

Admirals Cove Beach Club Annual meeting minutes for October 25, 2014 at the Nordic Lodge

At 2:14 pm the meeting was called to order by President Ed Delahanty.

Recording Secretary Dustin Frederick was present. A quorum of 67 members was present with 3 Power of attorney documents for a total of 70 members.

Board members present were: President Ed Delahanty, Vice President Suzy Palmer, Treasurer Steve Morrow, Secretary Fred Salmon, Director Kurt Blankenship and Director Chris Hendrickson.

A registered parliamentarian was also present.

Appointment of Minutes Approval Committee for this meeting: The following three members volunteered for the committee: Steve Kobylk, Joanne McMillian and Darla Allen.

Approval of January 11, 2014 Annual Meeting minutes

- Suzy Palmer moved to dispense with the reading of the minutes, second by Kurt Blankenship. The minutes were approved as written.

Members vote on time limit for members to speak-three minutes proposed.

- Kurt Blankenship made a motion to limit discussion to 3 minutes, second by Harry Lyman. The motion was debated and was adopted by a two-thirds vote.

Reports:

- President---President Delahanty read his written report (see attached). A question arose from the floor by Dan Jones regarding whether or not the Architectural Control Committee (ACC) was legal under the Revised Code of Washington (RCW). Mr. Jones stated that because it was a violation of the law it did not need a vote of the members to remove it from the bylaws. President Delahanty stated he would ask the Board to investigate the matter a report its findings.
- Treasurer---Steve Morrow read his report (see attached). Questions arose from the floor regarding IRS issues, the depreciated value of the pool and pool building, an appraisal of the community property, the amount of money spent to collect outstanding dues, the list of members in good standing and the reasons members refuse to pay dues, why we don't post a list of members in good standing, posting the list might result in litigation and whether it made sense for the Beach Club to become an HOA.

Committees:

- Budget and Finance---Committee Chair Dennis Egan read his report (see attached).
- Building and grounds---Committee Chair Nate Palmer read his report (see attached).
- Long Range Planning---Committee Chair Dustin Frederick read his report (see attached). A question arose from the floor from Russell Chamberlain asking why the Chair was not removed from the committee because only one meeting was held. President Delahanty responded that the Board agreed with the Chair's decision not to hold additional meetings for the reasons stated in the Chair's report.
- Pool Maintenance and Improvement/Pool Operations and Safety---Suzy Palmer read a combined Committee report for both committees (see attached).

Unfinished Business and General Orders:

- Motions from January 11, 2014 Members Meeting---President Delahanty began the discussion regarding the motions made at the last members meeting, specifically a motion by Dan Jones to increase the dues. President Delahanty explained that the motion was out of order because it did not follow the requirements of the bylaws.

Dan Jones raised a Point of Order stating that the motion did not require a debate and/or adoption by the members at the January 11, 2014 meeting because the bylaws required a mail out ballot. The issue was debated and President Delahanty recessed the meeting at 3:37pm to discuss Roberts Rules of Order with the parliamentarian.

President Delahanty reconvened the meeting at 3:56 pm and made the following ruling. President Delahanty stated that the Point of Order was not well taken because the motion made at the January 11, 2014 members meeting did not comply with the thirty day notice requirement outlined in the bylaws. The motion was not brought forward thirty days prior to last year's meeting or thirty days prior to this year's meeting.

Dan Jones made another Point of Order objecting to the Chair's ruling stating the Chair was not reading the bylaws correctly. The Chair stated that the Point of Order was not well taken and reaffirmed his prior ruling.

- Ballot Results-Tellers committee report---Committee chair Russell Chamberlain read his report (see attached).

Fred Salmon made a motion that ballots be saved for thirty days and then destroyed, Second by Darla Allen. Motion adopted. Dan Jones asked for a roll call vote and the Chair denied because the hand vote was obviously a majority.

New business:

- Lake Status---President Delahanty reported on efforts to improve the condition of the lake and suggested a community meeting to address issues going forward.
- Lawsuit Status---President Delahanty reported that the hearing is scheduled for November 17, 2014. After the decision the board will schedule a members meeting to discuss the ruling and determine next steps. ACBC legal counsel will be present at the meeting to answer questions.
- Member motions---the following motions were made.

Sue Corliss moved that the Board of Director's re-work the budget to include a reserve fund of not less than \$20,000, to show a clear intent to the membership that the board is dedicated to the ongoing upkeep of ACBC assets.

