

**HAMILTON COVE HOMEOWNERS ASSOCIATION
MINUTES
MEETING OF THE BOARD OF DIRECTORS
BY ZOOM
9/30/2026**

The meeting was called to order at 2:15 PM by President Norris Bishton. The following directors were present by Zoom:

Norris J. Bishton, Jr.
Martin Curtin
Bart Glass
Rimas Butkys

Approximately 25 Owners were present by Zoom, the number varying during the meeting,

REPORT ON EXECUTIVE SESSIONS

The President reported that the Board met in an executive session after the 6/24/26 Board meeting to discuss personnel and contract matters.

APPROVAL OF MEETING MINUTES 6/24/2026.

A motion to approve the minutes of the 6/24/26 Board meeting was made and seconded. The vote was as follows: Bishton – yes; Curtin – yes; Glass – yes; Butkys – no. Since a majority of the Board approved of the minutes, the minutes are deemed approved.

PRESIDENT’S REPORT

The President informed the meeting that Stu Barron, a longtime owner, former member of the Board, and longtime inspector of elections, had passed away. Stu was an avid supporter of Hamilton Cove and a unique person with an enthusiastic personality. He will be missed.

VICE PRESIDENT’S REPORTS

Martin Curtin indicated that the reports and predictions of major El Nino related problems are real and are a threat to Hamilton Cove. The maintenance staff is

working on preventative measures in anticipation of heavy rainfall. Steps will be taken to remove the float sooner rather than later. The Association is employing Jordahl and its heavy equipment to clear the debris basin adjacent to the maintenance building. Maintenance staff is checking all the deck drains to ensure that they are clear. It is important that Owners who may have unreported leak situations bring them to the Association's attention before the rains begin. The last major El Nino resulted in substantial damage to the units and roofs.

Bart Glass indicated that some of the landscape areas identified as needing more water are going through a natural cycle and that more water would not make a difference.

TREASURER'S REPORT

The Treasurer has provided a separate report with regard to the 2025 Audit, which is incorporated by reference. The Audit Report reflects no material deficiency. The Report recommended that no more than \$250,000 be retained in any Replacement Fund checking or savings account in order to ensure that the funds are insured by FDIC. Replacement funds are currently invested in money market accounts. HOAs are prohibited by law from investing in stocks, bonds, or mutual funds.

REVIEW AND APPROVAL OF 2025 AUDIT REPORT

The 2025 Audit Report was sent to all Owners and is available on the Association's website. Also available on the website is the auditor's management letter. Except as to the amounts in the Replacement Fund accounts over \$250,000 referenced above, both the Audit Report and management letter were devoid of deficiencies. Steps are being taken to limit the money market accounts holding Replacement Fund to less than \$250,000. A motion to approve the Audit Report was made and seconded. The vote was as follows: Bishton – yes; Curtain – yes; Glass – yes; Butkys – no. Since a majority of the Board approved the Audit Report, the Audit Report is deemed approved.

REVIEW OF CIVIL CODE § 5500, § 5501 COMPLIANCE

California Civ. Code § 5500 and § 5501, copies of which were attached to the Notice of this meeting, require that a Board member and the Treasurer, or all of the Board members, each month:

- (a) Review, on a monthly basis, a current reconciliation of the association's operating accounts.
- (b) Review, on a monthly basis, a current reconciliation of the association's reserve accounts.
- (c) Review, on a monthly basis, the current year's actual operating revenues and expenses compared to the current year's budget.
- (d) Review, on a monthly basis, the latest account statements prepared by the financial institutions where the association has its operating and reserve accounts.
- (e) Review, on a monthly basis, an income and expense statement for the association's operating and reserve accounts.
- (f) Review, on a monthly basis, the check register, monthly general ledger, and delinquent assessment receivable reports.

The designated items are being furnished to the Board members and the Treasurer each month so that they can meet this responsibility.

REVIEW AND APPROVAL OF RESERVE STUDY

A Reserve Study is required by law every 3 years. The Association received a Reserve Study prepared by the same outside service that did so in the past. The Reserve Study is quite detailed, a copy of which is available on the Association's website. The Reserve Study indicates that at the end of 2026, the Replacement Fund will only equal 42% of the required reserves. A motion to approve the Reserve Study was made and seconded. The vote was as follows: Bishton – yes; Curtain – yes; Glass – yes; Butkys – no. Since a majority of the Board approved the Reserve Study, the Reserve Study is deemed approved.

