

March 8, 2014 Board Meeting
Unofficial Notes by Karen Shaak

Ed Delahanty, Suzy Palmer, Dustin Frederick and Chris Hendrickson were present and Kurt Blankenship on the phone

Absent – Fred Salmon

Dustin nominated Steve Morrow as Treasurer.

Sue Corliss asked if Steve could introduce himself. Steve said he had purchased his home in 1987 and was a week-ender until this year. Steve is a minister, commuting and working off-island.

January 8th meeting notes were approved. Ed indicated he would start posting the notes on the bulletin board.

President's Report

Ed gave the president's report which was interspersed with what will become the Treasurers report:

Finances through February were reported as:

Balance sheet – no change because dues will be posted in March

~\$36k in checking

~\$18k in money market

~\$117k in receivables (includes \$42k in arrears)

-about half of the dues invoiced this year have been collected

- Suzy posted a sign requiring members to raise their hand at the end of the board meeting to ask questions. Nobody noticed the sign until she barked at Maria Chamberlain. The board didn't bring enough hand-outs so Maria made copies for those in the back of the room so they could follow along as best they could as they were having trouble hearing. Unfortunately, Suzy said she found it rude of Maria to help others and chose to reprimand her because the noise of the copy machine annoyed her. Of course she could have said this differently, like "maybe we could take a break and finish the copies so everyone could have one or wait until the end of the meeting" but a personal attack was much more satisfying. Well, it totally annoys me that Suzy interrupts Ed; maybe she should raise her hand?
- A phone line to the shelter was discussed. In the short-term the pool phone will be replaced with a long-range cordless phone that can be used within the shelter.
- At the last meeting Adel Saba suggested a maintenance fee be charged to members as a way to raise funds. Ed updated the membership indicating that adding a maintenance charge is not an option and wouldn't occur.

- A handful of members have not received their assessment reimbursements, however checks have not been returned. Ed is checking into it.
- Social Security Admin letter was received indicating a filing error in 2012. About \$1500 difference appears to be at issue. Maria indicated that she has all of the prior documentation that she will provide to Steve Morrow to investigate the issue. Jean Salls indicated she believes that this invoice had been paid and suggested to discuss with Edwards.
- A window in the pool fence was broken. Appears to be vandalism which occurred during the day when the security system doesn't monitor intrusions.
- About 3-5 members have responded with their dues indicating that they want board meetings to be on Saturdays.
- Ed is still receiving letters from members asking to be removed from the Beach Club. He is going to send them a letter saying they are members and have to pay. All of the board members seem convinced that the Title and Escrow companies know that we are a mandatory beach club. My own deed is only 2 years old and the title company made no indication of membership. None of my paperwork indicates a club. A prior residence we owned on Perry Dr. had no indication of Club membership either. It wasn't until a nice gal knocked on my door one weekend telling me my mail was getting returned (I didn't receive mail at the Perry address) and I owed money that I had ever heard of the Beach Club. When I personally spoke to the escrow company they told me that Judge Hancock ruled that AC is not an HOA and had eliminated any discussion of the issue; clearly they made no differential between an HOA and Beach Club. If we say it enough times, it must be true or if you click your ruby slippers three times you'll go back to Kansas...

Suzy's report –

A contractor has been hired to work on a new website, cost not to exceed \$250. No blog or interaction will be available. It is expected be available in the next couple of weeks.

Sue Corliss asked that the old documents be posted on the new website. Ed and Suzy said they will scan and post documents they believe will be helpful.

No secretary report – Fred is ill.

Unfinished business –

- An answer is needed in response to the Peterson Trust letter regarding deeding ACBC property. The board won't be transferring ownership of the land to Farragut owners. Kurt is drafting a letter.
- Board member ethics document: No ethics doc has been signed because the board hasn't found a new document that they like. Ed felt that the document the prior board signed didn't address the circumstances directors deal with in the cove. Suzy and Ed feel they could find a more

appropriate document instead of signing the current one. In the meantime, the board will remain free of ethics. One current board member who signed the last document blatantly disregarded the words signed to uphold, so it likely doesn't matter if a new document is found. If they sign it and lie to your face it isn't worth the piece of paper it's written on.

New business-

Dues Increase and Collection Agency

Dustin asked for a discussion on a dues increase. He provided a written description of three motions he would like to make to the board and attending members. Dustin suggested that members be assessed \$13.71 as an increase to 2014 dues. He made the claim of malfeasance by the last board to have not raised the dues (Merriam Webster- Malfeasance: illegal or dishonest activity especially by a public official or a corporation). He believes there is no timeframe within which a board can raise dues (I guess said another way, why follow the Bylaws that clearly say how and when dues can be raised by less than 10% by the Board). He doesn't believe it has to have been part of the current budget. Huh, the Bylaws say it does but Dustin doesn't seem to care.

Sue Corliss was outraged by Dustin's assertion that the dues can be raised on his whim to fund the pool. She resigned her position as social committee chairperson and coordination of shelter reservations. The board didn't seem to care. There goes another volunteer!