Sue Corliss further moved that the ACBC Board of Director's prepare a ballot to the membership for the proposed 2015 budget for a vote to approve the proposed budget or not.

Sue Corliss further moved that the ballot consist of:

A copy of the proposed budget;

Ballot handling instructions;

A ballot indication YES or NO for the 2015 budget;

A ballot envelope;

An inner envelope with a place for a signature and date;

A U.S. first class stamped envelope.

Sue Corliss further moved that the ACBC Board of Director's mail this ballot out no later than November 10, 2014 with a notice that the ballot must be returned on or before December 5, 2014.

Sue Corliss further moved that the Teller Committee for ACBC be available to count the ballots on December 6, 2014 with the results being communicated by U.S. first class mail to all members; second by Russell Chamberlain. The motion was debated and Dan Hall made a friendly amendment to separate the motion into two parts. The amendment was debated and then withdrawn by Dan Hall.

The motion was divided into two motions, reworded, and the first part was read by both Sue Corliss, President Delahanty and seconded.

The first half of the motion read as follows:

Sue Corliss moved that the Board of Director's re-work the budget to include a reserve fund of not less than \$20,000, to show a clear intent to the membership that the Board is dedicated to the repair and upgrade of ACBC assets.

The motion was debated and a vote taken with 16 in favor and 40 against. Motion failed.

The second half of the original motion failed by virtue of the failure of the first half.

Marge Plecki moved that the Board of Director's appoint an ad hoc committee named alternative visions. This ad hoc committee will evaluate an alternative recreational use for the property on which the current pool is located so that it will become an asset that is a year round indoor facility. The ad hoc committee will compare the costs and benefits of an indoor recreational and conference facility to the costs of operating and refurbishing the pool in compliance with all state and federal standards. The ad hoc committee will also explore how revenue generated from an indoor recreational facility could potentially be used to fund a pool on an alternative site. This study shall be presented to the membership no later than March 1, 2015.

The motion was seconded by Dan Cornell and debated. The previous question was ordered on the motion. The vote was taken. There were 37 in favor and 32 against. The motion was adopted.

Dan Jones moved to prohibit the Board of Directors from agreeing to any settlement in the matter of Bob Wilbur versus Admiral's Cove Beach Club, Inc. until the complete proposal has been presented to all members for approval via a mail in ballot.

President Delahanty made a ruling that the motion was out of order but stated that he was willing to allow the membership to vote on entertaining the motion anyway. A vote was taken and the motion failed.

At 5:27 pm President Delahanty adjourned the meeting due to lack of a quorum.

Respectfully submitted,



Dustin Frederick, Recording Secretary

- There are 604 property owner/members in ACBC. 514 in good standing, 90 not.
- Many volunteers contributed significantly to our collective benefit. The respective committee chairs will acknowledge them. In addition, I'd like to personally acknowledge:
 - Udo Poos for almost single handedly kept the growth along lower Byrd Rd. controlled.
 - Fred Salmon keeping the pool systems operational
 - Suzy Palmer for organizing a cadre of volunteers to bring the pool facility to operational level.
 - Dennis Egan for holding regular and thoughtful B&F meetings
- Jean Salls resigned from the Board in February, Steve Morrow accepted appointment to fill vacant place on Board and serve as Treasurer.
- Official ACBC web site set up: admiralscovebeachclub.org, admiralscovebeachclub.com, admiralscove.org & admiralscovebeachclub.NextDoor.com, not sources for official information, in some cases inaccurate.
- Although Security cameras were installed, the pool building alarm went off around 10 times this year. There was evidence of entry into the pool area only once— a quick in and out. All other were apparently umbrellas/towels flapping in the wind or night creatures flying by....
- Pool opened with full approval of WA & Is Co Health Dept authorities for 2014 only. Renovation required for next & future years.
- Pool opened as limited use for 2014 season - cost for ADA compliance beyond financial resources available
- Pool expense of ~ \$15K (opening costs ~ \$6K+staff& operation costs ~ \$9K), offset by \$7.2K (avoided mandatory pool cover minimum \$5K + pool income of \$2.2K)
- Internet connection and wifi in pool & shelter area now available
- Secure heated storage set up – financial records from 2012 & 2013 there, files remaining in pool inner office need to be moved
- Lake outflow needs attention – this fall a debris fence, long term improvements may include lining of drain pipe if inspection merits, tide gate replacement along with a 4 to 6 inch lowering.
- Peoples Bank – very helpful in tracking missing refund checks and reissuing
- Letter sent recently to Peterson Trust re unauthorized cutting of trees on ACBC property a year ago.
- Board Meetings were changed from 2nd to 3rd Saturday of month to accommodate financial reporting.
- Architectural Control Committee inadvertently dropped from Bylaws in 2012, needs to be reinstated.
- Standing Rules Revised at Board Meeting of September 20.
- Still needing attention
 - Some shingle work needs to be done on shelter
 - Signboard on Koenig needs a protective cover like the others
 - No parking (overnight) posted – more signs need to be installed