APPLYING 2026 SURPLUS TO RESERVE FUND

The President stated that currently the Association is operating under or below budget, primarily due to the savings obtained in the cost of property insurance. If conditions remain the same, the Association should have a surplus in the Operating Account at year-end. A discussion was held as to the proper application of any such surplus. It was noted that in prior years, due to the sudden, extraordinary increase in the cost of property insurance, insufficient contributions were made to the Replacement Fund. Upon a motion made and seconded, the following resolution was unanimously adopted:

RESOLVED, upon the end of the current fiscal year, any surplus in the Operating Account shall be paid into the Replacement Fund.

ONGOING EVALUATION OF LIFT STATION AND SEWER SYSTEM

The Board continues to seek long-term solutions to problems with the lift station and sewer system. It had been hoped that the resident company that maintains the City of Avalon's lift stations would be able to also take on responsibility for the Association's lift station. The City of Avalon objected. The Association maintains replacement pumps for both the saltwater system and the sewer system in order to minimize any downtime. A more permanent solution is still being sought.

TERMINATION OF TAXI SERVICE

The City of Avalon has created Avalon Transit as described in the material furnished with the notice for this meeting. Avalon Transit is a subsidized service using electric vehicles primarily to serve Avalon residents. It will not provide the necessary service for Short-Term Renters coming to Hamilton Cove. The vehicles being used are not adequate for tourists with luggage or operate at times needed by tourists. The adoption of Avalon Transit has had the negative impact of causing the taxi service to announce that it is going out of business on October 19th, 2026. No member of the Board had any forewarning. The taxi service is a primary means of which Short-Term Renters enter and leave Hamilton Cove. The Board cannot understand how Avalon, which totally relies upon tourists, can operate without a taxi service. The Board will see what else they can find out about the situation. [October 19th came and went, and the taxi service is still operating. The Board understands that discussions concerning the taxi service are going on between the taxi company and the City.]

2026 ANNUAL MEETING AND ELECTION—DECEMBER 5, 2026

The 2026 Annual Meeting and Election will be held December 5th, 2026, totally by Zoom. The Meeting will commence at 2:00 pm. Inspectors of the Election, LLC has been hired by the Association to perform all the duties required of an inspector of elections including tabulating the votes in view of all participants in the Zoom meeting. A motion was made to approve the retention of Inspectors of the Election, LLC. The vote was as follows: Bishton – yes, Curtin – yes, Glass – yes, Butkys – no. Since a majority of the Board approved retaining Inspectors of the Election, LLC's services, its retention is deemed approved.

SUPERVISING CONSTRUCTION APPROVED BY THE ARCHITECTURE COMMITTEE

A discussion was held concerning construction within a Unit approved by the Architecture Committee. If the construction requires a building permit, does the City follow up to make certain construction is in accordance with the permit? The consensus is that regardless of whether a permit is required, the Facilities Manager should follow up to make certain that the construction is in accordance with what was approved by the Committee.

GOLF CARTS PARKED ON SLOPES

An accident occurred when a child caused the brakes to release on a golf cart parked on a slope. This is not the first time such an accident has occurred. There is no way the Association can install tire blocks to prevent such accidents. Owners whose parking place is on a slope must take steps to avoid such accidents.

WHO IS RESPONSIBLE FOR UPDATING RESPONSIBLE PERSON LISTING?

Owners engaged in Short-Term Renting have the responsibility of keeping the Business Office apprised of who they are designating as the Responsible Person. The President questioned whether designating a maid as a Responsible Person adds a person who could deal with the kinds of problems that develop from time to time, such as drunken brawls, domestic fights, etc.

QUESTION RAISED BY DIRECTOR BUTKYS

A) Conflict of Interest Form. Does the Conflict of Interest Form signed by all of the Directors, except Mr. Butkys, and the Treasurer meet IRS requirements? Non-profit organizations filing tax returns under IRS 401c provisions (IRS Form 990) are required to use a Conflict of Interest Form designated by the IRS. Hamilton Cove is not an IRS 401c entity and it does not file an IRS Form 990. Homeowners associations file using IRS Form 1120. There is no IRS requirement with regard to conflicts of interest for entities using IRS Form 1120. Basically, homeowners associations simply do not have to report assessments as income. All other income, such as interest, must be reported the same as for profit entities.

