

MINUTES OF MEETING
REGULAR BOARD OF DIRECTORS MEETING, BRINY BREEZES INC.
WEDNESDAY, APRIL 10, 2013 AT 9:00 A.M
COMMUNITY CENTER

The Regular Meeting of the Briny Breezes Inc. Board of Director was called to order at approximately 9:00 AM on April 10, 2013 by Board President Coyner. The President reminded the meeting attendees that each stockholder is limited to speaking once per agenda item for a maximum of three (3) minutes.

Secretary Oglesby confirmed that the meeting had been properly noticed as it was posted and dated at Monday, April 8, 2013 at 9:00 a.m. and witnessed by General Manager Carl J Forrest.

Secretary Oglesby called the roll to document that a quorum was present. Roll call indicated that all Directors (as listed below) were present at the meeting:

Director Koplen	Director Coppola
Director Oglesby	Director Coyner
Director Stewart	Director Malchuski
Director Long	Director Gallacher

Secretary Oglesby made motions to waive reading and approve the minutes as last distributed to the Board for the Regular Board Meeting of March 13 and the Special Board Meeting of March 25th, 2013. The motions received seconds and, as there were no motions to amend, these minutes were approved as written by a unanimous vote of the Board of Directors.

Secretary Oglesby then read the correspondence received by the Board since the March Regular Meeting. This included letters (some emails) from...

- ...the Beach Club Happy Hour offering to donate 12 rocking chairs for use on the Ocean Clubhouse porch.
- ...stockholders living on Mallard Drive in District 4 asking that the Board establish a maximum 24' overall boat length for Mallard Units along the finger canal.
- ...Jack and Ann Lee, stockholder of U-206 on Mallard, asking the Board to maintain the new rule establishing the maximum overall boat length of 80% of canal frontage. (Note: this letter was received on April 9th normally too late (10-day rule) to be read at the April 10th Board meeting but was read by exception as agreed by the Board of Directors at the April 10 meeting)
- ... stockholders living in District 1, 2 and 3 pointing out several violations of Briny Breezes rules by renters of F-13 on Ruthmary Ave. (District 1) including the sub-letting of a unit by renters, having two dogs in the unit, not collecting the dogs' feces and other improper behavior. The letter also requested the Board not allow the current renters to rent in Briny in the future.
- ...GM Carl Forrest citing the owners of F-13 in District 1 for four separate Rules violations related to the current renters and demanding payment of fines totaling \$400. (Note: Payment of this fine in full has been received by the General Manager)

- ...stockholder David Westgate that posed a number of questions regarding Board policy for (1) responding to written inquiries from stockholders and (2) responding to stockholder requests to inspect corporate documents, both covered under Florida Statute 719.
- ...stockholder-resident David Westgate asking why his email of March 24th was not read at the Special Board Meeting on March 25, 2013 and advising the Board regarding the Order of Business Agenda items stipulated by our By-Laws.
- ... stockholder-resident David Westgate restating his recommendation regarding the Order of Business and his concerns regarding the language on the April 3rd Special Meeting Agenda stating "All Stockholders are welcome to listen".

Director Malchuski advised the Board that a substantive response to Mr. Westgate's emails was required. *Director Long moved that the General Manager write a thank-you letter to the Beach Club Happy Hour group that donated the rockers to the Ocean Clubhouse and to draft a response to Mr. Westgate to be sent after Board review. The motion received a second and was approved unanimously by the Board.*

PRESIDENT'S REPORT

President Coyner then turned to the Orders of the Day / Agenda (attached at the end of the minutes) and did not present a Presidents Report in favor of immediately calling for the Treasurer's report.

TREASURERS REPORT

Treasurer Long reported on Briny's financial position. She informed that at the end of March, our Operating Account Balance was \$89,200 and the balance of our Operating Money Market Accounts was \$204,000, for a total of \$293,229. As of April 10 in the morning, there is only one delinquent assessment account and it should be cleared up at any moment pending the receipt of the check which is supposed to be here this week. The only expense from our Reserves was \$3,169 for an air conditioner repair.

