

Legal, Fireworks & Insurance Committee

Report of the Chairman

Dan Roseberry

Tuesday, May 1, 2018

Part I. Fireworks Report

We are on track for another successful Independence Day fireworks display this year. The date of the display will be Saturday, June 30th at approximately 9:30 PM. We have a rain date of July 7th. The display will be approximately 25 minutes long.

Our display will be conducted by J&M Displays; we are dealing with their Quincy office. They are a very reputable company who puts on displays all over the U.S. and in several other countries as well. They are committed to doing everything legally and safely. They don't cut corners.

J&M is fully licensed and very well insured and have provided us with a Certificate of Liability Insurance to protect us. Their coverages are stronger than most. I had our agent with Troxell Insurance examine it, thinking that we may need a quote from them for an additional one-day event coverage of another \$1M. He felt that J&M's provided coverages were very adequate already and that he does not feel we need anything more. I have provided each director with a copy of the certificate in the past weeks.

The intention of the Fireworks Committee was to raise funds through the end of February, but with only a week to go before their fundraising deadline, they were losing available dates from those who had submitted bids. Of the three companies that did submit bids we had already lost the availability of one of them. We had brought the Fireworks fund up to \$14,739 by Feb 16th, 2018. This was only \$261 short of the goal, and they had also secured the pledges of a few donors who committed to donating whatever additional money would be needed. To prevent us from losing what remaining dates were available, we decided to commit to the \$15,000 bid by J&M Displays.

Our contract with J&M Displays was entered into on Feb 20th, 2018 by our Fireworks Committee at the knowledge and direction of the Board. We paid them \$5,000 to secure the dates.

I have been in contact with our representative from J&M to discuss any other possible hidden costs or requirements on our part that could cause us to incur additional costs. This is what I have learned:

- Concerning the need for police protection for their display area, because of our setup we do not need that. They can protect the area with their own workers.
- Concerning our need to provide them with "clean, dry sand", that will not be needed in our case.

- Concerning our need for fire department presence, this is “optional but recommended”. In the past our FD has had a truck present on site. If there were to be any concern for us needing to pay them for that presence, we have built a firehouse for them and lease it to them for \$1/month.
- Concerning the potential for us having to come up with additional money if we were to have to use our rain date, this would indeed be an added expense if it were to happen, as it would for any vendor. The cost of this varies depending on where in the process they are when a postponement would happen. If it is called before they have delivered and set up the display the cost would be minimal. However, if the case were reversed it would more in order to pay for delivery fees and fees for employees who have already done the work.
- Concerning the cancelling of this contract, we would lose 30% of our total contract of \$15,000, which would be \$4,500 – almost our entire deposit. Additionally, we would lose several thousand dollars in refunded donations when we return them to those who generously gave them. Bottom line, we would not have enough left in our fireworks account for any kind of a display this year.

As far as I can see, the only thing remaining is for Macoupin County to provide the permit has applied for by J&M Displays.

Part II. Insurance Report

In response to a question raised by a concerned member of our association, I have been in touch with our agent from Troxell Insurance who has informed me that we DO NOT have Directors & Officers coverage to protect us from employee related suits. They have provided us with an application to obtain a bid adding this coverage to our current policy. I am providing that application to the Board today so that those with the required information may complete and return it.

Part III. Legal Report

Progress Update on the By-Laws revision project.

I sent out an email to lake members inviting input for ideas for the project. I have had a good response so far. From the many email responses I have received I have recorded 70 individual points of input or concern. Another just came in today with a few suggestions that I need to add to the list. Three others are working on suggestions to be delivered to me. I have also had numerous personal conversations with many lake members who have expressed their concerns and input. I am adding their input to the list as well.

As one could imagine given the current mood on the lake, a vast majority of concerns are related to the Board of Directors and Officers. Some recurring or related themes that are among the majority are:

- ***Term limitations for directors.*** People no longer desire to see individual board members serving for several consecutive terms in a row.

- **The nomination process.** People want it to be more open and more in the hands of members rather than in the hands of the existing board. I will be recommending the establishment of a Nominating Committee that will contain members and directors working together to represent the wishes of the membership of the association.
- **Parliamentary Procedure.** People want our meetings run in an orderly fashion rather than the wild and uncontrollable ways they have seen. People expect board members to be familiar with Parliamentary Procedure and with our own By-Laws.
- **Duties of Officers and Directors.** People want to see a listing of the offices and standing committees and what the responsibilities are of each.
- **Removal of Directors.** The section in the by-laws is confusing and apparently not working.
- **Financial Audit.** People are demanding an independent audit be conducted now and then regularly thereafter. We will be discussing establishment of an Auditing Committee.
- **Financial Management.** People want far better reporting that includes budgetary amounts. They want regular reports to examine and discuss. They want to see a meeting agenda prior to a meeting and copies of all financials. They want the budget discussed and not simply “run through for adoption”.
- **Conflicts of Interest.** People do not want their directors profiting from their service on the board. People are demanding integrity and accountability from their servant-leaders. They see past abuses they want dealt with.
- **People are demanding changes:** that we acquire a new bank, a new accountant and a new law firm.
- **Meetings.** People do not like to see Executive “closed” Meetings without appropriate reason.
- **Proxy Process.** People do not feel our current proxy voting process is working and want one that is honest and fair. Additionally, they want votes counted openly rather than in private.
- **Appointment of Directors.** People do not understand or trust the appointment process for directors to un-expired terms. They feel they are left out of the process.

There were also many procedural matters, as well as items for correction or inclusion in our Rules and Regulations.

Overall, there is a mood of mistrust of the Board of Directors and a demand for change. Many (MANY) are wanting past infractions by Board Members dealt with and not swept under the carpet any longer. Many have stated that they see our Board as being above the law and completely ignoring our by-laws.

Future meetings will be announced: The Legal Committee will be working together with the Board in a series of workshops to address changes to our by-laws. We will be taking them one section at a time. All will be welcome. We hope to be able to see these taken to the membership by the Annual Meeting of Members in October.