

MINUTES

CUTTY'S DES MOINES CAMPING CLUB Annual Board Meeting July 11, 2010

President James Murtha called the meeting to order at the Clubhouse at 2 PM. Board members Scott Blum, Ron Haynes, Jerry Lollman and Wayne Woods were present.

Murtha called on Woods for the minutes of the last annual meeting. Woods said the minutes of July 5, 2009, were distributed to members at this meeting, were posted last year, and have been posted for the last two weeks on the bulletin board by the store. **Pat Luft moved to accept the minutes, seconded by Wendell Fouche. Motion carried unanimously.**

There was a final call for ballots. **Blum moved to close the election, seconded by Haynes. Motion carried unanimously.**

Woods read minutes prepared by Blum of the July 6, 2008, annual meeting. These were not read at the 2009 annual meeting, and were not approved. **Art Senn moved to approve the minutes of July 6, 2008, seconded by Murtha. Motion carried unanimously.**

Woods presented minutes for the open meeting of June 13, 2010. He advised they had been sent to the Board, but have not been posted for the membership. Murtha wanted to wait for approval on those minutes.

Murtha presented the financial report. Accounts Payable at the present is \$20,000, balance in the operating account is \$73,920, and balance in the money market account is \$136,993. Murtha explained how the money market account is used. First half property taxes that need to be paid in September amount to approximately \$90,000. We have the November 50-amp electric loan payment at the bank of \$98,000. We need money to finish the year of approximately \$40-50,000. We are building up the money market account in an attempt to take care of these payments. We need approximately \$231,000 in this account to cover everything. We are short approximately \$93,500.

Murtha asked if there were questions regarding the financial report. One member asked why the members do not receive the operating statement, and inquired what services are not making money. Murtha advised he would return to that question after he went over everything he had.

Murtha said the open meeting of June 13, 2010, was to discuss 1) payback procedure for Member Loan Program #1, 2) Cutty's, Inc. bankruptcy progress report, 3) and funding for the purchase of the 932 shares in bankruptcy. Because of its importance, he reviewed what was said at that meeting. In July 2008, we were \$350,000 behind in accounts payable; we needed \$250,000 to finish the year; we had a \$500,000 50-amp electric loan that we were behind on; our suppliers would not furnish us any goods unless we paid cash. Money was needed quickly, and the Member Loan Program was started. Members loaned the Club \$314,000. All projects that were not bringing in money were eliminated; every item on the P & L was studied; jobs were revised or combined; hours of the park and guardhouse were reduced; meetings were held with bankers and suppliers to work out terms. The Work Camper program was started. Many other projects were also undertaken.

Murtha said we need to look forward to November 2009. Three \$98,000 payments were made on the 50-amp loan; the \$350,000 accounts payable had either been paid off or eliminated; the \$250,000 needed to

finish 2008 was handled by project elimination, crew size reductions and other eliminations. Fiscal 2009 generated a profit of \$80,000 for the park.

Member Loan Program #1 generated \$314,000 from the members. The guidelines were that the members would be paid seven percent simple interest with payments to be deferred for five years. On the fifth anniversary, we will pay members the five years' interest. We did not know what or how we could pay back the principal. Based on the speed of our financial recovery, we can say that all interest owed by the end of the fifth year will be paid on October 1, 2013, and 100 percent of the principal will also be paid on that date. We pay the bank \$196,000 a year on the 50-amp loan. The last payment on this loan is March 1, 2011. After that final payment, not all of the \$196,000 will be used to pay-off the Member Loan Program. We have maintenance, road and equipment problems in the park that we have been putting off. We are going to take \$25,000 a year, put it aside, and use that money basically how Travis, staff and the Board decide to upgrade equipment, upgrade roads and upgrade the facilities. We will have \$427,500 in the bank to pay the Member Loan Program #1 on October 1, 2013.

The bankruptcy of Cutty's, Inc. started in 2002. Our Club is involved because Cutty's, Inc. issued 3,000 shares in our camping club. They sold 2,068, leaving 932 unsold shares. The Trustee argued those shares had a value, and he wanted money for that value. Back in 2006, the Board tried to buy those shares by making an offer to the Trustee. It took a year for him to turn down that offer. The bankruptcy dragged on until 2009. All of the other Cutty's parks had settled, and we were the only one left. The Trustee started an Adversary process, which would allow the Trustee to sell our land. Our neighbor in the bubble offered \$1.5 million for our land, and the Trustee was about to accept it. We continued to make offers, and when the dust settled, we were able to buy the 932 shares for \$300,000. The terms were \$30,000 down, \$135,000 on January 15, 2010 and \$135,000 on March 15, 2010. We had no choice; we had to buy the shares or lose the Club.

How did we get the money to buy the shares? The Board decided to start Member Loan Program #2, which started January 10, 2010. We asked the members to pay their dues and seasonals by January 1, rather than March 1, the 15th and April 1, 2010. This gave us sufficient money so that we could borrow from the general fund and pay off the bankruptcy. The bankruptcy is 100 percent paid off. We are now independent of Cutty's, Inc. Since our last meeting, the Member Loan Program has brought in \$68,000 plus \$7,000 received today, totaling \$75,000. We still need \$77,000 more to pay back the general fund so that we can pay property taxes, pay the 50-amp loan payment and finish the end of the year. Commitment sheets for the Member Loan Program were made available.

Murtha called on Wendell Fouche, Chairman of the Election Committee, for the results of the election. Fouche first thanked the volunteers who helped with counting the votes. There were 856 envelopes with ballots mailed out; we received 272 envelopes back. There were 259 valid ballots and 13 voided ballots. The two top vote getters were Travis Mollendor and James Murtha.