To help maintain efficient & economical business for Briny, *Treasurer Long moved that the Board appoint Michael Gallacher as an approved Board member for signing of Briny checks. After her motion received a second, Treasurer Long explained that her understanding of the intent of our By-Laws is that the Board's fiduciary responsibility is to require two check signers for every Briny check approved. She added that having Directors Gallacher and Stewart able to sign checks for the Board from May through October when the President and Treasurer are not in the Park will allow the Board and its Management to function during the off-season. The motion was unanimously approved by the Board.*

Treasurer Long then moved that we contract Hafer and Company as our Certified Public Accounts (CPA) for 2013 & 2014 at a cost not to exceed \$8,250 per year. After the motion received a second, Treasurer Long provided some background on the motion during discussion.

- After talking with several firms, Directors Long and Stewart brought Hafer & Company in to discuss the services they can offer Briny. Last Friday, Paul Stewart, Carl Forrest, Cindy Bowling and Treasurer Long met with Nicole Johnson, a partner with the firm.

- In past Briny communications, it has been brought forth that the Fuoco Accounting firm was very expensive for both the quantity and the quality of service Briny received.
- Hafer & Company was founded in 1979. They have offices in Palm Beach & Naples, FL. They have small and large clients in Florida including Home Owners Associations, Condo Associations, Country Clubs and Co-Operatives.
- Hafer & Company is a member of the AICPA - the American Institute of Certified Public Accountants. They are required to have peer reviews, which ensure Hafer's auditors perform to ethical and professional standards. During Hafer's 2012 review they received the highest rating.
- Upon approval, Nicole Johnson of Hafer & Company will lead our audits. She will begin work with a thorough investigation of our past audit(s), current financial practices, and will seek understanding of our statutes and By-Laws. She will be physically present in the Briny office to review actual invoices, practices & records.
- The contract includes three Quarterly Reviews and the development of the Annual Audit and Financial Statement.
- Directors Stewart and Long spoke with two of Hafer's clients to obtain references for the Firm's reputation and work.
 - The first, Winthrop House, is a long established condo in Palm Beach on Worth Ave. They have worked with Hafer for over 20 years. They, like Briny, use older, less technologically-advanced systems and indicated that they frequently call Nicole to get her suggestions on how to handle financial questions. They like the hands-on relationship and personal attention they receive.
 - The second client, Ballenisle, is a large development of over 1500 homes & families in Palm Beach Gardens. They use very sophisticated systems and cloud computing for all property finances and management systems. They have used Hafer for over 9 years and say they would not change.
- The Briny 2012-13 Budget allocates \$17K for Accounting & Audit. Through March 2013, we have spent \$12,340 (73%). This represents a savings of \$6,000 annually relative to the cost of Fuoco.
- According to General Manager Carl Forrest, our contract with Fuoco has ended and we are free to contract with other firms.
- Director Stewart added that we will upgrade our accounting software this summer and Nicole Johnson has offered to assist us with training and software recommendations.

Treasurer Long and Stockholder Sue Thaler agreed that any remaining questions regarding the last Fuoco audit (September 2013) need to be resolved before signing the Hafer contract. Stockholder Don Faron reminded the Board that it has not yet sent a copy or summary of the September audit to the stockholders as required by the By-Laws. Treasurer Long agreed and informed that she was working to resolve that discrepancy, but pointed out that copies of the audit were available at this meeting for all attendees and that the audit would be posted on the website. (Note: At this time (04/18/2013), Treasurer Long has delivered a draft of a summary of the "Financial Statements for the Year Ended September 30, 2012, Completed by Fuoco Group" by email dated 4/14/2013 to the GM with instructions to mail the summary to all shareholders after his review and concurrence with the document.)

At the conclusion of the above discussion, the motion to hire Hafer as Briny's CPA was unanimously approved by the Board.

