out and he also liked the financial report from manager, Rachel Corona. Regarding the litigation, Mr. Buckman stated that he wrote to the Board of Directors regarding procedures, but the Board did not respond to his request, so he filed the injunction. At that time, the Association's attorney, Darin Bevan stepped in and suggested we cease all comments regarding the litigation.
- Tom Smith of 9901 Bobbell Drive: Mr. Smith commented that he takes walks through the community in the morning and he had recently slipped and fell on a the sidewalk on Bobbell Drive. The sidewalk was extremely wet from a broken sprinkler or some kind of a leak. He asked whose responsibility it is to fix. Management explained that it would be the homeowner's responsibility to fix and requested the address from Mr. Smith.
- Shirley Ng of 9804 Club Park Drive: Ms. Ng asked about the ballots that were recently mailed out and the election process. Management let her know that any specific questions she has regarding the election can be emailed to Scott Hubbard or Rachel Corona.
- Felicia Miller of 9820 Waterfowl Drive: Ms. Miller's question was in regard to the budget; she questioned the other income line item shown on the budget. Management let her know that that was from clubhouse revenue gained from clubhouse rentals/private parties.
- Brian Salas of 2612 Grazing Point Way: Mr. Salas asked about the post orders for Burrows Security, he stated that Burrows is mainly staying at the clubhouse in the morning and that he would like to see them patrolling the neighborhood. The Board had Management let him know that Burrows is doing both; they come and unlock the clubhouse and secure it and then leave to do drives of the community.

#### IV. HOMEOWNER OPEN FORUM (CONTINUED)

- Tom Smith of 9901 Bobbell Drive: Mr. Smith had a question regarding the delegate election and the quorum requirements. Management let him know that they would send him the information the quorum requirements for the district delegate election.
- Vince Lena of 2525 Lark Sparrow Way: Mr. Lena provided an update on the Town Hall Meeting that was held with Burrows Security the week before. Mr. Lena stated that the Association was in Beat One and according to the numbers they have the lowest crime rate in the area. He let the homeowners know that if they are looking for neighborhood watch information it is posted on the website. He also discussed some of the improvements going on in Elk Grove, notably the upgrades to the onramp and upcoming projects including streets and traffic projects. Mr. Lena asked if the Association will be holding a candidate night before the director elections. Mr. Lena also made a brief statement about the lawsuit stating that as he understood it the Board made a few mistakes but he was not in favor of the lawsuit.

#### V. CONSENT CALENDAR

Director Michele Mihalko pulled items A, C and D from the Consent Calendar and put them under New Business.

- A. Approval of the Minutes from the August 12, 2010 Open Session Meeting  
*Item A of the Consent Calendar was moved to New Business item B.*
- B. Approval of the Minutes from the September 16, 2010 Open Session Meeting  
The Board approved the September 16, 2010 Open Session Meeting Minutes.
- C. Approval of the Minutes from the May 13, 2010 Open Session Meeting  
*Item C of the Consent Calendar was moved to New Business item B.*
- D. Approval of the Minutes from the July 8, 2010 Open Session Meeting  
*Item D of the Consent Calendar was moved to New Business item B.*
- E. July 2010 Financial Statement  
The Board approved the financial statement and bank reconciliation dated July 2010 as presented, reflecting \$291,275.92 in operating funds, \$309,797.08 in reserve funds, \$167,063.49 in owner's receivable, \$3,125,834.48 in Other Assets and total assets of \$3,893,970.97. The statement reflects year-to-date Reserve contribution of \$89,643.71 compared to a budget of \$89,292.00.
- F. August 2010 Financial Statement  
The Board approved the financial statement and bank reconciliation dated August 2010 as presented, reflecting \$318,812.19 in operating funds, \$322,594.28 in reserve funds, \$165,159.81 in owner's receivable, \$3,126,087.16 in Other Assets and total assets of \$3,932,653.44. The statement reflects year-to-date Reserve contribution of \$102,440.91 compared to a budget of \$102,048.00.

V. CONSENT CALENDAR (CONTINUED)

G. Ratify Board Decision Regarding Rules Advisory Panel Participants

The Board approved their action without meeting, which established the Rules Advisory Panel.

MOTION: Jeanne Li

SECOND: Paul Sidhu

RESOLUTION: The Board voted unanimously to approve items B, E, F, and G as presented.

VI. OLD BUSINESS

A. 2011 Budget

Director Paul Sidhu presented the Association's 2011 draft budget to the membership by providing handouts and showing a PowerPoint presentation.

MOTION: Paul Sidhu

SECOND: Gina Tosi-Smith

RESOLUTION: The Board voted unanimously to approve draft budget with a monthly assessment fee of \$64.00.

Director Jeanne Li left the meeting 8:00 pm (during the budget presentation) and did not participate in the vote to approve the budget.

