Decatur Head Beach Association Annual Meeting

October 17th, 2017 7pm

Blue Ridge Community Center

Attending:

1-Bryce Kisker – President

2-\*Kerri & Ron Donovan

3-\*Russ Goedde

4-\*Kelly & Christi Price

5-\*Cathy Collins

6-\*Carol Bowes

7-Janet Goucher-\*Rob Mumford

8-John Burbank

9-Kathleen Kelley – Treasurer & Chuck Arnold

10-Tim Coulter – Secretary & Carol Coulter

11-\*Craig Cooperstein

12-Stephanie Murphy – Facilities

13-\*Nick Loveless

14-\*Catherine and John Peng

15- Duke Campbell – Task Force and Sharon Campbell

16-\*Spoor #1

17-\*Spoor #2

18-\*Rolf Gruen

19- Jon Claus- Buoy and Boats &Debbie Claus

20- Carmen Claus

21- Rick & Lynn Butzberger

22- Alan Forsythe

23- Paul Hoerlein

24- Molly Rothwell

25- Wanda & Jeff Garfield

26-\*Jolyn Davis

27- John Snow

28- Curtis Young

29- Troy & Suzie Young

30- Bill & Sandy Ekse

31-\* Bud Askew

32- Helen & Gary Young

33- Barb & Scott Loners

34- Nancy Stevens – Vice-President/Reservations &Charlie Davis

35-\* Susan Johnson

\* Designates Proxy Vote

Introductions: - Bryce Kisker

Highlights and Projects - 2016/2017

1. A year of settling in for the caretakers and adjusting to the workloads, weather impact and logistics of the Island. Seth and Anita have adjusted in well and been well received by the members. One major change – maintenance and contract work are rolled up under caretaker work.
2. Replacement roof on cabin 2 using new roofing material was less than half the cost of recently installed metal roofs resulting in a good appearance and substantial savings.
3. Cabin 4 was temporarily refreshed with a new carpet. Remodel/refresh scheduled in 2018 budget.
4. New Meraki Wi-Fi system installed and working well. Maintenance on the web site included necessary updates to allow sign in entry and ongoing functionality.
5. Insurance costs were reduced.
6. New membership promotion has been rolled out with a $120 special for members introducing new prospective members to DHBA. Includes transportation and use of up to two cabins in the offseason for two nights.
7. Major projects underway included dredging of the lagoon and proposed roofs that will be discussed in the budget review.

Challenges Discussed: - Bryce

Membership Sales:

A large number of shares are on the market (6). The BOT is trying to strategize on how best to assist in the sales process. The Garfield’s are concerned too many adult children have liberal access to the facilities resulting in no incentive to purchase a membership. Until these potential members have their usage rights limited they will not buy in. Airbnb was mentioned as a competing source of supply of vacation options. Gary Young recommends waiving transfer fees as a method of generating sales. Concerns of fairness to prior sellers and the need to generate income countered the waiver of the fee. Jeff Garfield requested the BOT explore allowing a member to purchase a share with the transfer fee waived on the subsequent sale limited to a three year window. It would allow him to transfer/gift the shares to his children without having to put it into their names immediately upon purchase.

Task Force- Recommendation: Nancy Stevens & Duke Campbell

A task force headed by Nancy Stevens and Duke Campbell met several times to discuss how to address the high demand on facilities during prime time and how to fairly allocate the limited time. Outcome approved by BOT was to allocate the first draw into three tranches with the BOT selected in the first tranche, members only selected in the second tranche and adult children selected in the third tranche. The second and third round draws include all members and adult children. Nancy Stevens reviewed three policy changes to the membership including the noted change in the draw process. (See attached proposals) Much discussion followed. Proposal #1 gained a motion for approval which was seconded by Jeff Garfield. It was passed with 34 in favor and 1 member opposed. Proposal #2 was moved for approval by Bryce Kisker and seconded by Chuck Arnold. After an attempted amendment to the policy failed the motion was approved with 29 in favor and 6 opposed. Proposal #3 was moved for approve by Bryce Kisker and seconded by Jeff Garfield. It was approved by a unanimous yes vote.

Budget Strategy - Bryce

Bryce Kisker discussed the strategy to reduce the monthly dues from $300 to $250 with capital improvements funded from special assessments. In 2016/2017 expenses were reduced with the help of the new caretakers and their expense management together with the containment of boat expenses. The BOT goal is to continue to contain and drive down operating expenses while funding these day to day expenses from monthly dues. Funding major capital improvements thru special assessments should increase the visibility of these major renovations/remodels. A special assessment of $1,250 is being proposed for the 2017/2018 capital improvements. This strategy should also assist sellers, considering that buyer feedback has suggested the high monthly dues has generated push back on purchasing the shares, according to poled sellers.

Budget Review/Capital Improvements: - Kathleen & Stephanie

Stephanie reviewed the budget to fund new roofs on cabin 1, 6 and the locker shed. Cabin 1 and the locker shed will be replaced during the winter beginning in December with cabin 6 replaced in the fall of 2018. The BOT needs to purchase the materials for cabin 6 in this budget year in order to begin the job in the fall. Cabin 2 main floor/rugs/laminate and loft rugs are budgeted to be replaced. Remodel of the bathroom in cabin 2 and new privacy shades to be purchased for the cabin. A new stove in cabin 3 and eight new mattresses to be purchased for the cabins. Two new buoy replacements and the remaining costs of the dredge permitting are included in the budget. The truck is budgeted for $1,000 in repairs or the funds to be used as a new truck reserve if unused.

