

MINUTES OF MEETING
SPECIAL BOARD OF DIRECTORS MEETING, BRINY BREEZES INC.
Wednesday December 3 2014, 9:30 A.M.
COMMUNITY CENTER

A Special Meeting of the Briny Breezes Inc. Board of Directors was called to order at approximately 9:30 am on December 3, 2014 by President Michael Gallacher. The Pledge of Allegiance was recited and a Moment of Silence observed.

Secretary Oglesby called roll and noted that seven Directors were in attendance for the entire meeting, thus establishing the quorum. Directors Gallacher, Gross, Stewart, Elble, Long and Oglesby were present at the Community Center for the entire meeting. Director Coyner joined the meeting by conference call but was not present for the discussion of Item b which was deferred to the end of the meeting. Director Brannen joined the meeting only during the consideration of the Item b which was deferred to the end of the meeting so that the Director could participate.

President Gallacher confirmed that Proof of Notice for the meeting was posted on Monday, November 17, 2014 at 1:00 p.m. and signed/witnessed by General Manager, Theresa Pussinen.

Approval of Minutes

President Gallacher told the Board that the minutes being considered for approval at this meeting were those for the Regular Board Meeting held on November 12, 2014. Director Oglesby then called for amendments to the minutes as written and distributed by email on December 2, 2014.

As there were no motions for amendments, ***Secretary Oglesby moved to waive reading of the minutes and to approve the minutes as written and distributed to the Board members previously by email.*** The motion received a second, there was no discussion and the question was called. **The Board approved the aforementioned minutes unanimously (7-0) by voice vote.**

Reading of Correspondence to the Board

There were no letters to the Board received in advance of the meeting.

Report of Officers – President & Treasurer.

No reports were presented at this meeting.

Committee Reports

There were no committee reports presented at this meeting.

Unfinished Business – By-Law Changes for Vote at Annual Stockholder Meeting

- 1. Review / Discuss / Amend Committee Recommendations on Proposed By-Law Changes**
 - a. Proposed By-Law Amendment Section 3:70**

President Gallacher began by pointing out that amended By-Law Section 3:70 covers stock certificate ownership limits / restrictions and is something that is needed if the Board is going to enforce any limit on the number of certificates or the types of ownership. He added that after the Board voted at a previous meeting to allow a two stockholders to each purchase one additional stock certificate, the Board agreed that it should attempt to “fix” this By-Law.

Director Oglesby added that the purpose of the proposed amendment to By-Law Section 3.70 is to

- Clarify and strengthen the language that limits the number of stock certificates that can be held by one family (spouse/domestic partner & dependents)

- Increase the number of Briny stock certificates a stockholder and his/her immediate family may hold, regardless of the ownership vehicle or title language, from one to two stock certificates
- Prevent outside corporations and limited partnerships from purchasing less than 100% of Briny stock

The Amendment was read by Director Oglesby is as follows:

SECTION 3.70: LIMIT ON MEMBERSHIPS: ~~No member person, either individually jointly or severally, and including their the person's immediate family defined as their spouse, domestic partner, and their dependents, shall acquire or hold an interest in more than one (1) two (2) stock certificates, except that a member, including his immediate family, who holds more than one (1) two (2) stock certificates on the date this By-Law is approved shall be permitted to continue holding same. For the purposes of this By-Law, dependents are persons that are under the age of 18 and/or receive more than one-half of their annual income from the person or persons that hold one or more a stock certificates. ; providing that~~ An exception is also permitted whenever stockholders wish to change their residence from one location in the park to another. They may do so provided that they immediately place the stock certificate for the location they are leaving up for sale and abide by the rules governing rental at either location. The above restrictions cover any and all forms of ownership including but not limited to estates and trusts in which the person, their spouse, domestic partner, and their minor dependent(s) hold an interest. However, a person holding an interest in two (2) or more stock certificates is allowed to acquire and hold additional stock certificates acquired through inheritance or marriage.

