

Special Master Management Board Meeting (A)
December 27, 2010

President Ira Somerset called the meeting to order at 9:30 a.m. on Monday, December 27, 2010.

In attendance were: Reva Behr, Caryl Berner, Norm Bloom, Harry Chizeck, Dan Glickman, Anthony Falco, Gene Goldman, Jules Kesselman, Judy Olmstead, Fred Rosenzveig, Alan Schachter, Mel Schmier and Ira Somerset. Via telephone: Dick Ciocca, Bill Goddard. Staff present: Al Smith, Executive Director, Donna Childrey, Office Manager.

Minutes

Ms. Berner had a correction to the minutes of the December 16 meeting...under Members' comments, third paragraph, second sentence should begin with "As a City activist, we are allowed..." Mr. Schmier asked that in the attendance section that guests present be changed to staff present. Mr. Somerset agreed.

Mr. Rosenzveig **moved to accept the meeting minutes** with the changes noted, Al Schachter seconded. Motion **passed** unanimously.

Mr. Glickman **moved to accept the minutes to the October 27** MM Executive meeting, Norm Bloom seconded. Motion **passed**; Judy Olmstead abstained.

Mr. Somerset stated that Joe Rudnick was not in attendance at the December 21 COOCVE meeting to elect the MM Board. Mr. Somerset found out the other day that he had good reason for not attending and read a letter he sent to Mr. Rudnick:

"Dear Mr. Rudnick, I was told yesterday that the reasons you were not in attendance at the elections for MM was that you decided that there were other candidates with equal or more qualifications than you and you did not wish to dilute the vote. I wish I would have known your feelings at the time of the election as I would have made it known to the voting members. That was a very honest, generous and noble action on your part and the voting members should have known that was the reason you were not present. Thank you very much for your offer to serve on the Board of Master Management."

Mr. Smith announced the agreement with Reynolds and Picciano, the auditors, was renewed as well as the agreement with Beauchamp and McSpadden, the insurance agent for all insurance.

Old Business

Mr. Somerset read into the minutes the following letter:

To the Board:

Caryl Berner raised an important question – that we may have been in violation of the state statutes by using telecommunications in board meetings and voting, which is a very serious matter. Possible ramifications include the effects on the validity of contracts already signed, procedures and policies adopted that might become unenforceable, etc. Since it is my duty as President to protect the corporation and Board, I would have been remiss if I did not investigate the matter. Upon presenting my findings, Ms. Berner reiterated that we were in violation of the statutes, rejecting my findings and leaving me no choice but to refer the matter to our corporate counsel. This was discussed in our November 11 meeting when I announced that was what I was going to do. I had forwarded his evaluation and conclusions to you previously.

Master Management has allowed Directors to participate by teleconferencing for over two (2) years, including voting. The Voting Member of Master Management has elected seasonal residents to our Board and is confident that they would be able to participate fully in deliberations and voting. A board member cannot do their due diligence and meet their fiduciary responsibilities without participating fully in any and all meetings, including voting.

Mr. Murphy's analysis notes that:

- SS 617.0721(3) allows for directors to participate by means of remote communication, including voting;
- The use of remote communications is not prohibited by our bylaws;
- SS 617.0820(4) allows for participation at a board meeting through the use of "...any means of communication on which all directors participating may simultaneously hear each other during the meeting.";
- A member participating by remote communication is considered to be physically present and votes by directors using remote communications are valid.

He concludes that remote participation is the same as being physically present and votes taken are valid.

As President, I am satisfied that our use of telecommunications and any other remote communications which allow directors to participate fully in board and other meetings under the criteria in SS 617 meets the intent and requirements of SS 617.0820; that the participation and

voting by remote means is allowed; that the votes are valid; that this has been permitted by the board for over two (2) years as a practice and policy; and this matter is closed.

I regret that we had to incur this expense to protect the board, but it was necessary to obtain a legal opinion from our General Counsel due to the seriousness of the consequences.

Mr. Kesselman asked how much did this legal opinion cost us. We have not been billed for that yet.

Mr. Schmier stated that this was an unnecessary expense.

Mr. Rosenzweig stated that it was necessary to go to the attorney. The sense of the Board at the meeting was to go to the attorney, so it was not a bad decision.

Ms. Berner was not sure why anyone would object to making sure that this Board operates properly.

New Business

None

Member's Comments

Mr. Schachter: Welcome to the new Board members.

Mr. Kesselman: At our last meeting on December 16, Gene Goldman eloquently thanked Al Smith for all the good work that he has done for us in the short time that he has been here. Today, I want to thank AJ Bock, our Business Manager for all the day-to-day work that he has attended to this year. Though not our employee, he has been unbiased and professional in all the bids that he has recommended to us. He has taken a lot of the work off our shoulders and for this I say THANK YOU, AJ for being part of our great team.

Mr. Rosenzweig welcomed the fresh faces to the Board.

Motion to adjourn was made at 10:00 a.m.

Respectfully submitted,

Ira Somerset