GENERAL MANAGER'S REPORT

With regard to the Agenda item "Reply from DBPR on clarification request", General Manager Forrest asked that the matter be deferred until a future meeting because he had not received a clarification letter requested from our attorneys, Becker and Poliakoff. The Board took no exception and the item was deferred without further discussion.

With regard to D&O Insurance issue, GM Forrest informed that he and the Insurance Committee had contacted three well-qualified companies, Wells Fargo Insurance, Plastridge Insurance and Alan James Insurance to seek quotes for liability insurance that would cover Committee members appointed by the Board. He has received one reply so far, from Alan James Insurance. Their letter stated that if Briny acted like a "not-for-profit" organization, the company could offer to cover Board-appointed committees, volunteers, and club members under their D&O policy liability coverage, as well as covering Directors, Officers, Manager and the Corporation's employees.

Director Malchuski pointed out that we are a "for-profit" corporation. GM Forrest acknowledged that there are no ongoing efforts to re-incorporate as a "not-for-profit". Director Gallacher reminded the Board that our current coverage does not cover committees, volunteers, or club members. He added that such coverage is limited to potentially one or two insurance companies and explained that this is the reason for not moving forward on this Agenda item at the present time.

President Coyner referred the matter back to the Insurance Committee and our General Manager for further study. Shareholder Sue Thaler cautioned the Board to insure that there are no gaps between insurance coverage periods if the Board terminates their current D&O insurance policy and contracts with another provider.

Next, General Manager (GM) Forrest reported that the Emergency Maintenance Person for April is Andy. In May, Rick will assume the responsibility. The GM projects that Briny will save 60% of the \$5000 budget for floor maintenance this fiscal year by performing the work in house (Rick on overtime).

General Manager Forrest then informed the Board that he has developed a list of 56 Summer Projects requiring an estimated work-time of 56 "man-weeks". Director Koplén, Omar, the GM, and possibly Director Coppola plan to meet to prioritize the list.

The GM also reported that according to Kimley-Horn, their soil borings for the Dock Drive seawall in District 3 in connection with their contract will be completed by April 30th and a detailed report will be prepared not later than May 22, 2013. The GM informed the Directors that the backflow pump project awarded to Buckeye had not begun work because the contractor was waiting on parts.

GM Forrest reminded the Board that (1) the pool refurbishing will start the last week of April and is estimated to take two weeks, depending on weather, (2) Dynaserv was in its first week of its contract to perform lawn and tree services in the Park and he will review any issues that arise

concerning the quality of their service, and (3) our new pest control company, Bug Thugs, will spray common areas for fleas and ticks and corporate buildings for pests on the first Wednesday of each month. He added that Bug Thugs also offers private service for residents at “extremely reasonable” cost.

In response to a question from Director Malchuski regarding white flies and ants, the General Manager responded that that our maintenance staff is dealing with these pests. Malchuski also suggested the General Manager pursue quotes/costs for spraying all grass areas including leased areas around private residences due to her concern that partial coverage (common areas only) will be ineffective for controlling fleas and ticks.

In response to a request by Stockholder Sue Thaler for an update on old business items, the General Manager (GM) informed that:

- Feral cats will be caught by traps rented or purchased by the Feral Cat coalition, neutered (\$20/cat) and returned to Briny. Directors Coppola and Malchuski pointed out that if the cats are not returned to Briny, the potential health/ disease hazards and other annoyances are still in the park and added that a “whole new batch of unneutered cats will take their place”. The GM stated that he will act in this matter as directed by the Board.
- In regard to the AM3 Cable Contract, GM Forrest related that he is compiling all the complaints received from stockholders and will send the final list to AM3. The company will have 60 days to correct the deficiencies after receiving the list of complaints by certified mail. If they fail to do so, we can break the contract. The GM is uncertain if it would be better to send the complaint letter to AM3 now or wait until when the residents return in November and are in a position to document and report if the AM3 repair work eliminates their problems.

