

Minutes of AC BC board meeting

Saturday, June 21, 2014

The meeting was called to order at 2:10 pm

Board members present: Ed Delahanty, President, Steve Morrow, Treasurer, Fred Salmon, Secretary, Kurt Blankenship (via phone), Dustin Frederick Recording Secretary. Suzy Palmer, Vice President and Chris Hendrickson were absent.

Approval of May 10, 2014 minutes

MSC Steve Morrow/ Fred Salmon/ unanimous

Reports:

President---Ed Delahanty reported on various items---see attached written report.

Vice president---no report

Treasurer---made written report and disseminated to members present.

Secretary---no report

Committees:

Budget and finance--- presentation made regarding tiered membership handout was available for the members as well as video display. (See attached)

Discussion regarding tiered membership with the following motion made:

Motion--- considering we are a 501 c (7) organization ---it is hereby moved to obtain a legal opinion whether we can develop a tiered dues structure.

This motion was immediately amended to include the following phrase: "and whether we can have members pay for use of the pool as well as whether we have the power to collect service charges for late payment of dues and assessments."

M SC Dustin Frederick /Steve Morrow /unanimous

Grounds and Building--- no report

Long-Range Planning--- no report

Pool Maintenance and Improvement ---Suzy Palmer made a report.

Pool operations and safety--- no report

Unfinished business

Board ethics document--- the final document has been signed by board members

Outstanding dues and assessments--- Kurt Blankenship gave a report on his research of the law firms in Washington State that could assist us in our efforts to collect outstanding dues and assessments

motion---to have Kurt Blankenship do the necessary research and or interviews to make a recommendation to the board regarding which law firm to utilize and that the information be presented as soon as possible so that the board can in fact make a selection.

M SC Dustin Frederick/Steve Morrow/ unanimous

Procedural review versus audit status--- discussed the requirement in the bylaws and the differences between a procedural review and an audit. This discussion resulted in following motion.

Motion ---the board hereby approves that Edwards and Associates conduct a procedural review pursuant to the bylaws

M SC Dustin Frederick /Fred Salmon/unanimous

Security cameras--- discussion of security cameras based on Steve Morrow's research and this resulted in the following motion.

Motion--- it is hereby move that the board authorized \$250 for security cameras and associated signage

M SC Dustin Frederick/ Fred Salmon /unanimous

Vegetable garden proposal--- Maria Chamberlain made proposal that even members not in good standing be allowed to participate in the vegetable garden. Additional discussion occurred regarding this request but no further action taken by the board.

Pool renovation ballot--- a written motion was presented to the membership present at the meeting. General discussion occurred and the motion was amended to add the following phrase: under Option 1 part 2, due in 2015. "not to exceed \$800"

The amended Motion read as follows:

Motion---it is hereby moved that based on the collective rulings regarding ACBC by Judge Hancock of Island County Superior Court, the recommendations in the Capital Replacement Plan presented by Association Reserves and the recommendations of the Budget and Finance

Committee, Long-Range Planning Committee and the Pool Maintenance and Improvement Committee; the following two funding options shall be presented to the membership.

Option one--- an assessment of approximately \$1600 per lot separated into two parts as follows:

Part 1, due in 2014, \$800, one half of the total estimated assessment.

Part 2, due in 2015, not to exceed \$800 and to be calculated as follows:

- Total amount required based on best current estimates for cost to complete project plus 10% contingency
- Less: money already collected but not used and money from contributions and fund-raisers
- Determining assessment amount such that balance of project will be fully funded within 6 months based on timing and collection experience from Part 1
- With any excess collected over actual cost of project to remain in separate reserve fund for future capital repair and maintenance

Approval of the ballot would also direct the Board to:

Establish a reserve account for all proceeds

Provide payment plans for members in case of hardship

Provide an incentive for timely payment of the assessment

Establish a finance charge or late payment fee.

Option 2---A onetime assessment due in 2014 of \$1,600---- with the same directives to the Board as listed above.

