

Hanover Seaside Club

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HSC
1898-2008
Wrightsville
Beach, NC



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Hanover Seaside Club
Annual Meeting
February 11, 2012

The 114th Annual Meeting of the Hanover Seaside Club was called to order at 2:15pm by Mike Lewis, President, with 153 members present.

Introduction of Guests: Mike Lewis introduced Grady Windham, the CPA for the Club, Crystal Ahumada, President of the Accounting firm for the club, and Tommie Green, owner of Phoenix Enviro.

Mike Lewis moved that during the discussion phase of a motion that a member can speak 2 times and for 2 minutes. When speaking stay on the issue. Elise Beall seconded. Motion carried with no one opposing. Bo Wessell is the Sargent at Arms.

Mike Lewis changed the agenda so the guests could have their order of business before the other Club business. Walter Futch moved we amend the agenda to re-number the items for Old Business to number 7 and New Business be numbered 8 and under Nominating Committee have a discussion of the Candidates and let the audience speak before the ballot. Jim Ford seconded. Discussion was held. Steve Lee called for the question. Bill Steuer seconded. The amended agenda motion of re-numbering and the discussion phase of the candidates was voted on. It was passed with 1 opposing vote.

AGENDA:

1. Opening remarks by the President-Mike Lewis
 - A. Voting Process-Voting is by ballot. If a member needs to leave before the voting takes place, mark your ballot, fold it in half, and hand it to Robert Orrell, Chair of the Teller committee. He will put it in an envelope until the ballots are counted.
 - B. President to address the letters sent out to membership-Mike Lewis-The Board of Directors listened to the Regular Membership last year at the meetings held in July. The Board has done the following:
 1. Put out the membership roster on the Web site. A Regular member of the Club may request that their phone number be deleted from the list and a Seasonal member may request their name be removed from the roster.
 2. The Constitution Committee is amending the Constitution, taking into consideration the memberships comments.
 3. A web site was created for dispensing information in a timely manner.
 4. Committees have been formed to better carry out the business of the Club.
 5. Letters that were sent out endorsing candidates stating that:
 - a. Request for financial documents- The documents were in file folders. We were looking for a CPA firm and made the decision to wait until a firm was chosen so records could be looked at the firm's office. The member was not notified as to the delay.
 - b. Concern of increase of dues-Dues are used to provide services members want. In 2009 and 2010 the Club took in over \$100,000 each year to support the revenue of the Club. In 2011 and 2012 we had more capital expenditures. The Board can't

increase the dues. It can only be voted on by the Regular Members at the Annual Meeting.

- c. Lack of General Ledger-The files were on the computer and in file folders. We committed to a "Limited Audit". There are 3 types of audit. The Board minutes reflect that a full audit was asked for and voted down because the CPA recommended a compilation to start with and would do an audit if records showed that needed to be done. Today we are operating under a general ledger in agreement with GAPP guidelines. We have signed an agreement for a compilation, as advised by our CPA firm.
 - d. Mold Issue- An explanation will be given later by the President of the firm.
 - e. \$82,000 deficit-Maintenance items were done. A new HVAC system was put in to cool the third floor. It will be more cost effective in the long run and each room is thermostat controlled and also can be managed from the manager's office. This was done without going into reserves.
 - f. In response to a comment, a limited audit was done by the IRS for income tax in 2008. The Club reported a loss on 605 S. Lumina for 5 straight years. We had to pay back taxes in 2005 of \$1095, 2006 \$1614, and 2007 \$1682 with no penalty.
2. Financial Records Status Records and Bookkeeping Firms-
 - A. Grady Windham-Owner of Windham and Henderson CPA firm for 36 years. He will recommend internal controls that need to be used. He will make sure the Clubs books meet GAPP standards. He recommended a compilation be done on the 2011 books. The compilation is almost done and sees no reason to go to the next level.
 - B. Crystal Ahumada -President of KaraTech Inc. and Island Computers Systems. She explained her role as the Bookkeeper for the Club and what her firm will do with the accounting system she has in place. Crystal Ahumada states that the books will be finished and up to date by the end of February 2012.
 - C. Bill Steuer moved since the Board has taken action to put the people in charge of bookkeeping and CPA functions that the discussion be stopped. Billy Mason seconded. Motion passed. Copies of the financial records will be sent to the Board each month.
 3. Discussion of Mold Issue- Duncan McFadyen and John Cockrum
 - A. Duncan McFadyen explained the evolution of the mold problem on the third floor.
 - B. Tommie Green of Phoenix Enviro explained the mold issues on the third floor of the Club, including the testing that was done on the second and third floor. No mold problem was found on the second floor.
 - C. John Cockrum has put together a formal bid for the work that has to be done.
 - D. The emergency fund has \$330,000 in it and a total of \$445,735 in CD's 2 savings accounts, and a checking account.
 - E. It was suggested that \$185,000 to \$200,000 be used for the mold issue to be fixed. Discussion was held about a possibility of other problems that may be found. Alex Hall moved that the Board be authorized to use the best discretion to take care of the mold issue on the third floor. Bo Wessell seconded. Discussion was held. The Board is aware that the Club has an insurance policy that has a clause for mold damage. It has a onetime clause up to \$15,000 with a \$5000 deductible. After further discussion the motion was voted on and it passed.
 4. Approval of 2011 Annual Meeting-The minutes were mailed out. Walter Futch moved we accept we approve the minutes as sent out. John Earnhart seconded. Motion passed.
 5. Treasures Report-Wilson Horton -The 2012 budget was gone over including the explanation of certain items of interest. Discussion was held. Steve Lee moved that this year and each year forward that the Board present the budget to the members so it can be approved by them. Curtis Westbrook seconded. Discussion was held. Chris Furr called for the question. Bill Hodder seconded. Motion passed. Steve Lee's motion was then voted on. Motion passed. Wilson Horton moved we accept the 2012 budget with a negative \$38,250. Bo Wessell seconded. Motion passed.

