

**RESOLUTION OF THE BOARD OF DIRECTORS OF
OAK SHORES COMMUNITY ASSOCIATION**

WHEREAS, the Oak Shores Community Association (“Association”) is organized as a common interest development as defined by Civil Code §4100 and §4175, and, as such, the Association is responsible for the management, maintenance, and administration of the community, including the common areas and all amenities located therein or appurtenant thereto as set forth in the Restated Declaration of Covenants, Conditions, and Restrictions recorded on November 18, 2008 in the San Luis Obispo County Recorder’s Office as Document No. 2008057510 (“CC&Rs”) including all amendments thereto;

WHEREAS, the use of any capitalized term not specifically defined in this Resolution shall have the same meaning as set forth and defined in the CC&Rs;

WHEREAS, including among the Development, within the Common Areas, is a marina which consists of 169 total lease holders, main header, A,B,C,D and E docks, boat ramps, and security gates (“Private Marina”). The Private Marina is governed and operated by the Private Marina Committee with complete oversight by the Oak Shores Board of Directors. Members of the Association sign a lease agreement with the Association for the privilege of having a slip;

WHEREAS, Association Members who desire to have a boat slip must purchase said boat Lease directly from another Association members which affords the Member the right to use and occupy a specific boat slip space in the Private Marina. Non-Members are not qualified to purchase a slip in the Private Marina;

WHEREAS, the Private Marina Committee maintains, repairs, and operates the Private Marina. It has its own checking account (separate from the Association) and pays its annual license fees directly to Monterey County. The Private Marina members pay an annual fee to the Private Marina Committee to cover their maintenance and insurance costs borne by the Association. Because the Private Marina is not a separate legal entity from the Association, the Association’s insurance policies cover and include the Private Marina and its operations, owners, and committee members. Accordingly, the Private Marina members pay an additional portion of the overall premiums and maintenance costs (in addition to their Regular Assessments) in order to cover the Association’s increased costs associated with same;

WHEREAS, the Private Marina committee has operated the Private Marina since at least 1976, with normal oversight of the Association’s Board of Directors. The manner in which the Private Marina has been operated was largely unchallenged and unchanged for approximately 40 years. However, around 2014 the Association’s Board of Directors sought legal counsel to review and analyze the Association’s rights, liabilities, obligations, and options with respect to the Private Marina in order to ensure the

Association's liability exposure was appropriately mitigated with respect to the Private Marina and its operations, owners, and committee members;

WHEREAS, the Board at the January 17, 2015 Executive Session meeting appointed a sub-committee including Directors Mike Davis, Steve Gasperson, and Rod Olguin to facilitate the Board's investigation and due diligence regarding the Private Marina and the Private Marina Committee. Only Director Steve Gasperson owned a boat slip at the time they were appointed by the Board to the Board's Private Marina sub-committee. Director Gasperson appointment was recommended by the Association's legal counsel;

WHEREAS, legal counsel provided from a licensed attorney to a client is protected by the attorney-client privilege. As such, the purpose of this Resolution in no way whatsoever seeks to divulge any such attorney-client privileged communications or to waive such privilege in connection with the Association's receipt of legal counsel regarding the Private Marina. Rather, the purpose of this Resolution is to confirm that the Association's Board of Directors sought legal counsel on this issue and over the course of a year engaged in extensive discussions and obtained numerous opinions and recommendations from its legal counsel;

WHEREAS, after exploration of various options, based on advise of the Association's legal counsel, in order to lower the Association's liability exposure and provide for a less complex legal structure regarding the Private Marina Committee and its independent operation of the Private Marina, the Board of Directors voted on July 18, 2015 at a duly noticed open Board meeting to formally establish a private marina committee ("PMC") with a committee charter and also to require a Lease agreement for Private Marina members' continued use of their boat slips, both such documents were prepared by the Association's legal counsel. The PMC now operates under the Board's direct control and oversight. The Directors present at the July 18, 2015 Board meeting included Jeff Killion, Steve Gasperson, Rod Olguin, David Gonzales, Randy Feltman, and Chris Qualls. Director Mike Davis was absent from the meeting. After a motion by Director Gasperson and a second by Director Olguin, the Board approved the above agreement and charter on a vote of 5 for and 1 opposed ("Private Marina Vote");

WHEREAS, Section 9.1 of the Association's Bylaws and *Corporations Code* §7210 allow the Board to appoint committees to help oversee and operate the activities and affairs of the Association;

WHEREAS, members of the Association's Board of Directors sign a Code of Conduct Policy when they are elected or appointed to the Board. Included among the Code of Conduct includes prohibitions against (i) using one's position as a Board member for their private, personal gain and (ii) using information obtained as a Board member for their personal benefit or gain;

WHEREAS, a director is subject to potential removal from the Board when, among other reasons outlined in Section 5.9 of the Association's Bylaws, the director allows a proposed contract or other transaction to be put to a vote by the Board or membership without disclosing that he will receive a financial benefit from the transaction (see, Bylaws Section 5.9(d));

WHEREAS, pursuant to Section 6.4 of the Bylaws, the Association is prohibited from entering into contracts with an officer or director when said officer or director has a direct or indirect economic interest without said director's or officer's (i) full disclosure of the interest to the Board, (ii) listing of said full disclosure in the Board's meeting minutes, and (iii) the director's or officer's recusal from the Board's vote for same; and

WHEREAS, Director Chris Qualls and Steve Gasperson were the only directors who had a boat slip in the Private Marina who participated in the Board's July 18, 2015 vote regarding same. Directors Qualls and Gasperson did not recuse themselves from the vote nor make any disclosures prior to his approval of the July 18, 2015 motion.

NOW, THEREFORE, the Board of Directors resolves as follows:

1. The purpose of the Private Marina Vote was to affirm the recommendations of the Association's legal counsel and the due diligence of the Board's appointed sub-committee in order to resolve longstanding liability considerations and to establish the general legal requirements moving forward for individuals to continue using their Private Marina boat slips vis a vis the Lease agreement and to lawfully charter the PMC's oversight and operation of the Private Marina. There were no financial benefits, or potential financial benefits associated with the Private Marina Vote. Rather, the Board approved a standard form agreement and a convened a committee;
2. Director Qualls' and Gasperson were not required to recuse themselves from the July 18, 2015 Private Marina Vote nor were their vote a violation of the Association's Directors' Code of Conduct or the Association's Bylaws because there no direct or indirect financial benefit, or even a potential financial benefit to Director Qualls and Gasperson (or any Private Marina member), related to the Board's Private Marina Vote;
3. The Association incurred costs in connection with its investigation and due diligence related to the Private Marina Vote. The Association's costs, including legal fees, aerial surveys, and related expenses are part of the Association's operating costs and fall within the Board's scope of authority to incur as set forth in Sections 4.1 and 4.5 of the CC&Rs and Section 6.1 of the Bylaws; and
4. Based on the foregoing, the Board hereby ratifies and affirms the Private Marina Vote.

[Board signatures on following page]

Dated: May 21, 2016

OAK SHORES COMMUNITY ASSOCIATION

By: Randy Gillenwater

Print Name: RANDY GILLENWATER
Title: BOARD PRESIDENT

By: Ronald C. Quans

Print Name: RONALD C QUANS
Title: DIRECTOR

By: Robert A. Sutherland

Print Name: Robert A Sutherland
Title: Director

By: _____

Print Name:
Title:

By: Rod Olguin

Print Name: ROD OLGUIN
Title: SECRETARY / TREASURER

By: _____

Print Name:
Title:

By: Steve Gasperson

Print Name: Steve Gasperson
Title: Board VP