Jon indicated we will have six good buoys after the two proposed replacements. Number 1 buoy has broken lose and is not usable.

Charlie Davis recommended we hold off on further roof replacements until we see how cabin 2 handles the winter winds. It was conveyed that the roofing material is rated to handle 110 mile an hour winds. It was also revealed that cabin 1 is leaking and needed replacing as soon as possible to avoid damaging the cabin.

Bryce reviewed the caretaker compensation presented in the budget. The BOT recommends a 10% increase this year with future raises tied to cost of living raises going forward. It was discussed that the BOT has discontinued the use of bonuses and would rather compensate the caretakers with cost of living raises rather than pay out bonuses that become expected each year.

Bryce made a motion to approve the budget which was seconded by Barb Loners. It was approved with a unanimous yes vote.

Boat Review: Duke Campbell and Jon Claus

Duke provided a list of issues with the Strait Shooter centering on the fact that the boat was out of service five times during the year and that the Caretakers had lost confidence in its reliability. Also operating expenses, although reduced from prior years engine/outdrive damage from loading at Washington Park, has remained high relative to what a new outboard replacement is projected to cost for its annual repair/maintenance. It was recommended we sell the Strait Shooter at a projected price of $80,000 to $120,000. The recommended boat replacement is a Hewes Craft Alaskan 26” with a Yamaha F300 and 9.9 hp kicker priced at $99,995. It seats 10 plus storage. A purchase strategy of buying a new boat every 5 years and keeping the boat/engine under warranty would minimize maintenance expense with a total cost of ownership at $20,000 a year.

Rob Mumford representing Janet Goucher asked if we had looked into leasing. Jon Claus indicated we had but there were no viable leasing options available. A question was asked about how the beam compared to the Strait Shooter, which Jon indicated was the same at 10 feet. Jon also indicated cavitation problems with the Strait Shooter had ruined a pair of props and that annual servicing costs run $4,000 compared to $300 or less for the new boat option. The new boat would not be an off the shelf boat as it would be customized with a stern platform and gunnel door. The cabin configuration would be different from the normal fishing configuration with a front door going into the bow. Craig Cooperstein responding by proxy did not think a Hewes Craft was a good fit for the DHBA transportation. He explained that it is a boat for casual transportation and fishing. It is not a great boat in extreme weather and had poor ingress/egress. Craig suggested we keep the Strait Shooter and dry dock it in the winter with removal/servicing of the outdrive while in dry dock. He thinks the cost of a new engine replacement will be equal to the loss in the boat exchange. Duke Campbell countered these concerns with the fact that new boat will be customized to have stern access with a gunnel door off the stern platform. Also based on Seth’s history of using the Strait Shooter, he will not operate any boat in heavy seas.

The BOT were not prepared to recommend a vote on the boat replacement until Seth was comfortable with the boat selection and configuration. He is concerned how he would access the dock while docking the boat, along with other issues including seaworthiness. Once a boat selection has been approved by BOT and vetted by the Caretakers it will be sent out to the membership for a vote.

Board Elections: Bryce Kisker

Two board vacancies need filling with Kathleen Kelly and Nancy Stevens completing their terms. Two members, Molly Rothwell and Kerri Sheehan have indicated their desire to be on the board. A motion by Chuck Arnold adding Rothwell and Sheehan to the BOT was seconded by Wanda Garfield. A unanimous yes vote in favor of the motion followed.

Update on Sale of Shares and challenges being faced:- Bryce

As discussed at the beginning of the meeting a need to reduce annual dues and provide exposure to potential buyers to DHBA was emphasized in order to help promote the sale of the large number of membership shares available for sale. The BOT asked the membership if they wanted them to explore other income options, including offseason rental of cabins to various nonprofit groups including Kayak Clubs along with other income uses. Lynn Butzberger brought up insurance concerns regarding commercial usage and Wanda Garfield would like to see a member present to protect the DHBA assets. Concern surrounded the protection of the cabins from non-member usage and how would we compensate the caretakers for their added work load. Gary Young questioned the use of a real estate agent representing the sale of shares and an advisory vote was taken with 10 members voting yes to proceed and 7 members voting no to proceed.

Stewardship Taskforce: - Nancy Steven

Nancy was looking to continue to spearhead a taskforce on stewardship of the DHBA. Issues she wants to pursue included oyster seeding and protection of the sensitive areas of the property. She is looking for interested members.

The meeting was adjourned at approximately 9:30pm

Following the membership meeting a short BOT meeting was commenced to elect a new Secretary and Treasurer. All BOT members were present excluding Kerri Sheehan. Molly Rothwell was elected to the Secretary position and Tim Coulter to the Treasurers position. The meeting was subsequently adjourned.

Attachment:

DHBA use policy proposals:

1) Approve using the same methodology for summer primetime reservations for 2018 as we piloted in 2017.

2) In an effort to promote timely transfer of shares, we recommend a new policy for a shareholders who have owned the share for at least 10 years and pass their membership to an adult child, the "emeritus member" parents would be allowed to use DHBA facilities without the new shareholder during non-primetime for a three year period after the transfer.

3) DHBA is facing the challenge of managing DHBA use for shareholders who become unable for reasons of disability to use the facilities and are unable to sell or transfer their shares or in the event of the death of the shareholder during the estate settlement.  The BOT proposes that these are managed by the BOT on a case by case basis.

Attested by Tim Coulter Secretary