Dustin rambled endlessly about wanting to assess the members a \$13.71 fee because of malfeasance and his duty as a director to enforce payment; he went on to describe his belief that it was mandated by Judge Hancock. Kurt Blankenship (via phone) did not agree that it is mandated by the Judge's ruling as Dustin claims. Kurt did not necessarily agree with sending out an increase since dues notices had been sent.

Steve Morrow suggested that an increase wait for the membership vote on a pool assessment.

Dennis Eagan – informed the members that the future increase as suggested by Steve require a vote.

Dustin became animated and visibly upset when it was suggested the assessment and the dues increase be combined because the membership might turn it down. He wants his money now!

Maria – stated about \$7,000+ would be billed but it would cost \$1,600 to mail plus the cost of the bookkeeper to run the assessment billings. She asked if that made sense.

Ed stated that he does not believe the board should assess the members an extra 9.9%. With the likelihood of an assessment already coming he believed the extra increase is unnecessary. Ed said he also believes it will discourage more people to pay their dues than it would to help raise funds. He indicated that it would be onerous to increase the dues twice in one year so he would vote against the motion.

Richard Johnston – Richard made a statement that the dues statement had been sent and he had paid his. He believes this will increase the hatred and discontent and agrees with Ed that the amount gained would not account for the harm done.

Suzy said she wanted to support Steve's comment to consolidate a dues increase with an assessment.

Chris Hendrickson – inquired about a pending assessment and seemed confused that the assessment had to be voted on by the membership. The board informed her that the membership had to vote to increase dues via an assessment.

Dustin re-pitched the motion. He said he believes it is a fundamental mistake not to bill and punish the membership NOW. He wants his money and he wants it now. He blames this missing \$13.71 on the prior board. Suzy said she is inclined to vote with Dustin even though 5 minutes earlier she was supporting Steve. Dustin claims it is all in the messaging the membership (err, uh, lying to the membership?). Anything the board can do without the member approval is warranted regardless of outcome. Dustin acted upset and made claims of malfeasance by the prior board, yet again.

Steve Morrow indicated that he does not agree that we should re-bill the membership. Dustin objected to his statement because he believes the assessment may be turned down by the membership (we can only hope it will be). And then he believes it will wait until 2015. It should wait, that would be proper based on our pesky bylaws.

Dustin continued badgering all board members to vote with him, claiming it is their obligation. Steve suggested a change to the motion to increase the dues by 9.99% and send the billing at the board's discretion. Suzy seconded it before the words were complete. All board members agreed to raise the dues after all. Although Ed and Kurt and Steve initially indicated they were not in agreement with Dustin they all voted yes to retroactively raise the dues not in the budget voted on by the membership. It appears nobody has the backbone to vote their mind and Dustin is running this board. It is very reminiscent of the board he presided over two years ago – no dissenting votes allowed.

But wait, there's more!

Dustin requested the board send members in arrears to a collection agency. Suzy immediately seconded this motion. Suzy did not believe they had legal muscle to collect dues but seemed happy about doing onto others. Dustin explained that the AOI require we enforce but as Judge Hancock said there are no tools to collect. In other words, ACBC cannot foreclose because it is not an HOA. Dues in arrears are almost always collected during home sales and foreclosures (bankruptcy claims are written off – not collectable). Dustin wants to make it clear that he isn't hard-hearted (just hateful). He wants stringent enforcement as he is concerned that during the Close lawsuit, Roger was able to show the Club had no history of billing enforcement. He indicated that he 'didn't want to let members slide'. For the record, the Club bills members annually when the New Year occurs and then subsequent reminders are sent throughout the year to those with balances.

The Club can contract with a collection agency and enable power of attorney for the agency to take you to court and file a lien against your property. The cost of this service is significant. Most agencies charge 40-60% of the receipt collected. The Club would have to pay the court costs if it consigned the lien process for each person (there are no common law liens in WA State, each person would have to be sued individually). In effect, unless you owe thousands, taking you to court would cost more than the amount you owe and since most homeowners with dues in arrears are paid on sale it doesn't make sense to split the collection with an agency. If they want to harm your credit that is a different process and requires a different type of credit agency reporting. The Club can pay an agency to regularly report you to the big credit bureaus if you are in arrears; the cost is additional and significant and the bookkeeper must be available to answer inquiries by the agencies on a near real-time basis – another significant cost.

Jean Salls indicated that Dustin's statement that the Club was not in compliance of the AOI was not true. She indicated that delinquent charges had been assessed. The Club is capped at adding late charges of \$25 per year and that has been occurring. Stop with the facts, Jean!

A vote was taken and all board members (except Steve Morrow abstained) voted to send members to collection.

A question came up about the word "collection agency" so Dustin changed the words in his motion from collection agency to 'most effective collection method'

Suzy remarked to Dustin, "This is great". The board re-voted and Steve joined the motion and now all board members are in favor of stringent collection methods.