In response to a question by Stockholder Rob Purcell regarding the state of mobile home anchors, the General Manager replied that while the repair of the anchors are the responsibility of the unit owner, the Corporation could investigate the costs / options for hiring an inspector to check the functionality of the anchors under private residences in conjunction with the Town inspector.

COMMITTEE REPORTS

Director Coyner introduced the Agenda items under Committee Reports by stating that because of the concern that the Corporation’s current liability insurance policy does not cover its duly appointed committee members, the Board will postpone naming committee members at this time.

Director Gallacher, Chair of the Insurance Committee, moved to table any discussion of the Corporation’s D&O insurance until some details of vendor proposals could be clarified. The motion was seconded and unanimously approved by the Board.

UNFINISHED BUSINESS

After GM Forrest stated that there are no structural problems in the District 2 Bath House and provided bid costs to remodel, *Director Gallacher made and amended a motion to remodel Bathhouse 1 & 2 at a cost not to exceed \$16,000 plus the cost of permits to be funded from the Building Reserve Fund (which has a current balance of \$96,342). The motion received a second.*

Director Coppola clarified that under Federal Law, the remodeling of bathhouses does not require conversion to be ADA compliant and that this is required only if the bathhouses were being rebuilt. GM Forrest read the contract specifications in response to a Stockholder request and emphasized that the removal of the tile on the floors and shower walls would include eradicating the mold behind and surrounding those tiles.

The motion was unanimously approved by the Board.

(Note to Board: this item was actually considered under the GM Report discussion but has been moved to its proper position on the Agenda under "Unfinished Business" for the sake of clarity of the minutes and reconciliation to the Agenda.)

Next, President Coyner called for motions from the Board for amendments to the Rules as accepted by the Board in the Special Meeting of March 25, 2013.

Rules Committee Chair, Director Coppola informed that the Board would consider amendments to these Rules by Section. Then Director Coppola read the following motions to amend the new rules, each of which received Board consideration and decision.

Under Section B, "Occupancy / Lots and Looks", Director Coppola moved to amend the maximum length of leash for pets in item 2 from 10 feet to 15 feet. The motion was seconded and approved unanimously by the Board.

Next, Director Coppola moved that, under section C of the Rules, that the Board retain the one-year ownership period rule required before a unit can be rented by a new owner (The rule was deleted from the 2008 rules by the Rules and By-Laws Committee in the rules recently accepted by the Board). The motion received a second.

Director Malchuski stated that it was better to have renters in empty units. She also stated that the one-year rule was unnecessary because an investment in rental property in Briny would not be profitable, even if there were no one-year waiting period to rent.

Oglesby stated that the one-year waiting period rule was intended to be a disincentive to buyers of Briny units who are buying in Briny primarily as a rental investment property rather than as a family residence or vacation home.

Later, in response to a stockholder Marianne Ridgeway's inquiry, Director Gallacher informed that, based on his experience in real estate, he understood that a tenant with a valid contract cannot be displaced and has the option of completing the previously-contracted rental period if the unit is sold during the rental period. However, after the pre-existing rental agreement has expired, no new rental contract may be entered into during the first year of ownership.

The motion to include the one-year waiting period prior to a new owner being able to rent was approved 6 to 2 with Directors Gallacher and Malchuski voting against the motion.

Under Section E, "Marina and Watercraft" Item 3d, Director Coppola moved to substitute the word tie for lie so that it reads "No watercraft shall tie to a dock owned by a stockholder unless said craft is owned and insured by that resident stockholder or his child(ren)."

After the motion received a second, Director Gallacher pointed out that while "lie" is an accurate, if obscure, nautical term conveying a similar meaning to "tie", the rules are meant to be easily understood by the majority of stockholders and the word "tie" better satisfies that need.

Shareholder Rob Purcell complained that the stockholder had not been provided a copy of the Committee-recommended Rules and thus had a difficult time understanding the discussion relating to amending these rules.

The motion to change the word "lie" to "tie" in Section E, Item 3d was then voted on by the Board and unanimously approved.