B) Delegation of Duties. Director Butkys contends that all decisions must be made at the Board level, ignoring that specific day-to-day responsibilities can be delegated to the Officers as provided by the following provision:

Corp. Code § 7210. Board of Directors; Exercise of Powers;

Delegation of Management. Each corporation shall have a board of directors. Subject to the provisions of this part and any limitations in the articles or bylaws relating to action required to be approved by the members (Section 5034), or by a majority of all members (Section 5033), the activities and affairs of a corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board. **The board may delegate the management of the activities of the corporation to any person or persons, management company, or committee however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.**

Mr. Butkys was not elected as an officer.

C) Bureau of Security and Investigative Services (BSIS). BSIS is designed for companies and individuals who provide guard services involving detaining offenders by using some type of force. Applicants have to take courses on Power to Arrest and Appropriate Use of Force. Hamilton Cove's Security Guidelines specifically prohibit employees from any such actions:

You are the eyes and ears of the Association. When problems develop, you shall call upon the proper resource to assist in solving the problem. It is not your responsibility to solve the problem or to in any way use force to solve a problem. For example, if you have asked a person who is wrongfully on the Project to leave, and the person refuses, you shall not attempt to physically remove the person from the Project. Rather, you shall contact the Sheriff, report the person wrongfully on the Project, and request that the Sheriff remove the person.

You must be familiar with the Association's Rules and Regulations so that you can advise a person who is potentially

violating a Rule that they are doing so and request the person to stop, and so that you can report potential violations observed in the daily Incident Report. If a person refuses to obey the Rules and Regulations, it is not your job to force them to do so. For example, if a Short-Term Renter has snuck a person into the Project your job is not to force them to leave. Your job is to report the violation on the Incident Report so that the Board can fine the Owner responsible. (Page 57)

D) 1099s. Director Butkys questioned who reviewed the IRS Form 1099s. The Association's outside accountant, the person who reviews the financial statement and information monthly, determines when and to whom an IRS Form 1099 is issued.

EXECUTIVE SESSION

An executive session was held dealing with contract matters.

Dated: SEPTEMBER 30, 2026

Martin Curtin
Secretary

Norris J. Bishton, Jr.
President

Civil Code Provisions Applicable to Owner Changes in the Common Area or Separate Area

Civil Code section 4600

(a) Unless the governing documents specify a different percentage, the affirmative vote of members owning at least 67 percent of the separate interests in the common interest development shall be required before the board may grant exclusive use of any portion of the common area to a member.

(b) Subdivision (a) does not apply to the following actions:

(1) A reconveyance of all or any portion of that common area to the subdivider to enable the continuation of development that is in substantial conformance with a detailed plan of phased development submitted to the Real Estate Commissioner with the application for a public report.

(2) Any grant of exclusive use that is in substantial conformance with a detailed plan of phased development submitted to the Real Estate Commissioner with the application for a public report or in accordance with the governing documents approved by the Real Estate Commissioner.

(3) Any grant of exclusive use that is for any of the following reasons:

(A) To eliminate or correct engineering errors in documents recorded with the county recorder or on file with a public agency or utility company.

(B) To eliminate or correct encroachments due to errors in construction of any improvements.

(C) To permit changes in the plan of development submitted to the Real Estate Commissioner in circumstances where the changes are the result of topography, obstruction, hardship, aesthetic considerations, or environmental conditions.

(D) To fulfill the requirement of a public agency.

(E) To transfer the burden of management and maintenance of any common area that is generally inaccessible and not of general use to the membership at large of the association.

(F) To accommodate a disability.

(G) To assign a parking space, storage unit, or other amenity, that is designated in the declaration for assignment, but is not assigned by the declaration to a specific separate interest.

(H) To install and use an electric vehicle charging station in an owner's garage or a designated parking space that meets the requirements of [Section 4745](#), where the installation or use of the charging station requires reasonable access through, or across, the common area for utility lines or meters.

(I) To install and use an electric vehicle charging station through a license granted by an association under [Section 4745](#).

(J) To install and use a solar energy system on the common area roof of a residence that meets the requirements of Sections 714, 714.1, and, if applicable, [Section 4746](#).

(K) To comply with governing law.

(c) Any measure placed before the members requesting that the board grant exclusive use of any portion of the common area shall specify whether the association will receive any monetary consideration for the grant and whether the association or the transferee will be responsible for providing any insurance coverage for exclusive use of the common area.

Civil Code section 4760

(a) Subject to the governing documents and applicable law, a member may do the following:

(1) Make any improvement or alteration within the boundaries of the member's separate interest that does not impair the structural integrity or mechanical systems or lessen the support of any portions of the common interest development.