At this time Director Michele Mihalko recognized Merit for their effort with the budget and the violation process, noting that things are improving. Director Michele Mihalko also recognized Stacey Dolby, Facility Director as doing a fantastic job at the clubhouse and with the staff.

The Board temporarily moved away from Old Business to add the following Homeowner Open Forum Relating to the Budget to the agenda. The remaining agenda for Old Business follows the Homeowner Open Forum.

VII. HOMEOWNER OPEN FORUM RELATING TO THE BUDGET

- Shirley Ng of 9804 Club Park Drive: Ms. Ng questioned what the monthly assessment would be if Burrows were removed from the budget completely. Shirley asked Management to send her this information directly.
- Stephen Hodge of 9816 Waterfowl Way: Mr. Hodge asked how much the Board budgeted for parking enforcement in 2010. The Board responded and let him know that they budgeted an annual amount of \$32,000.
- Leah Powner of 2528 Marsh Wren Way: Ms. Powner applauded the Board for being able to decrease the dues, but was unhappy about the increase in legal fees.
- Mark Buckman of 9988 Bobbell Court: Mr. Buckman wanted to know why the Board was not budgeting for operating reserves. Management and the Board let him know that there are no reserves for operating accounts.

## VII. HOMEOWNER OPEN RELATING TO THE BUDGET (CONTINUED)

- Fred Stevenson of 9895 Osprey Point Circle: Mr. Stevenson was wondering why the Board did not keep the assessments where they were at 2010 and not reduce them by \$2.00 and instead put that \$2.00 in a place that could be used. The Board responded and let him know that they put together the budget the way they wanted it and they were able to reduce the assessments by \$2.00.
- Dwight Zuck of 3020 E. Pintail Way: Mr. Zuck asked how much the Board budgeted for parking patrol in 2011. The Board let him know that they did not budget for parking patrol.

## VI. OLD BUSINESS

### B. 2010 Reserve Study

MOTION: Gina Tosi-Smith

SECOND: Paul Sidhu

RESOLUTION: The Board voted unanimously to approve the 2010 Draft Reserve Study from Browning Reserve Group with the following changes: Browning needs to adjust the number of units on the Reserve Study and the Board also wanted to add a contingency line item to match the total amount of reserves they have on 2011 budget.

### C. Rules Advisory Panel Report

El Stone of 9871 Osprey Point Circle presented the Rules Advisory Panel recommendation to the Board; she is the co-chair of the committee, the committee chair was not present. Ms. Stone gave the Board copies of the policy statement regarding enforcement of parking, which included a preamble, the policy statement and the variances to allow on street parking. Ms. Stone also provided the recommendations for community rules and regulations regarding section B7 of the Parking Enforcement. Rules Advisory Panel Member Jennifer Buckman of 9988 Bobbell Court presented the results from the a survey that was conducted by a portion of the committee and the committee as a whole. Mrs. Buckman provided a copy of all the surveys that were received along with a print out of the results; both items were provided to the Board for review. At this time, Community Manager, Rachel Corona made copies of the two proposed rule information packages that were given to the Board and made copies for the homeowners in attendance. The Board had a few questions for Mrs. Buckman relating to the survey. The Board asked how the survey was conducted. Mrs. Buckman explained that her and other panel members went door to door; many of the owners filled them out as they waited. The Board asked Mrs. Buckman how they (select members of the panel) picked the streets. Mrs. Buckman stated they picked the streets where they were aware that there were parking issues. The Board asked if they surveyed streets where there were not parking issues. Mrs. Buckman explained that they did not. The Board asked Mrs. Buckman if the panel agreed to the question that were presented in the survey and she answered no. The Board asked if the survey was discussed with the rest of the panel before the survey was distributed and Mrs. Buckman said no. The Board made a comment that the questions appeared to be slanted to obtain certain results.

The Board asked Ms. Stone and Mr. Hodge to clarify whether or not they should be referring to the policy statement or the spreadsheet provided. Mr. Hodge responded that the meat of the policy is included in the spreadsheet; however, the policy statement gives a general breakdown of the recommendations. The Board asked that the proposed edits are what the panel is proposing to replace and they responded yes. The Board asked why a member would have to be in good standing to report a parking violation. Ms. Stone stated that she was not sure. Mrs. Buckman stepped in and said that the panel discussed that only members in good standing should be allowed to report parking violations and that was the feeling of the committee as a whole. At this time Mr. Hodge stated that the draft policy is a homeowner driven policy where by the homeowner complains about park problems with their neighbors and people that live on same street. He stated that the reason you have to live on the same street is because since you live so close you would know who the vehicle belongs to. At this time, the Association's attorney, Darin Bevan asked what type of information the complaining homeowner would have to present to the management company in order for it to be a valid complaint. Mr. Bevan also asked if the panel would consider the fact that the complaining homeowner would have to provide the date, time, photograph, the license plate number, and address that the vehicle belongs to. The Board asked if the panel considered doing sticker system for people with a parking variance. The panel responded with no and said that it would be up to the management company to let the complaining homeowner know that the vehicle has a variance when they call.