Treasurer's Report
October 25, 2014

January 2014 began a new, calendar year, fiscal year. Two IRS 990 returns were filed, one for the last full fiscal year of October 2012 through September 2013, and a second for the short transition period of October through December 2013. Anomalies with the EIN number used in transition have been resolved with the IRS. We also received a refund from the IRS of a 2010 payroll tax overpayment with interest of \$4,008.15. We also moved to Cash Basis for our accounting and reporting, consistent with our reporting to the IRS.

For the nine closed months to date, January through September 2014, our income and expenses are summarized as follows:

P&L Income:

Dues (9/2012-present)	\$80,162.57	90%
Pre-2012 Dues & Fees	\$3,577.49	4%
Pool Usage	\$2,241.00	3%
Facility Usage	\$670.00	1%
Transfer Fees	\$1,150.00	1%
Other Income	<u>\$1,077.57</u>	1%
	\$88,878.63	

P&L Expense: **(\$50,723.52)**

Net Income: **\$38,155.11**

We are estimating the next three months of income and expense to result in net income for the year of approximately \$26,500.

B/S 9/30/14:

Total Current Assets:	\$114,214.82
Total Fixed Assets:	<u>\$41,777.99</u>
Total Assets:	\$155,992.81

Of the Current Assets, \$54,240.73 are unrestricted funds in our checking account.

We have made a concerted attempt to collect unpaid dues and fees this year. Nonetheless, 14% of our members are not paid up with a balance of \$44,756 owed. This is over 50% on one year's dues. While some of this may be uncollectible due to ownership change or statute of limitations, we feel that this kind of uncollected debt puts an unfair burden on those of us who do pay. We are limited in our collection options. We are not an HOA, so while legal opinions are split, it appears we cannot lien properties without first getting a judgment. Your suggestions are welcome regarding collection tactics, but it appears that we may be headed toward a collection lawsuit for these outstanding debts.

On the positive side, at the beginning of September, we contracted with Whidbey Water Service for our bookkeeping and customer service. They provide live telephone support for member inquiries about their accounts and have been able to bring resolution to a number of past due accounts. This is a welcome change to our past perceived unavailability with messages going to the pool office recorder which has not provided timely response to inquiries.

Steve Morrow
Treasurer

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RE: Committee Chairs Report

From: **Dennis Egan** (dennis_egan@hotmail.com)
Sent: Thu 10/23/14 4:59 PM
To: Ed Delahanty (whshed@live.com)

Hi Ed,

Things I will be reporting on at the meeting

1. The budget for the pool and building refurbishment is not part of the budget but will be a separate budget for the assessment.
2. The committee recommended approval of the Reserve study.
3. The committee recommended approval of the estimate for the refurbishment of the pool and pool building.
4. The committee made a presentation to the BOD as to the direction they were going on a recommendation for tiered membership and asked if they wanted us to continue working on it.
5. a. The budget that was submitted to the BOD from the committee recommended a dues increase to just over \$300 per year and funded several things that were later revised by the BOD. ie: funding the reserve account.
b. The proposed budget that was posted on the web-site was for dues of \$257 that among other things removed funding of the reserve study.
c. The accepted budget is for dues of \$167 and has several changes to what was originally submitted by the committee.
6. The committee met at least once a month and e-mailed back and forth to accomplish the tasks assigned and I would like to thank all members of the committee past and present and the guests that came to the meetings and had great input to our recommendations to the BOD.

How does that sound?

