

CLIFTON BEACH 2019 Annual Meeting

MAY 15, 2019
7:00 P.M. ~ BEACH HOUSE

Agenda

- Introduction-Trustees & Staff
- Announcements
- 2018 Projects Completed
- 2019 Planned Projects
- 2019 Rules/Access Change
- Financial Review
- Legal History & Update
- Q&A

Clifton Park Organization

- Trustees - Warren Coleman, Rob Frost, Mary Ellen Fraser, Jim Seibert and Ryan Meany
- Secretary / Treasurer – Nancy Graves
- Superintendent– Tony Gallagher
- Trustee Seibert was selected through a new process instituted by Trustees Coleman, Frost, Fraser and Meany
 - In January 2019, the Trustees requested a volunteer committee be formed to recommend future Trustee candidates
 - Committee head, Andrew Logan formed the committee and reviewed candidates
 - Committee recommended Seibert to the Trustees

Trust Governance

- 2018 990 and 990T filed
- Minutes of Meetings and financial records
- Trust website: <http://cliftonparktrustees.org>

Clifton Beach Guards – 2019 Season

- Rich Flood
- Tom Krist
- Ray Long
- **Harry May**
- Jim Slagle
- Bob Weist
- Lifeguards will start after Memorial Day

Announcements

- The Clifton Club will again offer the Beach Cart to all Beneficiaries and Club Members this season.
 - Serving food and beverages
 - Non-club members may pay with credit card
 - Info being mailed out to Park residents by Clifton Club

2018 Completed or In Process

- Riverfront Sink Hole Repair
- Beach Lighting
- Road Paving & Repairs
- Pump House Repairs
- Beach House Repairs
- Beach House Chimney

2019 Planned Projects

- Boardwalk Replacement/Repair
- Beach Lighting-Stairs
- Beach House Roof
- Road paving & repair

2019 Rules & Access Changes

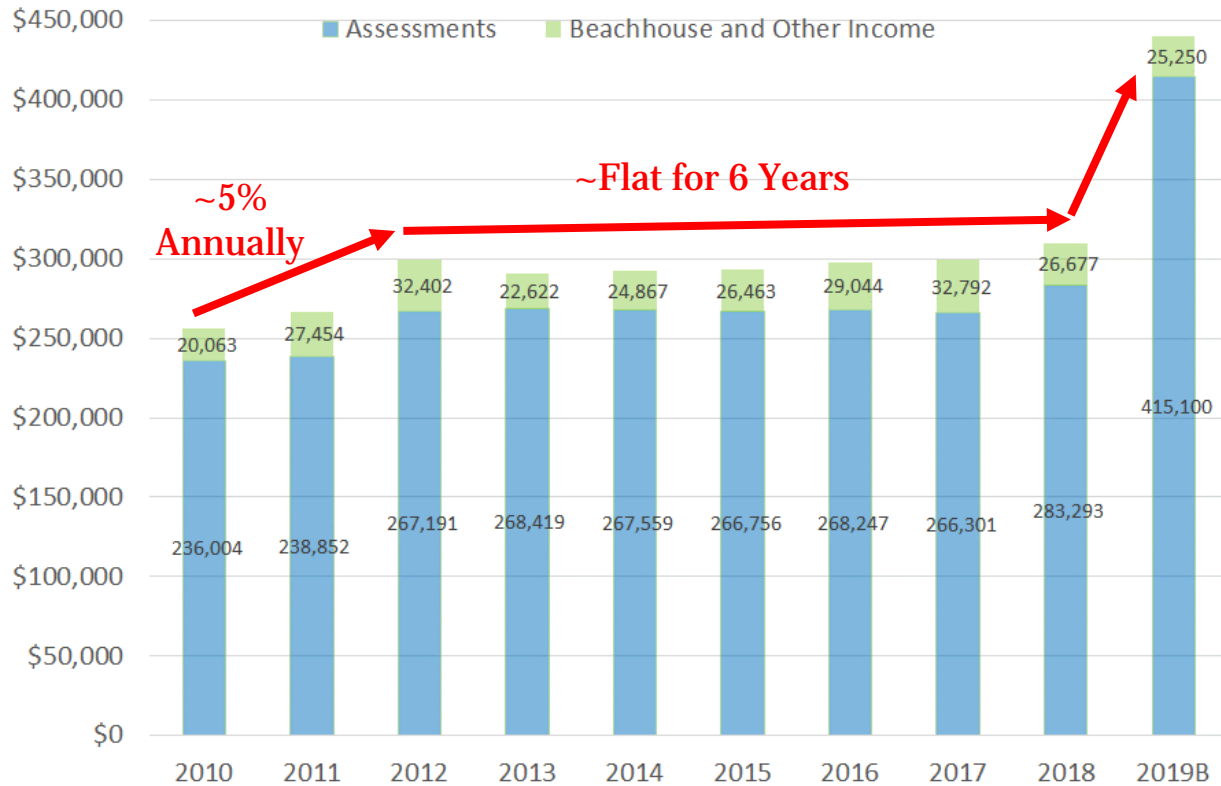
- Trustees requested the formation of a Rules Committee in June 2018
- The Committee consisted of a broad mix of all Beneficiaries
 - Total of 12 committee members
- Trustees received recommendations from the committee in October 2018
- Trustees reviewed the committee's recommendations from October-December 2018 to plan for 2019 season
- Trustees adopted a majority of the Committee's recommendations
- Changes to the rules for the 2019 season were adopted to alleviate concerns from Beneficiaries about crowding, congestion, parking, and reservations

