

Minutes

Mammoth Creek Board of Directors Emergency Meeting September 17, 2022 8:30 A.M (Pacific Time)

In attendance:

Tom Waller
Harvey Place
Jenna Glasser

Via Phone:

Ken Gilbert
James Milnes

1. Call to Order

1. Harvey called the meeting to order at 8:38 a.m.

2. Introduction to Meeting Topic and Discussion

1. Harvey provided an review of the rules regarding emergency meetings
2. Harvey provided an overview of three items driving the concern around CC&Rs/Bylaws vote that had been raised by both Gary Drlik and Ed Klotz
 - a. An inspector of elections was not assigned and named in advance of sending out the ballots, nor within the time frame required by the Blue Book or the HOA Election Rules
 - b. Section 7.3B (and subsequent references) related to board's annual spending allowance on capital improvements has been updated to 25% of annual operating budget vs the prior 5% or any other number that was discussed by past board members in review of documents. This equates to the board being able to spend ~\$125K annually without homeowner vote, vs the prior \$25k, on Capital Improvements.
 - c. The voting matrix was not included in the documents as originally intended
3. Ken updated the board on discussions with legal counsel (Tim Sanford) regarding these items (in reverse order of above)
 - a. Tim recalls the board changing the amount to the 25% but cannot reference exactly where/when this request was made
 - b. The voting matrix is a reference document and would not ever supersede the Bylaws and CC&Rs. We can still update and provide as a reference, and because it is not referenced in either of these documents specifically, we are not required to include it in the actual document.
 - c. Per Tim, we can allow for the violation of timing on not having named the inspector of elections prior to votes being sent out and/or in the time frame requested by the blue book. Although this could have implications for litigation, there is no malicious intent in the oversight and Tim's hunch is that law suits raised would not have firm standing.
4. Members discussed options for moving forward
 - a. Members discussed concern that this board or future boards would abuse the 25% spending allowance and determined there is not immediate concern for this group, and that stewardship requires reviewing this number going forward, and potentially proposing an amendment to a lower number
 - b. Ken confirmed that continuing with the vote today doesn't preclude that amendment. Process for amendment would be to provide a packet with line item changes for full HOA membership vote (vs a 50 pg packet for re-vote on the CC&R and bylaws). Members discussed approaches to ensure engagement of homeowners
 - c. Harvey recommended inviting Gary D to the current meeting to voice his concerns prior to the Annual Meeting

5. Gary arrived at 9:26 a.m. and Harvey reviewed our discussions regarding the current election. Gary shared his concerns that the board is opening itself up to litigation risk by not having named an Inspector of Elections by the proper time. He added that the allowed spend % is neither the intent nor wish of the prior board, nor does it represent the work the prior board members put in to updating the documents and board standing. Despite Ken's conversation with Tim, Gary also believes that the intent was to include the voting matrix as a component of the documents, not an external reference. Gary's strong opinion is that the vote should not be counted, and that the documents should be amended to reflect the matrix and financial spend percentage allowed, an inspector of elections should be appointed and the full document should be resent to homeowners for a vote.

3. Adjournment

1. Harvey adjourned the meeting at 10 a.m