Also, members residing in Districts One, Two and Three, and desiring to increase the land area for the placement of a single trailer thereon, may acquire a maximum of up to four (4) stock certificates covering adjoining lots. Thereafter, said lots may not be transferred except as one unit.

As of the date of approval of this By-Law, no corporation or limited partnership or other business including for profit and non-profit entities may acquire a stock certificate in Briny Breezes Inc. unless they are purchasing one hundred percent (100%) of the outstanding stock of the Corporation under an agreement with Briny Breezes Inc. as approved by the Stockholders in accordance with these By-Laws.

Note: Underlines indicate words added to the current Section of our By-Laws, strikeouts are deletions from the existing By-Law Section

Oglesby then summarized the reasons for to amendment of this By-Law: The existing wording of the By-Law is not sufficiently precise or legally strong enough to prevent ownership and control of multiple stock certificates via alternate ownership vehicles such as trusts, estates or corporations or by slight changes in title description by the same individuals in one family. In addition, some stockholders read the existing By-Law to mean that adult children of a stockholder were prevented from holding a Briny Stock Certificate if their parents were stockholders, certainly not the intention of the By-Law. Finally, the pervasive practice over the years of allowing some stockholders to acquire and hold more than one stock certificate has weakened of the current By-Law and argues for an amendment that can be effectively enforced.

He added that the proposed language allowing family/domestic partnerships to hold up of two stock certificates renders the requirements related to acquiring a new unit / stock certificate and selling a current unit unnecessary. Thus, this provision was deleted.

Finally, he pointed out that the language preventing outside corporations, limited partnerships, and other business entities from purchasing or holding stock certificates is intended to prevent these types of enterprises and their subsidiaries from acquiring enough stock certificates to gain control over the future direction of Briny. Also, corporations and limited partnerships usually enjoy limited liability under US and/or Florida civil law that is not extended to private owners, thus creating separate classes of stockholders under civil law.

Director Oglesby then made a motion to send the proposed amendment to Section 3:70 to Becker and Poliakoff for legal review before final review by an ad hoc "By-Law Subcommittee" of the Board which will present its final recommendation on the language of the proposed amendment to the Board for stockholder vote in conjunction with the 2015 Annual Stockholder Meeting.

After discussion, the Board voted 5-2 to approve sending the proposed amendment to By-Law Section 3:70 (as written above) to Becker and Poliakoff before an ad hoc "By-Law Subcommittee" of the Board reviews the legal opinion and presents its recommendation to the Board on the language of the amendment to be placed on the ballot for stockholder vote in conjunction with the 2015 Annual Stockholder Meeting. Dissenting votes came from Director's Stewart and Gross. (Abstention is considered a 'no' vote under Statute 719).

b. Proposed By-Law Amendment Section 8:45

Note: By general agreement of the Board, this item was moved to the end of the meeting to allow its sponsor, Director Brannen, to participate in the discussion.

Director Brannen moved to place the proposed amendment to Section 8:45 (as written below) on the Ballot for Stockholder consideration in conjunction with the 2015 Annual Stockholder Meeting. The motion received a second and discussion began.

Director Brannen explained that the purpose of the proposed amendment was to change the basis for determining the pass mark for voting on amendments to the By-Laws from the required percentages of outstanding shares to the number of shares actually voted (plurality).

SECTION 8.45: PROCEDURES FOR RESOLUTIONS: A petition originating with the stockholders for the placing of a proposed resolution on the agenda of any regular or special meeting of the stockholders called by the Board of Directors shall bear the signatures of not less than ten (10) percent of the total number of shares outstanding of the corporation and shall be presented to the Board of Directors not less than thirty-five (35) days before the date set for the meeting, with the exception of a petition for the recall of a director. The Board of Directors shall mail due notice to all stockholders not less than twenty (20) days before the meeting. Voting by stockholders shall be done by secret ballot, in person or by mail, and, except where a different vote is required by these By-Laws, the Proprietary Lease, or the applicable statute, as the foregoing may be amended from time to time, an affirmative vote of fifty-one (51) percent of the total number of shares outstanding of the corporation shall be required for the passage of a resolution. With the exception of Section 8:50 and the By-Laws referenced therein, the pass mark required to amend By-Laws shall be sixty-seven

percent (67%) of the total number of shares voted, provided that at least 51% of the outstanding shares cast a vote on the proposed amendment.