2019 Rules & Access Changes

- The largest change revolves around access for Club Members during weekends and holidays
 - Club Members are limited to 20 reservations during weekends and holidays
 - Reservations include 1 table and 1 parking spot for the reservation time slot
 - In order to park during weekends and holidays, Club members must secure a reservation
- Many rules for all Beneficiaries will be strictly enforced this season (which historically were not):
 - Guest access-guest lists must be registered with the guards before guests arrival
 - Walk downs (all Beach Members) will register with guards
 - Table limits-10-15 people depending on table location
 - Dogs
 - Non-member access
 - Inflatables & watercraft
 - kayaks & paddle boards must be stored on vehicles or West end of beach-NOT on grass areas
 - No large inflatables-only those that accommodate 1-2 people

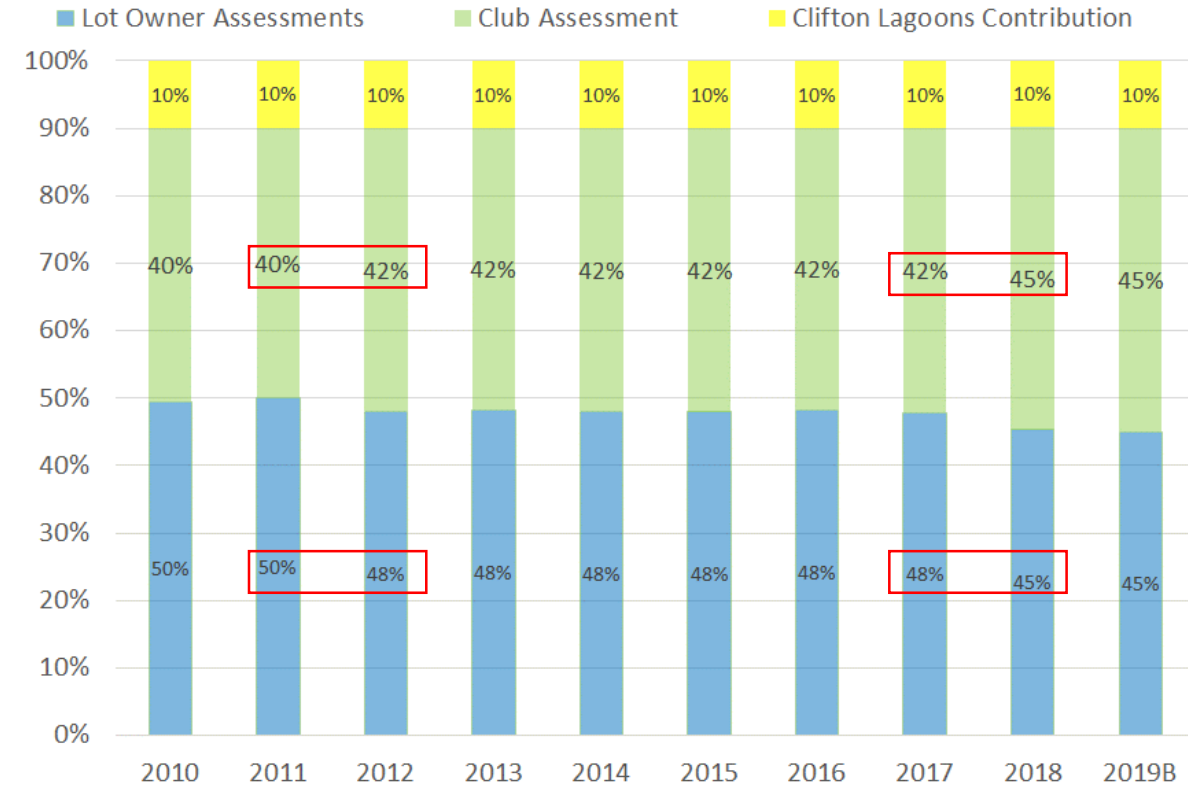
Trust Revenue

Trust Revenue, 2010-2019B



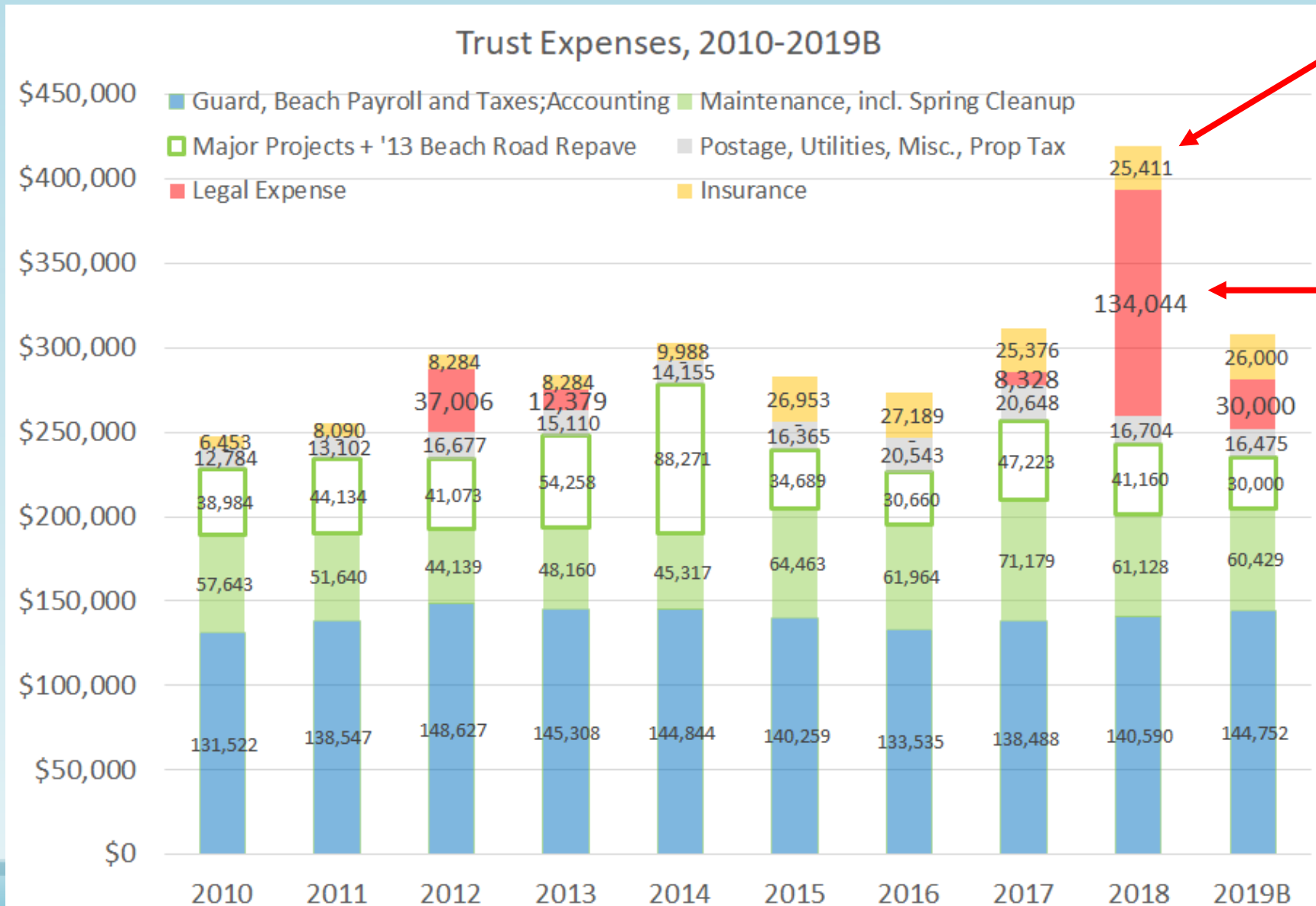
Source: Trustees' Analysis of CPT Financial Records (2010-2018, Accrual Basis) and 2019 Budget