*Director Coppola made the motion to amend Appendix I of the rules, entitled "Violation and Fining Process" by adding the words "in aggregate" to the end of the sentence so that it reads "Each new Violation: Board approved \$100 per day, fine not to exceed \$1,000, **in aggregate** (bold emphasis added for the addition). The motion was seconded and unanimously approved by the Board.*

Under Section F "Community Living / Common Property" Item 13 entitled "Emergency Telephones", Directors Coppola and Oglesby requested that the General Manager verify that the emergency telephones in the following locations: Swimming Pool, Auditorium, Hobby Club, Art League Building, Shuffleboard Courts and Ocean Clubhouse (just inside access doors from beach to restrooms) can only be used for 911 emergency calls requiring ambulance, medical services, police or fire department and not for long distance calls at Corporation expense.

Finally, under Section C, "Sales and Rentals", under Item 1 entitled "Sales-Stock Shares (Lot Leases), Mobile Homes, *Director Oglesby moved to delete the rule entitled "Limitation on Ownership" in its entirety as it deals with matters properly addressed in our By-Laws, conflicts with By-Law Section 3.90, has the potential to create confusion on the part of future purchasers of Briny units as to how to title the stock shares and leases and further, if the rule is retained, it could not legally be used to transfer stock and leases because of the conflict with our By-Laws. The motion was seconded and the following discussion ensued.*

Oglesby read the portion of the rule that he found objectionable under Limitation On Ownership. “No Stock Certificate-Lease may be conveyed, (sub) leased or otherwise transferred to a corporation, partnership, or other entity of any kind except for trustees of trusts or corporations where all of the stock is owned by the members of a single family and where such trust or corporation was formed for the purpose of estate or financial planning”.

Oglesby elaborated that this rule is in conflict with our By-Law section 3.90 which does not permit the transfer of a lease or stock to a Corporation because it reads “A member may sell his Stock-Lease to **any person** approved by the Board of Directors for membership in the Corporation” (bold font added for emphasis). Oglesby argued that a **corporation** per the rule is not a **person** so the new rule conflicts with By-Law 3.90, and may create other conflicts with our By-Laws which were not set up to deal with corporations as stockholders.

Oglesby next referred to a letter received on March 30, 2009 from the Corporation’s legal counsel, Becker & Poliakoff’s Mark Friedman. In his letter, Friedman advised the Board that “Provisions already existing in the By-Laws (or Proprietary Leases) should not be included in the Rules as it is not only redundant but may hamper the enforceability if the provisions do not match exactly”. In the same letter on page 6, Friedman wrote that “Restrictions limiting ownership must be in the Corporation’s governing documents (he defined in his letter as articles of incorporation, by-laws, and lease) in order to be enforceable, not in the Rules.” Thus the rule is not enforceable, even if retained by the Board.

Oglesby concluded that the rule, Limitation On Ownership, cannot be relied on to guide the Board in conveying Briny Stock from a current owner to a new owner and recommended that if the provision has merit, it should be presented to the Board in the future as an amendment to the By-Laws, debated and if recommended by the Board, be submitted to the Shareholder for approval.

The motion to delete the rule on “Limitation on Ownership” failed to pass by a split vote of the Board with Directors Oglesby, Long, Koplen and Gallacher voting for the motion and Directors Malchuski, Coyner, Coppola and Stewart voting against the motion.

Director Coppola next made a motion to substitute “renters, residents and overnight guests” for the word “everyone” (Section A, Item 1 of the Rules). He augmented his motion to add the word “charcoal” in front of the word “grills” (Section A, Item 5), and that (under Section D Item 1A) golf cart drivers in Briny must be 16 years old and be licensed drivers. Director Coppola’s motion also stipulated that the three amendments be voted on as one motion in aggregate.

Directors Coppola’s motion received a second and was passed unanimously by the Board.

The Board expressed its intent to publish the amended rules as soon as the amendments that were approved are incorporated into the rules by Director Stewart.