If the proposed resolution originates with the Board of Directors, the petition from the stockholders is not required, but the remaining procedure outlined above shall be followed.

Note: Underlines indicate words added to the current Section of our By-Laws, strikeouts are deletions from the existing By-Law Section

Director Brannen and others clarified that if the proposed amendment is approved, then a 'yes' vote of two-thirds or more of the shares that are voted is sufficient to amend our By-Laws, if and only if a total of 51% or more of the total (outstanding) Briny shares cast votes, either for or against the amendment. However, this pass mark cannot be used to amend By-Law Section 8:50 and the Sections referenced in that By-Law. Under the current version of Section 8.45, passage of an amendment to the By-Law requires the approval of 51% of the total Briny shares outstanding and Stockholders that do not vote their proxies are counted as voting against the amendment.

Director Stewart and others explained the reason for amending this Section of the By-Laws. It has been the Board's experience that frequently, a significant number of proxies are not returned, presumably due to lack of interest in or a failure to understand the proposed resolutions. This impedes the Board's ability to update antiquated, ineffectual, and unenforceable parts of our By-Laws that work against the best interests of the stockholder.

Oglesby thinks that full disclosure requires that the Board advise the voters that if the amendment is approved, it will allow as little as 34% of the stockholder shares voted to amend any By-Law except Section 8:50 and those By-Laws referenced in Section 8:50. (If 67% of the shareholders vote for the change and just 51% of the shares are voted = $67\% \times 51\% = 34.2\%$).

After discussion, the Board voted 7-0 to approve Director Brannen's motion placing the proposed amendment to Section 8:45, as written above, on the Ballot for stockholder vote in conjunction with the 2015 Annual Stockholder Meeting.

c. Proposed By-Law Amendment Section 11:10

Director Oglesby explained that the proposed amendment to the structure of Special Meeting Agendas is simply a common-sense measure to allow flexibility in planning and conducting Special Board Meetings by only requiring a limited number of agenda items that have to do with the purpose of the Special Meeting, thus making these meetings more efficient while avoiding conflict with our By-Laws.

Oglesby made a motion to Amend By-Law Section 11.10 as follows to allow the Board of Directors to develop Agendas that are "fit for purpose" for Special Meetings. The motion received a second and was discussed. Oglesby began by reading the proposed amendment.

SECTION 11.10: ORDER OF BUSINESS: The order of business at Annual Meetings shall be as follows:

1. Roll Call
2. Reading of Minutes of Last Meeting
3. Reading of Communications
4. Report of Officers

5. Report of Standing Committees
6. Reports of Special Committees
7. Unfinished Business
8. New Business
9. Election of Directors

At all other Regular meetings, the order of business shall be the same as outlined above with the exception of election of directors. However, Special Meetings may have abbreviated agendas suitable for the purpose of the Special Meeting but must contain the following:

1. Roll Call
2. Approval of Minutes of Last Meeting
3. Reading of Communications
4. Report of Committees
7. Unfinished Business
8. New Business

Special Meetings solely of the purpose of developing agendas for Board of Director meetings (Agenda Meetings) may simply contain the following Order of Business.

1. Roll Call
2. Discussion of Agenda Items
3. Agreement on Final Agenda

Underlines indicate words added to the current Section of our By-Laws, strikeouts are deletions from the existing By-Law Section

Director Oglesby explained that Special Meetings are generally called to act on matters that cannot or should not wait until the Annual, General or Regular Meeting. This proposed amendment allows the Briny Board of Directors to organize the order of business to make Special Meetings more efficient and focused on the purpose for which the Special Meeting was called.