M SC Dustin Frederick /Steve Morrow

Additional discussion regarding the ballot with the board stating all the details in support of the items referenced in the written Motion would be sent out with the ballot. Kurt Blankenship gave an explanation of the temporary restraining order and why we are obligated to proceed notwithstanding the fact that the court has no issued a final order. There is an existing order by the court now that we must obey.

MSC Dustin Frederick /Steve Morrow /unanimous

Late fees--- in general discussion regarding late fees occurred with the following motion written motion proposed.

Motion---it is hereby moved that late fees will be assessed consistent with past practice for members who do not pay their assessment in a timely manner as specified in the ballot or by action of the ACBC board

This motion was amended to include the following preamble phrase: “assuming it is authorized by the laws of the State of Washington and it is and is in accordance with ACBC governing documents,” it is hereby moved that late fees will be assessed consistent with past practice for members who do not pay their assessment in a timely manner as specified in the ballot or by action of the ACBC board.

M SC Dustin Frederick /Fred Salmon/ unanimous

Hardship exemption --- discussion regarding hardship exemption for the pool renovation assessment and Steve Morrow, Treasurer invited members to email him with suggestions of hardship criteria.

Open the pool this season--- General discussion regarding a list of expenses that would occur if we wanted open the pool. Discussed the possibility of opening in four weeks and the likelihood of collecting past dues and assessments and how soon we could have that money available. President Delahanty reiterated that we do not need to be ADA compliant this year if we open in a limited use capacity. However, after renovation we would be required to be ADA compliant. Additional discussion regarding expenses, e.g. how many days per week to be open, the number of lifeguards needed, and the supervision required and this discussion resulted in the following motion.

Motion-- to open the pool as a limited use pool per the written motion submitted which read as follows:

It is hereby moved that the AC BC pool should be opened this summer as a “limited” use pool with no associate memberships allowed

M SC Dustin Frederick/ Steve Morrow/ unanimous

New business

Nominating committee---discussed Nominating Committee and number of board members eligible to be elected. (See attached written report)

Note----at 4:47 pm Kurt Blankenship, via phone, had to leave the meeting but a quorum remained.

Bluff funds--- Discussion of the weeds along lower Byrd road resulted in the following motion.

Motion--- is it is hereby moved that President Delahanty determine the cost of clearing the roadway ditch and forward an estimate to the board for action.

M SC Steve Morrow/ Dustin Frederick /unanimous

Octopus research---President Delahanty reported that some octopus research will occur in front of ACBC beach during July and August--- approximately 3 times per week.

Barbecue on 4 July weekend--- the board asked for a volunteer to coordinate the barbecue.

Garage sale --- the board asked for volunteers to coordinate the Garage sale and two people volunteered---Joan Pickerell and Sill Schroeder

Member forum

Discussed the Wilbur vs. ACC litigation and the 10K sent by the insurance company to the plaintiff. This money was paid by the insurance company to the plaintiff in order to release the individual board defendants. The only remaining defendant is ACBC.

Discussed the bylaw changes that deleted the Architectural Control Committee.

Discussed the issue of why the Secretary is not reading each piece of communication at board meetings. Discussion regarding the rules for "members in good standing "and the necessity that they be consistent and enforced.

Discussed the motion made at the annual meeting in October 2012. Sue Corliss submitted a written letter to the board and read the letter. (see attached)

Executive Session to discuss legal issues

Adjourned for Executive session at 5:22 pm

Reconvened for Executive session at 5:40 pm

Adjourned Executive session at 6:08 pm

Reconvened board meeting and adjourned board meeting at 6:08 PM

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Dustin N. Frederick". The signature is fluid and cursive, with a large initial "D" and "F".