Dennis

From: whshed@live.com
To: dennis_egan@hotmail.com; suzypalmer1@me.com; dustin@local519.org;

**BUILDING AND GROUNDS
ANNUAL MEMBERS MEETING REPORT
OCTOBER 25, 2014**

- An unknown volunteer cleaned up the southern end of the lake this fall. Thank you!
- The gully along side the road has been cleaned up by volunteer Udo Poos.
- Leigh Smith from Whidbey Camano Land Trust completed the final clean up along the road.
- A request to lower the lake out flow has been submitted.
- Thanks to Greg Holtz, the “mystery weed wacker” and others that have helped cut grass and trim during the summer growth season.

Submitted by Nate Palmer

ANNUAL REPORT

ACBC LONG RANGE PLANNING COMMITTEE

The Long Range Planning committee (LRP) has been relatively inactive this year due to the uncertainty of the final ruling by Judge Hancock on the future of the Pool.

Because the pool and pool building is currently the centerpiece of our community property, the direction of our future plans are directly tied to the outcome of the court case.

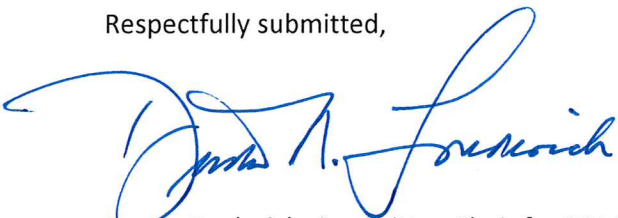
Notwithstanding our limited capability to plan, the LRP did have a meeting on April 28th 2014 to fulfill the member motion made at the October 27th 2012 annual meeting.

Acting in accordance with the oral ruling of Judge Hancock in the pending Wilber vs. Admiral's Cove Beach Club (ACBC) litigation and the temporary injunction currently in place; and following the October 27, 2012 member motion made at the Annual Meeting regarding the creation of a ballot for pool renovation; the Long-Range Planning Committee met in conjunction with the Pool Maintenance and Improvement committee to complete the "tasks" outlined in the Motion. Not all members of both committees were present but there was adequate representation from each of the committees and all committee members from both committees were invited.

The two committees completed their work and sent the resulting recommendations to the Budget and Finance Committee for review and presented our recommendations to the ACBC Board at the May 10th Board meeting. The recommendations of the two committees are summarized in the minutes of the April 28th meeting which are attached to this report.

No other meetings were held this year.

Respectfully submitted,

A handwritten signature in blue ink, reading "Dustin A. Frederick". The signature is stylized with a large initial 'D' and a long, sweeping underline.

Dustin Frederick, Committee Chair for 2014

Admiral's Cove Beach Club

Joint meeting of the Long Range Planning Committee and the Pool Maintenance and Improvement Committee.

Meeting notes--- April 28, 2014

The meeting was called to order at 5:45 PM

Members present: Dustin Frederick, Harry Lynam, Suzy Palmer, Susie Pettersen, Gwyn Staton and Kurt Blankenship via phone. Maria and Russell Chamberlain joined the meeting at 6:20 pm and Dennis Eagan joined at 6:25 pm.

Acting in accordance with the oral ruling of Judge Hancock in the pending Wilber vs. Admiral's Cove Beach Club (ACBC) litigation and the temporary injunction currently in place; and following the October 27, 2012 member motion at the Annual Meeting regarding the creation of a ballot for pool renovation; the Long-Range Planning Committee met in conjunction with the Pool Maintenance and Improvement committee to complete the "tasks" outlined in the Motion. Not all members of both committees were present but there was adequate representation from each of the committees and all committee members from both committees were invited.

The discussion focused on the tasks that were outlined in the October 2012 member motion and those tasks are quoted below:

- (1) To identify and evaluate various options related to the pool's future, including but not limited to needed equipment, a permanent pool cover, and repairs to the pool and its building, foundation, plumbing, electrical system, and to recommend the best cost and timing options. A basic and simple plan to identify projects for contractor bidding shall be developed to guide these efforts; the plan shall also recommend an implementation schedule for ADA compliance from both a financial and legal standpoint.
- (2) Investigate and develop payment options related to assessment costs and dues under task one and to select the approach that produces the best balance between recreational benefits and costs to members. The assessment total will be offset by the amount of donations accumulated for that purpose.
- (3) Upon completion of tasks 1 and 2, the committees shall submit the findings to the Board and subsequently work with Board as appropriate.

This was the first meeting of the Long-Range Planning Committee (LRP) but there had been previous meetings of the Pool Maintenance and Improvement Committee (PM&I). Considerable discussion had

already occurred in the previous PM&I meetings regarding the costing work that had been completed by the prior ACBC Board.