After a short discussion, Director Stewart made a motion to publish the rules on 8 and 1/2 by 11” format (letter-size) paper and publish in house using office staff.

The motion received a second and was discussed. Director Stewart and Long argued that the cost savings of publishing the rules in the office on letter-size paper and distributing in a three-ring binder provide a significant cost savings relative to the cost of outside vendor publishing and retained the flexibility to change pages easily in case of amendments. Stockholder Nancy Boczon added that the font size of Appendix II (the "Greensheet") could not be read if its pages were reduced to "Blue Book" size.

Several Directors and stockholders expressed support for the smaller Blue-Book format. Director Koplen and others argued that the "Blue Book" format was a Briny tradition and its size made it easy to carry back and forth from Briny to the resident's permanent homes for reference.

Director Malchuski asked that the amended rules be published on the Briny website. Stockholder Thaler received clarification that the approved rules did not include "Section G covering Stockholder Correspondence."

Director Stewart's motion to publish the amended rules in the office on 8½ by 11 inch paper was approved 5 to 2 by the Board with Directors Coppola and Koplen voting against the motion. Director Gallacher was not present for the vote as he had left the meeting during discussion of this matter.

NEW BUSINESS

Director Coppola made a motion to table the Agenda item regarding Holiday Bonuses proposal. The motion was seconded and unanimously carried by the Board.

STOCKHOLDER COMMENTS

President Coyner invited Stockholders to offer comments, asking them to kindly observe the three minute period allotted to each speaker recognized. In response to stockholder requests, President Coyner asked the General Manager to meet with the District 4 representatives to talk about the matter regarding a resident who had two pets living in his unit.

ADJOURNMENT

After Stockholder comments, Director Oglesby moved for adjournment. The motion was seconded and unanimously approved by the Board. The Meeting was adjourned at approximately 12:21 pm.

Respectfully Submitted,

Tom Oglesby
Secretary, Briny Breezes Inc.
April 22, 2013

Approval Date: 7/17/2013

NOTICE

MEETING OF THE BOARD OF DIRECTORS
BRINY BREEZES, INC.
WEDNESDAY, APRIL 10, 2013
AT 9:00 A.M. COMMUNITY CENTER

AGENDA

ALL STOCKHOLDERS WILL BE LIMITED TO SPEAKING ONCE PER AGENDA ITEM FOR
A MAXIMUM OF 3 MINUTES

- I. PLEDGE OF ALLEGIANCE & MOMENT OF SILENCE
- II. CALL TO ORDER & ROLL CALL
- III. PROOF OF NOTICE
- IV. APPROVAL OF PREVIOUS MINUTES – 3/13/2013 and 3/25/2013
- V. CORRESPONDENCE
- VI. PRESIDENT’S REPORT
- VII. TREASURER’S REPORT
 - A. APPROVAL OF HAFER COMPANY AS NEW CPA
- VIII. MANAGER’S REPORT
 - A. REPLY FROM DBPR ON CLARIFICATION REQUEST
- IX. COMMITTEES
 - A. REPLACEMENT OF CURRENT D&O INSURANCE POLICY FROM SCOTTSDALE TO OTHER COMPANY.
- X. UNFINISHED BUSINESS
 - A. BATH HOUSE REMODEL – MOTION TO INCREASE REMODEL COST BY \$1,000.00 (to \$9,000.00) FOR BH #1 TO BE TAKEN FROM “BUILDING RESERVES” CONSIDER REMODEL OF BH #2
 - B. CONSIDERATION OF AMENDMENTS TO NEWLY APPROVED RULES
- XI. NEW BUSINESS
 - A. CONSIDERATION OF VOLUNTARY GIFT FROM STOCKHOLDERS FOR HOLIDAY BONUS FOR EMPLOYEES
- XII. STOCKHOLDER’S COMMENTS
- XIII. ADJOURNMENT

All Stockholders are Welcome

This notice is dated and posted: Monday, April 8, 2013 at 9:00 a.m.

Carl J. Forrest, General Manager