Dustin Frederick, Recording Secretary

ACBC President's Report 06/21/2014

IRS notice of fine for late filing. An extension was filed in time by Kathy Jolly at Pacific Grace, she drafted a letter explaining filing to old EIN which was signed & sent to IRS. Notice of past due fine for late filing addressed by phone call to IRS on June 12, 9 week hold placed on ACBC account to allow above mentioned letter explaining error in filing extension to move through the IRS system.

Extension for Oct – Dec 2013 granted – expect filling complete by end of June.

Official ACBC web site up and running – admiralscovebeachclub.org.

Heated storage facility rental set up at Coupeville Storage & Industrial Park, ACBC documents will be moved from Pool inner office over next few weeks.

Island County and Washington State Health Dept officials visited pool on June 12, gave comprehensive list of items that must be corrected if pool opened this year with some guidelines to be aware of if we proceed with pool renovation in the future

Wifi is now available in shelter – speed may be a little slow.

Jessica Marshall is now coordinating shelter rental, contact information is on the ACBC web site. Watch for her contact phone number to change within the next week or so.

Draft 21 June 2014

Tiered Membership

Proposal

1. Membership

A. Basic Membership.

- Beach access
- Road access
- Play grounds
- Parking lot
- Picnic shelter *
- Fire pit *
- Lake access
- Volleyball area
- Any further additions to those areas
- Vote on items pertaining to Basic Membership

B. Extended Membership

- All items of a Basic Membership
- Contract required
- Use of the pool
- Use of the clubhouse
- Any further additions paid for by only by the Extended Membership
- Vote on all items

C. Associate Membership

- Annual contract required

- Depending on contract, use of pool, club house, and any items of a basic member.
- No voting rights

2. Estimated costs

A. Basic Membership

- Same as this year as the pool was not in the budget
- Increases of less than 10% unless voted on by the membership \$138
- Expect more than 10% next year due to increased insurance, attorney fees, reserve funding and the addition of professional landscape service. \$150+

B. Extended Membership

- Cost of Basic Membership \$150+
- Initiation fee of \$2000
- Cost of pool and club house operations \$450 if there are 100 members
- Total of \$600/yr + <10% increase if approved by board or other if approved by a vote of the extended members.

C. Associate Membership (200 max)

- Depends on annual contract
- Pool only (Road, parking) \$400
- Pool / Club House (Road, parking) \$450
- All facilities (Renter, local area, etc) \$600

3. Articles of Corporation / Bylaw changes

- No changes to AOI anticipated

- Many changes to the Bylaws to allow for tiered membership, dues and define voting.
- Contracts for Extended Membership and Associated Membership will need to be written
- Changes to the bylaws and the contracts will need to be done by the re-instated By Law Committee and should be reviewed by an attorney that understands what we are looking for in tiered membership. They would then go to the membership for a vote.
- The changes to the bylaws that pertain to tiered membership may have to be passed as a package

4. Questions / Possible Answers

- Q: Can a Basic member use the pool? A1: Yes for a fee that would be similar to the fees at the Fort Casey Pool. (limited to 10 swims/yr) A2: No unless there is a buy-up equal to the amount of an Associate Member. (Would not be an Associate Member) A3: No
- Q: Can someone other than a Basic, Extended or Associated member use the pool? A: No, unless a quest of one of the above based on what the contract says.
- Q: Can a Basic Member use the exterior restrooms? A: Yes when open
- Q: Can a Basic Member vote on issues of the pool or club house? A: No, only Extended Members can vote except if it is something that affects the club as a whole.
- Q: Can the initiation fee be transferred to a new owner? A: No, a new initiation fee will be charged
- Q: What if an extended Member pays their initiation fee and does not pay their dues? A: After 2 years, the initiation fee is forfeited and the member reverts back to a Basic Member. A new initiation fee would be required if that member later wanted to become an Extended Member.
- Q: What if the \$695,000 Refurbishment cost is not paid for by the Basic Membership? A: The extended members would have to pay for not only the initiation fee, the increased dues, but add the \$695K refurbishment

costs. Based on 100 extended members that would be almost \$9K per extended member. It was felt that cost would be too high unless the extended members had more control of those assets. i.e. So a group of Basic members could not change the By Laws back to where they again had use and voting rights on those assets. Also sale of the facilities to the extended members was discussed, but not sure if that is legally possible.