Both the pool and pool building had been professionally evaluated and the costing information was summarized in the Capital Replacement Plan (CRP) produced by Association Reserves. This comprehensive report prepared on April 17, 2013 was submitted to the prior ACBC Board and subsequently disseminated to the membership last year.

The Capital Replacement Plan was very thorough and well documented and the members present from the two committees concluded that, in essence, the CRP provided the required information necessary to complete the goal of task (1) and fulfill the dictates of task (1). Therefore, the consensus of the members present from the joint committees was that we recommend to the Budget and Finance Committee and the ACBC Board that ACBC utilize the cost assessments in the CRP as the basis for the funds necessary to renovate the pool and pool building.

The CRP was submitted approximately one year ago and because there had been a delay in moving forward the members thought it prudent to suggest utilization of the "worst case" scenario dollar amounts itemized in the CRP for both the pool and the pool building. Those cost figures are listed below:

Pool – major renovations	\$320,000
Pool building – remodel project....	<u>\$375,000</u>
Total	\$695,000

(See CRP---Appendix 300 and appendix 500)

Once the committee members reached consensus that the basic elements of task (1) had been completed; the discussion moved on to task (2).

Task (2) is directly related to the issues addressed by Island County Superior Court in the existing temporary injunction ordered by Judge Hancock.

There was considerable discussion regarding the meaning of the language in the temporary injunction, the findings of fact and conclusions of law as well as the effect of the Judge Hancock's ruling on the members' right to approve how the pool renovation would be funded.

There was particular focus on the Board's fiduciary responsibility to maintain the pool and to take appropriate action consistent with October 27, 2012 member motion, the Bylaws, the Articles of Incorporation and the ruling of Judge Hancock in his temporary injunction.

Kurt Blankenship, who was participating by phone, was asked to give his thoughts on the meaning and mandate of the temporary injunction. Kurt explained the meaning of the temporary injunction based on

his legal background and Gwyn Staton agreed based on experience in her legal practice. It was Maria Chamberlain's position that because the lawsuit was not yet "finalized" we should wait until a final judgment was entered.

However, the consensus of the other committee members was that the temporary injunction would not have been put in place by the Judge unless there was a high probability that the Plaintiffs would prevail so there was no point in further unnecessary delay. The law with regard to obtaining the original Temporary Restraining Order is that the plaintiffs must have likelihood to succeed on the merits and the next step in the process is the issuance of the temporary injunction. Thus, in light of the fact that the Court had already issued the Temporary Injunction, the committee members present felt that we needed to move forward in a timely manner for the following reasons.

First, nineteen months have already elapsed since the October 2012 Annual Meeting and second, it is likely that a final decision in the Wilbur vs. ACBC will be forthcoming in the next few weeks and will be essentially identical to the ruling outlined in the temporary injunction. Consequently, the legal requirement to renovate the pool will remain.

Therefore, it was the consensus of the other committee members present that we should continue to follow the mandate of the members as outlined in the "tasks" portion of the October 27, 2012 member motion.

In addition to the specific discussion regarding Tasks (1) and (2) of the member motion there was consensus on the following general concepts:

1. The renovation should be done in phases with the pool being first and the pool building second.
2. We should open the pool this summer in a limited use capacity.
3. ADA compliance can be done in phases--- provided we have a plan.
4. We need a collection policy immediately and should utilize a collection agency and law firm to enforce the policy
5. When the assessment ballot question on how to best fund is presented to the membership we should articulate the legal requirement mandating the assessment and why we are required to levy the assessment pursuant to the governing documents as reflected in the TRO decision by Judge Hancock.

The discussion then moved on to payment options as described in task (2) of the member motion. Because we cannot begin any renovation until we have money in the bank it was quickly determined that there were only two options for financing. Both options would require an assessment and an increase in dues. Since the October 2012 Motion speaks to a membership vote on pool rehabilitation options, the consensus was that the committees recommend to the Board that the ballot to the membership contain the following two options.