Assessment and Contribution Mix, 2010-2019B



Source: Trustees' Analysis of CPT Financial Records (2010-2018, Accrual Basis) and 2019 Budget

Trust Expenditures



Source: Trustees' Analysis of CPT Financial Records (2010-2018, Accrual Basis) and 2019 Budget

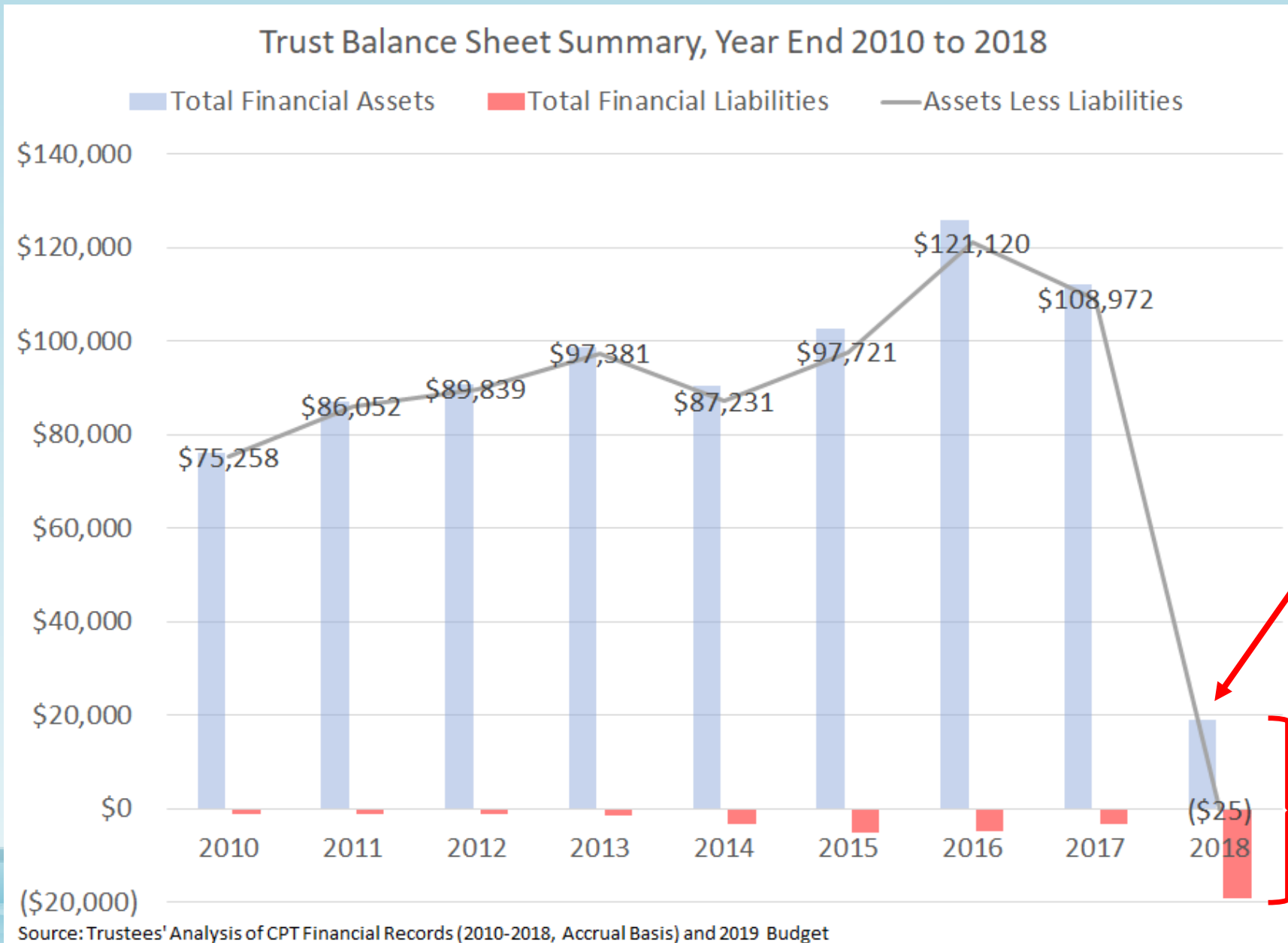
3. Insurance, esp. D&O policy is up by ~400% in a decade.