After discussion, the Board voted 7-0 to approve the proposed amendment to By-Law Section 11:10 as written above to be placed on the Ballot for Stockholder vote in conjunction with the 2015 Annual Meeting.

d. Proposed New By-Law 12:11

Director Oglesby moved that new By-Law which considers Qualified Modular Units as a type of Mobile Home and makes it clear that this type of housing choice is approved under in our By-Laws be approved as amended by the Board. The motion received a second and was discussed.

After considering several alternatives, the Board reached agreement that the simplest approach to addressing this issue was as follows.

SECTION 12.11: QUALIFIED MODULAR HOMES

A "Qualified Modular Home" is considered equivalent to a mobile home as in Section 12:10 and may be placed on a stockholder lease or leases.

Underlines here indicate that this is a new By-Law

Director Oglesby stated that, in plain language, the proposed new By-Law states that new modular homes are essentially the same as mobile homes as referenced in By-Law Section 12:10 and are allowed to be placed in Briny. He added that the reason this amendment is needed is to document in the By-Laws that modulars are an approved form of housing in Briny.

For ease of reference, Section 12.10 is reproduced below. No amendment to this section is currently under consideration.

SECTION 12.10: SPACE LEASED FOR MOBILE HOMES TO STOCKHOLDERS: No portion of Districts One, Two, Three or Four shall be sold or leased for any use other than a site for a mobile home unless eighty (80) percent of the shares outstanding of the stockholder-lessees in the specific district are in favor of such change, and in addition such sales or lease shall also require an affirmative vote of eighty (80) percent of the total number of shares outstanding of the corporation.

No portion of the area between the Ocean Boulevard and the Atlantic Ocean shall be sold unless eighty (80) percent of the total number of shares outstanding of the corporation shall approve.

After discussion, **the Board voted 6 to 1 to approve placing the proposed new By-Law Section 12.11 amendment as written above on the ballot for stockholder consideration at the 2015 Annual Meeting. The dissenting vote was cast Director Coyner.**

e. Proposed By-Law Amendment 13:10

Director Long informed the Board that, while Section 13:10 and 13:12 do need revision, there is no immediate driver to vote on amending these Sections at the February 2015 Annual Meeting. The Director recommended that this item be 'tabled' for now and returned to at a later time. The Board agreed.

f. By-Law Amendment Section 13:25

Director Oglesby explained that the Park Improvement Fund amendment (Section 13:25) is intended to give the Board the authority and flexibility to use surplus operating funds at the end of any fiscal year to fund its mandated Reserve Account, augment the current year budget as needed and/or continue to fund the Park Improvement savings account. The BOD has considered amending this By-Law in one way or another for at least the last three years.

Director Oglesby then moved to approve the wording of the proposed amendment to By-Law 13.25 (as written below) and to place this amendment on the ballot for stockholder consideration in conjunction with the 2015 Annual Stockholders Meeting.

SECTION 13.25: DISPOSITION OF YEAR-END BUDGET OPERATING CASH-SURPLUSES BRINY BREEZES IMPROVEMENT FUND:

When the final audited financial results of the prior fiscal year are presented to and approved by the Board of Directors and the audit indicates that there is prior-year, cash remaining in excess of the operating expenditures for the year, the Board of Directors will vote to transfer these funds to one or more of the following current year accounts based on the current needs of the Corporation and the expected value to the Stockholders:

- 1) The Park Improvement Fund
- 2) Addition to Current Fiscal Year Operating Funds
- 3) Briny Breezes Reserve Accounts

The Park Improvement Fund shall be maintained in an interest-bearing account and no monies can be disbursed from this fund without the approval of a majority vote of the stockholders. ~~Any monies from assessment or other income, with the exception of the restricted funds, in excess of operating costs as shown in the audit at the end of the fiscal year, shall be placed in an interest bearing Park Improvement Fund.~~ However, in the event of a catastrophe, when funds are needed immediately, the Board of Directors may temporarily borrow funds from this Park Improvement Fund which shall be reimbursed from the first of any insurance proceeds.