The amount needed is \$695,000 and in brief the two options suggested are as follows:

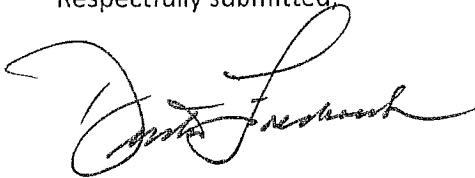
- 1 Obtain a mortgage, using the community property as collateral and levy a \$500 annual assessment in each of the next three years i.e. 2014, 2015 and 2016 for a total of \$1500 with an appropriate dues increase such that we can pay the monthly debt service on the mortgage as well as cover all other budgeted expenses. (Note: under the AOI the Board has authority to mortgage the corporation's property and assets AOI Article V #5)
- 2 Do not take out a mortgage and Levy a \$700 assessment in 2014 and a \$400 assessment in both 2015 and 2016 for a total of \$1500. In addition, dues would be increased to a level necessary to comply with the requirement to maintain the pool and community areas.

Under either option, we would conduct the renovation in phases with the pool being done first.

The meeting concluded with the suggestion that our recommendations be sent to the Budget and Finance committee for comment and review and be presented to the Board at the next meeting scheduled for May 10, 2014.

The meeting was adjourned at 7:05 pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dustin Frederick". The signature is written in a cursive style with a large, looping initial "D".

Dustin Frederick, LRP Chair

**POOL MAINTENANCE AND IMPROVEMENT COMMITTEE
POOL OPERATIONS AND SAFETY COMMITTEE
JOINT REPORT
ANNUAL MEMBERS MEETING
OCTOBER 25, 2014**

As a result of the TRO issued by Judge Hancock in 2013, these two committees have worked together to coordinate the repair and maintenance of the Admiral's Cove Beach Club Pool and demonstrate it's viability by opening the pool for a shortened swim season. This involved the commitment of a significant amount of volunteer time and effort because some mechanical and building issues were originally not up to code. The Operations and Safety Committee followed all previous guidelines because of the short season. To demonstrate this boards commitment to maintain the pool to meet the recreational standards for use by our members, the pool opened on August 15th until September 7th.

- We celebrated the county and state's blessing to open a safe and well-monitored pool and building for our members...all of the health and safety requirements were met with flying colors.
- We had approximately 1000 swim occurrences in this short season of 21 days.
- The lap swimmers opened the pool each morning and helped to close the pool each evening.
- Those using the pool were from 9 months to 90 years of age.
- Daily we provided recreation to about 46 swimmers.
- Swimming had become a part of each individual's and family's daily activity as demonstrated by repeated visits.
- We saw neighbors meeting neighbors, for the first time, using the pool as a vehicle to gather.
- Our lifeguard coverage was complete and the guards interacted with the children and adults in a way that increased the enthusiasm for a recreational environment that encouraged everyone to get in the water and participate in a variety of activities.
- We gave out 6 Short Season Scholarships donated by ACBC members who felt that access to the pool should not be financially limited.

Thank you for all of the help and support we received from so many folks!

Submitted by Suzy Palmer and Harry Lynam

Admiral's Cove Beach Club
Teller's Committee Report
October 24, 2014

The Teller's Committee for the Admiral's Cove Beach Club 2014 Board of Directors Election was comprised of seven members: Darla Allen

Russell Chamberlain <i>Co. Chair</i>	Cathie Harrison
Judy Lewis	Bonnie Noble
Bob Peetz (Committee Chair)	Fred Salmon

514 ballots were mailed to members in good standing the week of October 9th. One additional ballot was mailed to a member who became 'In Good Standing'. The Bylaws require that 10% (52 ballots) out of the 515 mailed be returned for the election to be valid.

7 packets were returned by the Post Office for issues with the addresses; 6 of those were resent after the addresses were corrected.

Between October 13, 2014 and October 24, 2014 a total of 264 Ballot Envelopes were picked up at the Coupeville Post Office.

4 Ballot Envelopes were disallowed during the screening process. *no ballots, too many votes*

1 Ballots were disallowed during the tally. *returned Not able to vote. had sold property*

The Teller's Committee accepted and counted 259 ballots. The results are:

<u>Candidate</u>	<u>Votes Received</u>
<u>Susan Corliss</u>	<u>106</u>
<u>Daniel Cornell</u>	<u>119</u>
<u>✓ Ed Delahanty</u>	<u>135</u>
<u>Frank van der Hast</u>	<u>93</u>
<u>✓ Steve Morrow</u>	<u>139</u>
<u>✓ Suzy (Elsa) Palmer</u>	<u>145</u>

Bob Peetz *Bob Peetz* Fred Salmon *Fred Salmon*

RWC *dma* *AKS* *ca* *jl*