2. Non-covered legal costs >\$200,000 since 2012

1. The majority of expenses are stable with normal growth and variances.

Commitment to stable reinvestment.

Trust Balance Sheet



1. 2018 litigation expenses were paid from Accumulated Reserve (aka "savings for non-routine maintenance").

2. A line of credit was previously established to cover timing differences of expenses.

The outstanding balance has been repaid.

Financial Recap

- The Trust incurred over \$130K in unbudgeted legal expenses in 2018
- The Trust's Capital Reserve and line of credit were used to fund these costs and operating expenditures
- 2019 assessments increased 46% to repay line of credit and replenish the capital reserve
- 2020 assessments will be determined in January 2020 based on:
 - Costs incurred in 2019
 - Maintenance projects approved by Trustees
- Two (2) calculation errors were made in the 2019 assessments
 - These have been corrected and communicated
 - Tiny (approximately \$650 total error), but nevertheless happened
 - Trustees initiated an audit this Spring of the past 5 years financial results and related processes (records, controls, etc.) to reduce potential risk

Litigation Summary

A. 2012 Litigation

June 2012

Plaintiffs*
sought a
declaratory
action against
The Clifton Club

Trustees file
brief supporting
Club and
request Trustees
and lot owners
become parties

November 2015

*Probate
Court grants
Trustees summary
judgment*

Plaintiffs appeal
verdict to
Appeals Court

August 2017

*Court of
Appeals
Reverses*

Trustees & Clifton
Club appeal
decision to the
Ohio Supreme
Court; Trustees
only appeal breach
of duty

Feb 2018

*SC declines
to hear*

May 2019

- Clifton Club members:
 - Are **not Beneficiaries**
 - Have a **Permissive Right** to access the Beach regulated by the Trustees pursuant to the Trust Deed
- (Prior) Trustees **breached their duties**
- Granted Plaintiffs legal fees in an amount to be determined by the Probate Court

B. 2018 Litigation

Plaintiffs file
against Trustees
for granting
access without
unanimous
consent

*Probate
Court dismisses
Main count*

Plaintiffs appeal
dismissal to
Appeals Court

May 2019

**Plaintiffs were a group of Trust beneficiaries (lot/home owners)*

Selected text of the 8th District Court of Appeals

August 10, 2017 Decision

“The Club Lease, Trust Deed, and Club Deed indicate an intent that the Clifton Club, as lessees and successor lot owners, have access to the Beach, but that such access was subject to the rules and regulations implemented by the Trustees.” p 51-52

“We conclude that the trial court correctly determined that the Club Members have a ‘right’ to use the Beach. However, in response to the declaration explicitly requested by appellants, we find that the Club Members have no legal right of access as Beneficiaries. Access by the Club Members is by permission and regulation of the Trustees.” p 54-55

Q&A Session

- Please wait to be recognized
- Identify yourself and your home address and/or Club membership