

BIRCH BAY VILLAGE COMMUNITY CLUB, INC
BOARD OF DIRECTORS RESOLUTION
RE: DOCK REPLACEMENT PROJECT & LOAN

At a meeting of the Board of Directors (“Board”) of the Birch Bay Village Community Club, Inc (“Association”) held on August 18, 2022 at 7:00 p.m. via Zoom, the Board resolved as follows:

WHEREAS, Board members were sent proper notice of the meeting referenced above (or by their attendance waived notice), and a quorum of Board members were present either in person or by audio conference; and

WHEREAS, the Declaration of Rights, Reservations, Restrictions and Covenants of Birch Bay Village was recorded on June 20, 1996, at Whatcom County Auditor’s No. 1009345 (“Declaration”); and

WHEREAS, the Amended and Restated Bylaws of Birch Bay Village Community Club, Inc. were adopted on June 2, 2000 (“Bylaws”); and

WHEREAS, RCW 64.38.020(5) and Article II, Sections 2 and 3 of the Association’s Articles of Incorporation (“Articles”) give the Association the authority to make contracts and incur liabilities, assign its right to future income, including the right to receive assessments; and

WHEREAS, RCW 64.38.020(13) and Article II, Section 8 of the Articles give the Association the authority to exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and

WHEREAS, RCW 24.03A.140(7) authorizes the Association to make contracts, make guarantees, incur liabilities, borrow money, issue notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of any of its property or income; and

WHEREAS, due to their age (approximately 50 years old), three (3) docks in the Association, A, C, and D, have well exceeded their recommended useful life and now require replacement and will be built with similar construction to dock B per ACD Dock Replacement Spec(rev d) (002) dated 5/27/22 (the “Dock Replacement Project”); and

WHEREAS, the Board has been working with professionals, including attorneys specializing in homeowner association law with respect to its authority and procedures for making repairs to the docks and borrowing funds to do so; and

WHEREAS, while Bylaws Section 8.8.2 requires the approval of a majority of the Owners for a “capital improvement” or “new asset” costing more than \$8,000, those terms are not defined, and the plain language of these terms distinguish them from the Dock Replacement Project, the purpose of which is to repair existing features of the community and therefore, this provision does not apply; and

WHEREAS, the Board contracted with Bellingham Marine Industries, Inc. (“Contractor”) to repair dock B and has obtained an estimate from Contractor to repair docks A, C, and D on July 1, 2022 for the reasons stated above; and

WHEREAS, subject to the requirements of the Declaration, and review and approval of the final loan documents, the Board intends to borrow up to a principal amount of \$3,500,000.00 from Alliance Association Bank (“Lender”) to help fund the Dock Replacement Project; and

WHEREAS, the Board has reviewed the term sheet from Lender for the proposed \$3,500,000.00 loan (“Term Sheet”) attached as Exhibit A; and

WHEREAS, the Lender has preliminarily reviewed the Association’s financial and other records and has indicated that it will not require a special assessment to repay the loan because current reserve contributions designated for Association reserves will be used to repay the loan and any additional funding needed will be adopted through operating dues and fees collected from Association marina users; and

WHEREAS, in consultation with counsel, the Board finds that the following actions are in the Association’s best interests.

NOW THEREFORE, the Board, after consideration and deliberation regarding the matters set forth herein, **RESOLVES** as follows:

1. The Board’s previous actions, decisions, resolutions, and commitments to date with respect to the Dock Replacement Project and the Term Sheet are all hereby ratified.
2. The Board approves the Term Sheet attached as Exhibit A and approves of the Association obtaining a loan consistent with those terms, subject to approval of the final loan documents. Should any terms in the Term Sheet be materially changed, the Board may approve such changes by further resolution.
3. The Association shall commence to meet any and all prerequisites to obtain the loan referenced in the Term Sheet.

Dated this 18 day of August, 2022.

BIRCH BAY VILLAGE COMMUNITY CLUB, INC

By: _____
Ernest Hutchins
Its President

ATTEST: The above resolution was properly adopted.

By: _____
Bev Franklin
Its Secretary