

Minutes of Electronic Vote January 18, 2017

Per Phone conversation: Counsel, Greg Einhorn and Committee Member, Bill Zeller Tuesday, January 17, 2017

10:00 AM - 10:32 AM. Bill Zeller reporting to MCSHA Board.

Topic: Approval process of amendments to Bylaws and CC&Rs

We discussed a process for the adoption of proposed amendments to the MCSHA Bylaws and CC&Rs. This process will be characterized by being timely, clearly communicated to the members and thorough in information. Greg Einhorn has explained that we need NOT mail complete copies to all members. Rather, we can give timely notice to all members of what we are proposing and give access to the actual text. This could be done by posting the information online, providing it through e-mail, and providing "hard copies" on request. These steps would provide all members with adequate opportunities to access the information and would prudently save the MCSHA large expenses. All steps in the process and materials generated are subject to Board approval.

Proposed Process:

1. Board approved amendments are forwarded to counsel: COMPLETED
2. Counsel prepares "red-line" copy by February 28th Greg - in process.
3. Informational letter sent to all members with notice of Annual Meeting Bill - in process
 - a. Explains reason for project
 - b. Outlines two-year process
 - c. Directs members to access to proposed changes and recommendations - Specifically describes approval process (votes, proxy, mail in votes)
4. Materials:
 - a. Posting of Amendment information on website Posting of Amendment Summaries on Website
 - b. E-mail to all members providing access to materials
 - c. Hard copies available upon request
5. Amendment vote at Annual Meeting

Bill Zeller's Commentary for consideration:

While preparing for the conversation with Greg Einhorn, I noticed an interesting nuance regarding the amendment process for Bylaws and for the CC&Rs. Currently, they are subject to the following requirements:

Reference:

Bylaws: Article XI Pg. 20 Bylaws may be amended by the majority vote of a Membership Quorum which is defined (p. 1): "Membership Quorum" shall mean and refer to the presence at any Membership Meeting, in person or by proxy, of Members entitled to cast at least twenty-five percent (25%) of the total votes of all of the Members who are entitled to vote.

Greg Einhorn has confirmed this means that a meeting of 25% of the members (rounded = 30 cabins) could be held and a majority (16 cabins) could successfully amend the Bylaws.

CC&Rs: Article XIII Pg. 59-60 CC&Rs may be amended by the “consent of a simple majority of the voting power of the Members.”

I believe there are two problems. First, there is a difference in the requirements for amending the documents. This is cumbersome and confusing. I recommend they both reflect the same language (the language of the CC&Rs). Second, I believe the current threshold for approving amendments to the Bylaws is inadequate. **I (Bill Zeller) suggest the following be considered and approved by the Board to be added to the proposed amendments:**

Bylaws

XI. Amendments

XI.A. Amending the Bylaws

CURRENT LANGUAGE:

The provisions of the Bylaws may be amended by the vote or written assent of a majority of the voting power of a Membership Quorum.

RECOMMENDED CHANGE:

Delete and replace with “The Bylaws may be amended or revoked in any respect by the vote or written consent of a simple majority of the voting power of the Members.

RATIONALE:

The current language provides a different threshold for approval than the language for amending the CC&Rs. This is cumbersome and confusing. The proposed language is consistent with the current language governing the amendment process of the CC&Rs. This change would align the two. Also, the current threshold of a majority of a Membership Quorum (25% of the Members) is too low. In an extreme case, a quorum of 25% of the Members (30 cabin owners) could approve amendments by a bare majority of 51% (16 cabin owners). The recommended change would require a majority of all Members for approval.

OPINION OF COUNSEL:

Counsel agrees.

XI.B. Amending the Articles of Incorporation

CURRENT LANGUAGE:

The Articles may be amended by a majority of the voting power of a Membership Quorum.

RECOMMENDED CHANGE:

Delete and replace with "The Articles may be amended or revoked in any respect by the vote or written consent of a simple majority of the voting power of the Members."

RATIONALE:

The current language provides a different threshold for approval than the language for amending the CC&Rs. This is cumbersome and confusing. The proposed language is consistent with the current language governing the amendment process of the CC&Rs. This change would align the two. Also, the current threshold of a majority of a Membership Quorum (25% of the Members).

OPINION OF COUNSEL:

Counsel agrees

The complete information was forwarded and moved by Jude Tarrant to the members of the MCSHA Board. Amy Webster seconded the motion to approve the proposed changes to the Bylaws and the CC&Rs with respect to the Amendment Sections and to approve the proposed process and timeline.

An electronic vote was taken and members reporting approval were: Mark Black, David Rigby, Susie Kirch, Amy Webster, Judy Tarrant.