

Arrowhead Woods Informed
Lake Arrowhead, California 92352

October 30, 2023

Arrowhead Woods Property Owners
The Arrowhead Woods
Lake Arrowhead, California 92352

Dear Woods Property Owner:

RE: YOU CAN'T TEACH AN OLD DOG NEW TRICKS.

Crystal Upton, the Executive Director of AWAC, Inc. has laudably responded to the public's disapproval of SB 1405, now enacted into law as Government Code Section 61115, by requesting that Senator Ochoa Bogh rescind the law. Senator Ochoa Bogh has offered to meet with AWAC, Inc. regarding complying with Ms. Upton's request. The Board of Directors of AWAC, Inc. *has not responded* to the Senator and it is our belief that the Board, *at the insistence of LACSD*, will respond by withdrawing Ms. Upton's honorable request. Crystal Upton has resigned.

Why would LACSD want Ms. Upton's request withdrawn?

LACSD believes that AWAC, Inc. owns all of the water beneath every Woods property. LACSD's mouth is watering at the prospect of controlling AWAC, Inc. and accessing that water in order to sell it back to the Woods property owners and others; and AWAC, Inc. in return can't wait for its opportunity under Government Code Section 61115 to assess every Woods owner for AWAC, Inc.'s operations. A handy handshake plan --- for the moment thwarted: *for the moment*.



Unfortunately, there is now a major kink in their plans. AWAC, Inc.'s various minutes appear to reveal that the Board has not been able to obtain a quorum since March 9, 2023. In fact, on October 11, 2023, AWAC, Inc. President Richard Scott, Directors Katie Kay Mead and Allison Banner all appeared and stated that they were waiting for Director Jim Taylor to appear, did not have the requisite quorum of four to act as a "Board" and therefore would take questions until he appeared. He did not appear and after approximately 30 minutes the meeting was concluded. We have been informed that after the October meeting, both Richard Scott and Allison Banner resigned in writing leaving only Directors Katie Kay Mead and Jim Taylor in place.

It would also appear from AWAC, Inc.'s minutes that not only has it been failing to obtain a quorum of **seven**, it has not been maintaining its corporate status by retaining that requisite **seven** Board Members in accordance with its Articles of Incorporation and Bylaws; since January of 2023; and, since January of 2022 as well, if Jacki Stanfield's ten-month 2021 postponed resignation, during which she admittedly had no Board participation, disqualifies her.

Although Mr. Zachary Ste. Marie did briefly appear in 2023 as a "director", he was never appointed by a quorum of seven Board members therefore making his appointment void. It is tragic that over the last 2 years, many good and honest citizens have volunteered and trusted that they would be protected under the corporate mantle of AWAC, Inc. It is an unfortunate reality that if that corporate mantle has disappeared due to irregularities, then each of those honest volunteers will become personally liable; and any potential insurance coverage would become void. No sane citizen should participate in AWAC, Inc. until any apparent irregularities have been cleared up and insurance coverage for their past and future actions is verified.

There may be a serious question as to whether AWAC, Inc. lost its corporate status in 2021.

AWAC Inc.'s 1988 Articles of Incorporation, its original 1988 Bylaws, the subsequent 2015, 2018 and 2021 Amendments to the Bylaws, its Board Minutes from 2019-2023 and other significant documents are available at [AWAC Documents and Financials](#). AWAC, Inc. *must* have a minimum of 7 and a maximum of 9 Board Members to do business as a corporation.

When formed in 1988, AWAC, Inc.'s Articles of Incorporation and Bylaws provided that AWAC, Inc. "shall consist" of at least five directors and no more than seven. In 2015, AWAC, Inc.'s Bylaws were amended and that mandatory number was changed to a **mandatory minimum of seven** directors with a maximum of nine. Whereas in 1988 it was necessary that **five** Board Members must exist in order for AWAC, Inc. to do business, from 2015 until today's date it has been necessary for **seven** Board Members to exist for AWAC, Inc. to do any business.

It appears from the minutes, that in 2021, a *seven-card monte* game began. On November 11, 2021 Jacki Stanfield, the seventh Board Member announced her [resignation](#) effective January 1, 2022 thereby reducing the board membership to six which was insufficient to qualify AWAC, Inc. to do business. Thereafter Mrs. Stanfield agreed to [remain](#) on the Board until a replacement was found. She was thereafter listed as "on leave" for the next ten months until October 13, 2022 when Mrs. Stanfield despite the urging of Stacey Lippert, Executive Director, insisted that her name be [removed](#). The minutes also noted that Mrs. Stanfield had not in any way participated in the actions of the AWAC, Inc. Board during all of 2022. *One can't help but wonder whether or not that was at her request, since it is unusual that the minutes would reflect that disclaimer.* In recent years, "Board Members" have come and gone with no seven-member appointments.