Underlines indicate words added to the current Section of our By-Laws, strikeouts are deletions from the existing By-Law Section

Oglesby stated that in plain language, this proposed amendment to By-Law Section 13.25 means that every year after the audit is completed, the Board of Directors will vote to use any remaining / surplus operating funds for one of the three uses listed in the proposed amendment above.

He explained that the purpose of this amendment is to authorize the Board of Directors to have the discretion to use any prior year-end surplus operating funds to better serve the Corporation and stockholder based on the Corporation's current fiscal position.

This Section of our By-Laws, as currently written, requires that all year-end operating surplus funds be transferred to the Park Improvement Fund. Funds transferred to the Briny Breeze Improvement Fund cannot be used to maintain or improve the Park without majority vote of the stockholders. These requirements essentially "sequester" excess shareholder assessments in a savings account which currently pays only **0.05%** annually.

The Park Improvement Fund now holds over \$236k that can only be spent in the event of a catastrophe and must be replaced with insurance proceeds when received or if the majority of the shareholders vote to spend some or all of these funds. Nothing in the proposed amendment changes these spending restrictions for the current Park Improvement Fund monies.

We believe that the Briny Breezes Park Improvement Fund was likely intended as a type of Reserve Account before Reserve Accounts were mandated by law. Now that the Corporation is required to maintain reserves accounts, any year-end surplus funds could be used to fund our Reserve Accounts, thus reducing the amount of new stockholder Reserve assessments in any current or future year.

After discussion, **the Board voted 7-0 to place the proposed amendment to By-Law 13.25 (as written above) on the ballot for stockholder consideration in conjunction with the 2015 Annual Stockholders' Meeting.** (Director Brannen present, Director Coyner absent)

g. Others?

There were no other proposals for amendments to Briny By-Laws.

New Business

There was no New Business to consider at this meeting.

Adjournment

Director Oglesby moved to adjourn. The motion received a second and was approved unanimously (7-0) by the Board. (Director Brannen present, Director Coyner absent) President Gallacher adjourned the meeting at approximately 11:45 pm.

Respectfully submitted,

Tom Oglesby
Secretary, Briny Breezes Inc.
Approval Date: December 10 2014

NOTICE

SPECIAL MEETING

**Briny Breezes Inc. Board of Directors
Wednesday December 3rd, 2014 at 9:30 A.M.
Briny Breezes Community Center**

AGENDA

ALL SHAREHOLDER COMMENTS MUST BE LIMITED TO THREE (3) MINUTES

- I. Pledge of Allegiance & moment of silence
- II. Call to order & Roll call
- III. Proof of Notice
- IV. Approval of previous board meeting minutes
- V. Reading of Correspondence to the Board
- VI. Report of Officers
- VII. Committee Reports
- VIII. Unfinished Business – By-Law Changes for Vote at Annual Stockholder Meeting
 2. Review / Discuss / Amend Committee Recommendations on Proposed By-Law Changes
 - a. Proposed By-Law Amendment Section 3:70
 - b. Proposed By-Law Amendment Section 8:45
 - c. Proposed By-Law Amendment Section 11:10
 - d. Proposed New By-Law 12:11
 - e. Proposed By-Law Amendment 13:10
 - f. By-Law Amendment Section 13:25
 - g. Others?
 3. Decide if more work and /or legal review is required before finalizing each change to By-Laws
 4. Board Decision on proposals that do not need further Board work or legal review
 5. Discuss and agree on Next Steps
- VIII. New Business - none
- X. Adjournment

All stockholders are welcome

Theresa Pussinen, General Manager - Briny Breezes Inc.

This notice is dated and posted: Monday, November 17, 2014 at 1:00 p.m.