Property lines:

Ed informed the members that the bluff line (survey plot) will be sent to Farragut owners so the property line is clear to the owners wanting taking action on the slope. The survey clearly shows where the property boundary of the Club lies versus each homeowner.

Ed spoke briefly about committees. He didn't read the lists of each committee just the chairpersons; a list was circulated among the members in attendance. He did note that not all Chairs had formally accepted their position. Committee chairs are:

- Ground s- Nate Palmer
- Pool Maintenance and Improvement – Doug Smith
- Pool Operations and Safety – Harry Lynam
- Budget & Finance – Dennis Eagan
- Long Range Planning – Dustin Frederick
- Social Committee – unknown (Sue quit earlier in the meeting)
- Nominating – no mention of this committee

Suzy described providing tasks to the committees so they knew what to do. This is odd because the committee functions are clearly described in the Bylaws but I guess her guidance may be needed.

Dustin made another motion to require the motion mentioned in the 2012 annual meeting notes be re-enacted. He feels last year's committees did not do a good job because he didn't get the answer he wanted.

Maria reminded the board and asked if Dustin was going to steer away from pool business. He claimed it was his duty as a director to be involved. Maria disagreed with Dustin's statement and does not believe Dustin has a position in providing his spin on direction to the committee. She believes it is counter-productive. Suzy once again stated wants Dustin to prevail and get his way. What a bunch of lemmings – maybe he'll tell them to walk into the Salish Sea and they'll do it! The other board members initially did not seem too enthralled with this motion but it appeared that they will go along with Dustin. He is clearly in control of all board members.

Kurt stated that doesn't necessarily agree that the motion is needed. Suzy just wants a timeframe instead of a motion.

Steve decided to second the motion. Now all board members are in favor of the motion – whew, that was close!

A member asked which member motion was being referred by Dustin's motion du jour. It was stated that it is in reference to the motion as listed in the 2012 annual meeting notes and not those listed in the court documents which are different from the club record. (You didn't notice that? Yeah, Bob and Dustin told the court something else – each of their accounts different from one another. See, we don't need no stinking ethics document if we can make stuff up.).

Modified motion –

All board members voted Yes to approve the motion amending it to say the recommendation had to be provided to the board by the June Board meeting.

Lake Issues:

Ed described debris at the flapper valve of the tide gate. Bob Wilbur pontificated about the widgeon grass growth and clogs. The water flow through the pipe isn't happening and member properties are being harmed. Bob recommended another screen be added to fix the problem as the lake is at least 5" or higher than it should be. Bob believes that there could be an issue within the outflow pipe. Dustin asked Bob about an aeration device and whether it would help with the lake growth. Bob talked about what kind of fish we could stock in the lake and suggested catfish as a potential species.

Jean Salls asked about money provided to Mr. Wilbur to test the lake. Bob claimed he never received any funding and didn't do any sampling. Bob claims other issues came along and he never proceeded. I remember a meeting where Kurt Blankenship provided a donation for a lake study. I guess we all forgot

about that or maybe Bob gave it back, dunno. Ed suggested the building and grounds committee clear out the clog, if possible.

I suggested to Ed that Chad Nichols and Mike King be included in any decision to add to the existing Tide Gate. He agreed.

Other stuff:

- Ed discussed the annual audit that needs to be done. Money was included in the budget and was approved by the membership for this audit.
- Ed asked for a resolution to change the Peoples bank signatories to Steve and Ed.
- Jean mentioned that the board needed to elect Steve if he is going to be a board member. He was then elected and confirmed by the board. Steve is now appointed and will finish Jean Salls term (ends October 2014).
- Ed requested a new agent of record. Ed recommended Branch Business Services become the agent. Branch Business is a real piece of work. Without any request from the board, at the end of 2012 they refiled the Club status with the Secretary of State as an HOA. Why would they file anything with the state without speaking with the Club? Some kind of entitlement based on being friends with members of the community or some such reason was their excuse; they seemed to know better (so, we fired them). Why doesn't one of the board members that are fulltime residents become the agent of record? Anyone with a street address can receive information as an agent. I was the agent for a year; mostly I received foreclosure and auction notices. I guess we'd rather spend the dues we don't have on an agent.
- Tax accountant is too busy to take our business, they filed an extension. Wanda Grone (bookkeeper) is going to recommend someone else.

Member Forum

-Adel suggested that for the general membership meeting that the Club rent a recreation hall so we have enough room and get some speakers for all board meetings because the audience can't hear.

-I signed up to be on the budget committee and had contacted Ed about it prior to the meeting and was asked to wait for this meeting for the announcement of committee assignments. I was eliminated as a committee member for no apparent reason. Ed indicated that they will think about it and get back to me if they need help (read, no alternate points of views are needed). Hmm, so much for volunteering and following the bylaws which say all committees are open.

-The board moved to executive session to discuss the pending lawsuit. Ed informed the members that Dustin will not be participating. Dustin made a point of saying the he would be free to participate after the 17th on any subject.