AWAC, Inc. today has a Board, not of seven, but of **TWO. TWO:** Katie Kay Mead and Jim Taylor. That is an insufficient number for AWAC, Inc. to make any business decision. We have heard rumors that one or both believe that they can meet and simply appoint additional Board Members: totally ignoring AWAC, Inc.'s bylaws which mandate that all Board Members must be appointed by a majority of a quorum of seven of the existing Board Members. As well intentioned as they are, both of them if they make any AWAC, Inc. business decision, raise serious issues regarding their personal liability.

Although this is not legal advice, it is our understanding that 1) Mr. Scott and Ms. Banner both resigned in writing and in order to serve again they must be reappointed and 2) that only a quorum of four out of seven existing Board Members can reappoint them; and there aren't seven existing Board Members. Only, Mrs. Mead and Mr. Taylor. However, even that may change by the date that this letter is published.

It should be of enormous concern to every current "Board Member" whether or not AWAC, Inc. lacked corporate status from January 1, 2022 to the present, or any date in between as a result of having less than seven Board Members. Although this is not legal advice, we suggest that, under the circumstances, it would be prudent for any current or prospective AWAC, Inc. director to consult legal counsel and also to check the status of AWAC Inc.'s Directors and Officers insurance coverage.

AWAC, Inc.'s 2022 financial statements are an eye opener.

In 2022 Executive Director Stacey Lippert was making \$88,200 with a car allowance of \$3,600 working 30 hours per week; AWAC, Inc. President Richard Scott was making \$30,000 conducting inspections, working 2 to 6 hours per week (although he denied it at the last failed Board Meeting) with a \$3,600 care allowance...and believe it or not an additional \$30,000 was set aside for "Community Improvements". We wonder what that might be. See the [board minutes](#) for May 12, 2022.

A Brief Look at the Status of SB 1405 now enacted into law as Gov. Code Section 61115.

As stated earlier, Crystal Upton after enduring public disapproval of SB 1405, now Government Code Section 61115, [wrote](#) to Senator Ochoa Bogh requesting that the provisions providing for the LACSD takeover be totally eliminated. The Senator [responded](#) that she was in agreement and would like to meet with AWAC, Inc. and discuss

the process. Crystal Upton then resigned and AWAC, Inc. has yet to respond. We believe that AWAC, Inc.'s management has no intention to follow through with Ms. Upton's honorable attempt to abide by the community's request; that AWAC, Inc. has every intention to use the law to increase its now questionable finances.

If AWAC, Inc. now lacks seven Board members necessary to empower it to replace the missing Board Members, how can it lawfully move forward?

The resolution of that quandary is very simple. Any San Bernardino judge, if requested, can appoint a Judicial Special Master to accept applications based upon recommendation made by the Arrowhead Lake Association and furnish the judge with 15 names from which to blind draw appointments.

It is our belief that in the future, only a very forgiving person, or a crook, would serve on the AWAC, Inc. Board without first having obtained and read a public accounting of its current and past financial activities. Therefore, the Judicial Special Master, prior to making any appointments, should obtain and publicly publish a comprehensive audit of the last 15 years of AWAC, Inc.'s expenses and receipts including the [Mill Pond Partners undisclosed financial settlement](#) with AWAC, Inc. for Tract 76 dating back to 2009. In the interim, the Judicial Special Master should run AWAC, Inc. subject to noticed court approval.

Although this court blind draw procedure initiated through ALA, a local voter-based organization, would seem to be the reasonable measured approach; having posed this solution, we have already received at least one call from a local real estate mogul who was furious that we were suggesting something that outsiders might set up and administer.

The mogul's concern speaks volumes...

Yours,



Garin Vartanian



Ted Heyck

WARNING TO ALL EMAIL RECIPIENTS:

We will be forever grateful to ALA for having given Ted Heyck and Garin Vartanian the opportunity to send email messages to ALA's membership. However, currently there is enormous pressure being placed on ALA to discontinue this opportunity at a moment's notice. In anticipation of our emails being immediately discontinued, and if you wish to continue to receive these emails, please click on the link below to submit your email address to us. We will email you only if ALA discontinues email services. <https://www.arrowheadwoodsformed.com/signup>