6. Nominating Committee Report-Henrietta Godwin-This is the first time 2 members are running for officer positions. President- Mike Lewis
Dan Hickman nominated by member in writing
- Vice President- Jean Lawler
Henrietta Godwin nominated by member in writing
- Secretary/Treasurer- Steve Lee
Linda Tinga
- Board of Directors- Tom Cheatham
Chris Fur
Nell Ostby
Jan Sheppard

Mike Lewis asked if there were any nominations from the floor for Board of Directors. There were none.

Mike Lewis asked if there were any nominations from the floor for Secretary/Treasurer. Wilson Horton was nominated. When asked if he was willing to serve, he asked for his name to be withdrawn.

Mike Lewis asked if there were any nominations from the floor for Vice President. There were none.

Mike Lewis asked if there were any nominations from the floor for President. There were none.

Robert Orrell is chair of the Teller committee. The members of the committee are Susan Collins, Alex Hall, Andy Coxe and George Earnhart. The ballots were collected and taken to the living room to be counted.

Old Business:

- A. Membership Committee-Henrietta Godwin-We receive applications monthly. From 2000-2006 we have 88 applications that received letters asking for an update on their applications and we received no response from the applicant. These applications were kept in a separate file from those who did respond to our letter. There are 213 applications that were received before 1999. To become a Regular Member one must be a Seasonal Member for 5 years. A letter needs to be written, requesting to become a Regular Member when an opening becomes available.
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| 1. 2000-2006 | 60 applications are interested in becoming members. |
| 2. 2007 | 35 applications |
| 3. 2008 | 41 applications |
| 4. 2009 | 44 applications |
| 5. 2010 | 37 applications |
| 6. 2011 | <u>15 applications</u> |
- 232 applications on file
- B. Capital Improvements- Duncan McFadyen- The cost of maintaining the window unit air conditioners on the third floor became excessive. Two to three were being replaced a year for the cost of \$800 per unit. A quiet ductless unit was chosen because it had few components to the outside, has no holes to the outside and heats and cools at the same time. It is a zero energy input central control system. The life of the unit is 15 to 20 years.
- C. Club Repairs and Improvements-Jim Morgan
1. Completed snack bar renovation
 2. Put a new exit gate in
 3. Painted the walk way to the beach
 4. The parking lot white strip was repainted
 5. The outside shower at 605 was repaired

6. A new Progress Energy light was put up at the sound and will be fixed to be in compliance with Wrightsville Beach Code.
- D. Constitution Committee-George Finch-
1. Following the last Annual Meeting two additional members, Elise Beall and Dan Hickman were added.
 2. Two meetings were scheduled during July for Regular Club Members to have an opportunity for additional input. Thanks to all who came to the meetings.
 3. The written input that was received from the members was compiled and later compiled in depth showing the number of the same concerns and ranked from the highest to the lowest number. They were further compiled to show which were Board items, Constitution items and concerns the membership had. This list was given to the Board. The Board generally agreed with the Committees assessment of membership concerns and directed the Committee to proceed with drafting amendments to the current Constitution.
 4. The Committee meets and is going through the Constitution drafting the amendments. When this is done our proposed amendments will be sent to the Board for their input and a decision on how to bring these recommendations to the Regular Membership

New Business:

- A. Standing Committees- Elise Beall/Mike Lewis-There is 7 standing committees and is listed on the Web site. 12 members have volunteered to serve on different committees and they will be given consideration. Go to the Web site, go to HSC documents to see if you are interested in any committee and write a letter to Mike Lewis or e-mail him.
- B. Setting Dues for 2013 Season-Mike Lewis- the Board recommends NO increase in dues. The dues will remain \$425 for the 2013 season. Ernie Alexander moved we have no increase in dues for the year 2013. Ann Wessell seconded. Motion passed
- C. Results of the Election-Robert Orrell-Results of the election:
 1. President Mike Lewis
 2. Vice President Jean Lawler
 3. Secretary/Treasurer Linda Tinga
 4. Board of Directors Tom Cheatham and Chris Furr
- D. Establish Date for 2013 Annual Meeting- Dates for the next Annual meeting were discussed. Shep Sheppard moved that our next Annual Meeting be Saturday, February 9, 2013 at 2pm at the Hanover Seaside Club. Walter Futch seconded. Motion passed.
- E. Award for Wilson Horton-Mike Lewis- Wilson was presented a Plaque as a Thank You for all his work over his years as Secretary/Treasurer.
- F. Discussion of Items from Regular Membership-
 1. Cash Flow-have billing on a monthly basis for dining room meals
 2. Stronger financial controls
 3. Close the Club for a number of months to save money
 4. Generate revenue by having events
 5. Annual dues are due by May 1 of that year. A monthly penalty is issued if not paid by February 1. The Board needs to address this.

There being no further the meeting was adjourned at 6:44pm.

Sally Godwin, Recording Secretary