#### D. Parking Rules

At this time the floor was opened up questions and comments to all panel members in attendance followed by homeowners in attendance.

- Panel Member Dwight Zuck stated that the homeowners who live close to where the parking violations are taking place are responsible for reporting them and that they would know who the vehicle belongs since they live close by.
- Panel Member Kathy Engle stated that she was never told about the survey and that she was upset that the results of the survey were posted on Elk Grove Online. She also stated that she calculated the results from each individual survey and noted that the results provided were not the same results that she calculated. She also stated that she did not appreciate members of the panel giving her and the rest of the panel legal advice during their meetings.
- Panel Member Jennifer Buckman discussed the survey that she was a part of and stated the chair of the committee told the committee members that they could do their own research and this was part of her individual research along with a few other panel members.
- Panel Member Stephen Hodge stated that he was on one of the previous board's for Stonelake and that parking has always been an issue. He urged the Board to approve the proposed rule changes and stated that he would like the Board to resolve the parking issue once and for all.
- Panel Member Felicia urged the Board to meet with the panel before making any decisions on the proposed rule changes.

#### D. Parking Rules (Continued)

- Panel Member Bart Miller stated that the panel had five productive meetings and two meetings that were very heated and unproductive.
- Panel Member Shirley Ng stated that she went into this with the understanding that there wasn't a large parking problem in the community and that she doesn't feel like the proposed rule changes will solve the Association's parking problems.
- Panel Member Jonathan Yee stated that the complaints should not be anonymous and people should know where the complaints are coming from. He also stated that he thinks the Board should put together a survey or the panel should put together a survey and get the results from the entire community before making a decision. He also urged the Board to review the proposed parking rule with the Association's attorney.
- Panel Member Dwight Zuck stated that Jonathan was supposed to get a legal opinion on the proposed rules and present the suggestions to the committee, which he never did. He urged the Board to get a legal opinion on the proposed rules and also put together a survey and include a notice in the Stonelake newsletter and on the website about communicating with your neighbors and being a good neighbor.
- Panel Member Tom Smith thanked the Board for the opportunity to participate in the panel. He stated that the panel worked very hard to put together their presentation and urged the Board to extend the Charter in order to meet with the Committee one more time to go over the suggestions.
- Panel Member Stephen Hodge stated he did not believe the surveys would do the association any good. He also stated that the CC&Rs already cover the garage parking issue and that he doesn't feel that a survey would benefit the association.
- Panel Member El Stone stated that the proposed changes might conflict with the CC&Rs and she recommended that the Association get a legal opinion. She also stated that the panel was backed heavily on one side and she was upset with how some of the other panel members acted during the meeting.
- Panel Member Hang Gallegus stated he was one of the homeowners that surveyed and that most of the homeowners that he talked that also filled out the survey were happy to give their input.
- Panel Member Vince Lena stated the survey created animosity within the panel and that if the survey results were accurate then the panel would have torn up the recommendations and gone with what the survey results indicated. \
- Panel Member Mark Buckman stated that he urges the Board to approve the proposed rule changes and that they will never be able to come up with something perfect and it's time to move on.
- Panel Member Renee Jenkins would like to see a survey of the entire community completed. She mentioned she was part of the original survey.
- Homeowner Aaron Schlaegel commended and thanked the Board and Panel for their work and stated that he liked the proposed rule changes.

D. Parking Rules (Continued)

- Homeowner Leah Powner asked for clarification regarding the parking rules and how a homeowner would complain about homeowner being in violation. She stated that she was one of the homeowners that was surveyed and that she didn't appreciate being told that it was an official survey when it clearly was not an official survey.
- Homeowner Jeffery Stone asked if it was legal to enforce a rule that contradicts the law. The Board responded and let him know that none of the rules in the documents would contradict the laws.
- Homeowner Fred asked everyone in the audience if anyone has lived in an HOA that was better than Stonelake and recommended that we take the documents from someone else's association and use them instead of ours.

VIII. NEW BUSINESS

A. Board Meeting Rules of Conduct

MOTION: Paul Sidhu

SECOND: Michele Mihalko

RESOLUTION: The Board voted unanimously to approve the Rules of Conduct Policy with the following changes: Change the policy to say that owners can audio record meetings, but they cannot video record, and the management company can audio record meetings for the purpose of preparing minutes.

B. Approval of the Minutes from the May 13, 2010, July 8, 2010 and August 12, 2010 Open Session Meetings

MOTION: Gina Tosi-Smith

SECOND: Paul Sidhu

RESOLUTION: The Board voted unanimously to approve the Minutes from the May 13, 2010, July 8, 2010 and August 12, 2010 Open Session Meetings with the changes marked on the copies given to Management.

IX. ADJOURNMENT

Michele Mihalko adjourned the meeting at 10:04 pm.

Approved: \_\_\_\_\_ Date: \_\_\_\_\_