Murtha announced that a meeting would be held following this meeting for those elected to the Board. He said the agenda is established, and everything has been discussed. No other items were submitted, and no other items will be reviewed. He called on the membership for questions.

One member asked if we could have a blackboard up with the results of the balloting, as he had heard rumors about voting last year. Murtha asked Wendell Fouche to explain the voting procedure. Fouche said he follows the Policy and Procedure for Board of Directors Elections supplied and approved by the Board. Everyone who had a ballot returned them in an envelope with their return address and membership number. The first person took that envelope without opening it, and checked it off against the list of eligible voters. It then went to the second person who opened the envelope without looking at the ballot, and passed the

ballot to the third person. There are no numbers on the ballots. The third, fourth and fifth volunteers did the count, and they all had to tally the same figures. The last person puts the ballots in the box; we count the ballots, and we count the envelopes. No one is able to change anything during this process. The member asked if there were write-ins, and what is the procedure with those. He also added that he did not receive the letter with a ballot, and received one here today. He was curious if every vote is being counted. The member said he has never received minutes of meetings. He said he emailed and asked when the Board is having its monthly meetings, and asked that he be notified so that he can attend, but he has never been notified. Fouche finished by saying that each candidate does have an observer in the voting process. Each voided ballot is passed through them to be sure they agree.

Haynes said that on the Cutty's website there is a new Members Only section that does have minutes on it, as well as the P & L from last year. We are trying to put more and more information on the website.

Woods said he brought to the Board's attention that there were sections in the By-laws that were not being followed in relation to the voting. The reply was this is the way we have done it for 20 years. Woods' opinion was just because we have done it for 20 years and ignored the By-laws does not mean we should continue. It should be done by the By-laws. The Cutty's attorney said he thought past practice should rule. We need to get this corrected before the next election.

A member asked if monthly meetings are going to be posted. Murtha said a question was raised at the last meeting that the membership does not have as much say as they should have, and that is probably true. So what we need to do is set up monthly meetings with the members so that you can tell us what you want.

One member asked if the ballot was accepted. Murtha said that yes, it was passed. He said that Lollman and Woods wrote the rules for the election. The Board reviewed those and approved them. When there were questions raised as to whether this was legal or illegal, he contacted the lawyer. If it were not correct, we would change it. The lawyer gave his opinion based on what has been done, and we accepted that. The member said it was the first time she had ever seen that an employee was able to be on a ballot. Her question was, would that lead to the resignation of the employee if he were to be on the Board? Murtha said this may happen in many places, but the By-laws specifically state that a person who works here that is paid by Cutty's can and should not be discriminated against running for the Board. He added that anybody who wishes to run for this Board, whether they are a member or not, can run.

Dennis Luft said this organization talks so much about the past, but we are not talking about the future; correct past mistakes so we can go forward. We need to think about what this place needs; does it need to be open 365 days a year, 24 hours a day, seven days a week? How much expense are we paying to keep this open from October 1 until March 30? Murtha said this was analyzed last winter to see whether the winter people pay for themselves. Yes, they do, but it is pretty close.

One member who volunteers for the mailings said we are wasting a lot of money sending letters to people who have not updated their addresses. She suggested that everyone come in or send in their new address.

Jerry Brown first wanted to thank the Board for serving the Club. He had some suggestions: (1) make name tags for the Board members and their position on the Board; (2) raise the \$1 surcharge to \$2 since so many parks charge \$2 and \$3 for electric service; (3) the possibility of using email for voting in the future; (4) personally, he wanted to know why Cutty's is open year around. He does not feel we can support that.

A member said year-round camping has been offered for so long that members have sold their homes and stay during the winter. They have nowhere else to go. Murtha said the Board would take a good look at this subject.

Lollman asked Murtha if those people could go to the office who are interested in a copy of the minutes. Murtha said he has had people call for the minutes, and he has sent them out. He has no problem with people having minutes or P & L's. There is nothing that we are hiding. If you want a copy of something, ask for it, and we will give it to you.

A member volunteered to help out with online information. She knows it is time consuming to keep those items up-to-date.

Woods advised that during the last couple of years, he has tried to take names and email addresses at the table when members came in. We accumulated approximately 165 names and email addresses. The Board voted to turn all of those into the office, and they would take care of sending minutes and information out. People's email addresses do change, and we got some back each time we sent minutes out, but overall that was very successful. Most of our meetings this past year have been executive meetings, and Woods said he did not have authority to send those minutes out. Haynes said the motion was that the Board had to approve any emails going out, and the Board has not approved any. One member said if people are not getting their emails and they are correct, they might not be going into their "In Box," but instead going into junk mail. You need to put Cutty's email address in your address book. Haynes added that the return address on those emails is info@Cutty.com.

A member asked if there had only been one email letter with minutes sent out, and Haynes replied yes. The Board discussed what minutes legally could we send out or not send out, and we never came to a conclusion on that. The member asked if the Board has been meeting executively and not sharing their minutes because they voted not to send them out. Blum and Haynes said there was no Board vote to not send out the minutes. Blum added that we have been working as a Board to decide where we cut off having an open Board meeting and an executive meeting. We have been trying to decide what is public information and what is not. There was discussion of what should or should not be public. Woods advised that the Attorney General's office said that there is nothing we have in this office, generally speaking, that the members are not entitled to see. It has to be member information, not public information, and there is a difference.

Pat Luft complimented Murtha on the job he has done. He added that it is Murtha who is running the show, so why do we need a Board? He said the only time a lot of Boards meet in executive session is to discuss personnel. Murtha said open monthly meetings will be held, and we will get the opinions of the members.

Haynes moved to adjourn the meeting. The meeting adjourned at approximately 3:15 PM.

James Murtha, President

Wayne E. Woods, Secretary