- Q: Why would a Basic Member pay for the \$695K for the refurbishment of the pool and not have the use of it? A1: They have the option to become an Extended Member. A2: They may have very limited use of the pool depending on what was decided on question 1. A3: They may have a legal responsibility depending on the court regardless if we move forward with “Tiered Membership”

6-21-2014 Nominating Committee Report

1. Current committee members

Russell Chamberlain chairman

Peggie Shirar

Susan Corliss

Steve Morrow

Boardmember

Fred Salmon ^{Secretary} Boardmember

2. Have scheduled first meeting
6-25-2014 - called Jessica Marshall
to be held at ACBC shelter at 7:00pm

3. At this date only - Ed Delahanty -

have indicated that they plan to
run for office - however the
committee has not received a formal
letter.

4. Have asked Carol Delahanty if
she would place nomination form
on web-site.

5. Also any forms should be sent
to PO Box 1314 Coupeville WA 982
in care of nominating committee.

Open Letter to the 2013-2014 ACBC Board of Director's

TO: Ed Delahanty, Suzy Palmer, Fred Salmon, Chris Hendrickson, Kurt Blankenship, Dustin Frederick and Steve Morrow (the BOD's)

Much of the discord surrounding the pool is the Motion of October 2012, at the Annual Membership meeting. The motion starts with " (1) to identify and evaluate various options related to the pool's future, included but not limited to ..." This motion does NOT exclude the option to dispose of the pool. The motion actually would include the option of disposing of the pool. After much discussion and research with experts, the findings were presented to the BOD's for their final decision. It is obvious (by the ballot) that the BOD's decided to present 'dispose' as an option to the membership, along with an option to rehabilitate the pool.

In your Newsletter of May 12, 2014, you state that the 2013 ballot the membership voted in favor of disposing of the pool was invalid. To date the Court has not RULED in favor of the Plaintiff(s). The Court did order that the Plaintiffs had sufficient cause for the Court to approve the Temporary Injunction Order (TRO). This effectively stopped all further action to dispose of the pool. This in no way should be misconstrued that the Court has made a FINAL RULING on the facts of the case. Your Newsletter is misleading. As a member of ACBC I demand you cease and desist in this line.

This BOD's needs to revisit the Articles of Incorporation concerning your responsibilities. Article V, # 5 "To sell, convey, mortgage, pledge, lease, exchange, transfer or otherwise dispose of all or any part of the property and assets." This clearly states that the BOD's are charged with the member's will. The ByLaws requires an 'approval' of the membership for assessment. Merriam-Webster Dictionary defines approval: permission to do something. The opposite of approval is disapproval. You, the BOD's you MUST give the members of Admirals Cove Beach Club the option to Approve (YES) or Disapprove (NO) the assessment per the ByLaws of Admirals Cove Beach Club. The membership has already voted to dispose of the pool.

The action's of this current BOD's is in direct conflict with the AOI. I demand that you cease and desist. I demand that you stop all action concerning another assessment ballot.

At the May 2014 BOD meeting the BOD stated that there would be NO option to vote against an assessment to ourselves. This is ludicrous. Any ballot I have ever seen in my Voting years (here at ACBC or Public elections) that included a rate increase, bond issue, any financial issue, where the voter was asked for more money, the ballot always included a YES or NO option. Never has there been a ballot telling the voter that no matter how they feel, they have no say in the matter. When the BOD's says there won't be a NO option, they are saying to the membership: We don't care what you think, we just want your money and YOU WILL GIVE IT TO US. The BOD's are running this club like a dictatorship. I demand that you cease and desist.

Ladies and Gentlemen we live in a Democracy and this is not the democratic way.

Susan Corliss