(2) Modify the member's separate interest, at the member's expense, to facilitate access for persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to these persons. These modifications may also include modifications of the route from the public way to the door of the separate interest for the purposes of this paragraph if the separate interest is on the ground floor or already accessible by an existing ramp or elevator. The right granted by this paragraph is subject to the following conditions:

(A) The modifications shall be consistent with applicable building code requirements.

(B) The modifications shall be consistent with the intent of otherwise applicable provisions of the governing documents pertaining to safety or aesthetics.

(C) Modifications external to the dwelling shall not prevent reasonable passage by other residents, and shall be removed by the member when the separate interest is no longer occupied by persons requiring those modifications who are blind, visually handicapped, deaf, or physically disabled.

(D) Any member who intends to modify a separate interest pursuant to this paragraph shall submit plans and specifications to the association for review to determine whether the modifications will comply with the provisions of this paragraph. The association shall not deny approval of the proposed modifications under this paragraph without good cause.

(b) Any change in the exterior appearance of a separate interest shall be in accordance with the governing documents and applicable provisions of law.

Civil Code section 4745

- (a)** Any covenant, restriction, or condition contained in any deed, contract, security instrument, or other instrument affecting the transfer or sale of any interest in a common interest development, and any provision of a governing document, as defined in [Section 4150](#), that either effectively prohibits or unreasonably restricts the installation or use of an electric vehicle charging station within an owner's unit or in a designated parking space, including, but not limited to, a deeded parking space, a parking space in an owner's exclusive use common area, or a parking space that is specifically designated for use by a particular owner, or is in conflict with this section is void and unenforceable.
- (b)** **(1)** This section does not apply to provisions that impose reasonable restrictions on electric vehicle charging stations. However, it is the policy of the state to promote, encourage, and remove obstacles to the use of electric vehicle charging stations.
- (2)** For purposes of this section, "reasonable restrictions" are restrictions that do not significantly increase the cost of the station or significantly decrease its efficiency or specified performance.

- (c) An electric vehicle charging station shall meet applicable health and safety standards and requirements imposed by state and local authorities, and all other applicable zoning, land use, or other ordinances, or land use permits.
- (d) For purposes of this section, “electric vehicle charging station” means a station that is designed in compliance with the California Building Standards Code and delivers electricity from a source outside an electric vehicle into one or more electric vehicles. An electric vehicle charging station may include several charge points simultaneously connecting several electric vehicles to the station and any related equipment needed to facilitate charging plug-in electric vehicles.
- (e) If approval is required for the installation or use of an electric vehicle charging station, the application for approval shall be processed and approved by the association in the same manner as an application for approval of an architectural modification to the property, and shall not be willfully avoided or delayed. The approval or denial of an application shall be in writing. If an application is not denied in writing within 60 days from the date of receipt of the application, the application shall be deemed approved, unless that delay is the result of a reasonable request for additional information.
- (f) If the electric vehicle charging station is to be placed in a common area or an exclusive use common area, as designated in the common interest development’s declaration, the following provisions apply:
 - (1) The owner first shall obtain approval from the association to install the electric vehicle charging station and the association shall approve the installation if the owner agrees in writing to do all of the following:
 - (A) Comply with the association’s architectural standards for the installation of the charging station.
 - (B) Engage a licensed contractor to install the charging station.
 - (C) Within 14 days of approval, provide a certificate of insurance as required by paragraph (3).
 - (D) Pay for both the costs associated with the installation of and the electricity usage associated with the charging station.
 - (2) The owner and each successive owner of the charging station shall be responsible for all of the following:
 - (A) Costs for damage to the charging station, common area, exclusive use common area, or separate interests resulting from the installation, maintenance, repair, removal, or replacement of the charging station.

- (B) Costs for the maintenance, repair, and replacement of the charging station until it has been removed and for the restoration of the common area after removal.
 - (C) The cost of electricity associated with the charging station.
 - (D) Disclosing to prospective buyers the existence of any charging station of the owner and the related responsibilities of the owner under this section.
- (3) The owner of the charging station, whether located within a separate unit or within the common area or exclusive use common area, shall, at all times, maintain a liability coverage policy. The owner that submitted the application to install the charging station shall provide the association with the corresponding certificate of insurance within 14 days of approval of the application. That owner and each successor owner shall provide the association with the certificate of insurance annually thereafter.
- (4) A homeowner shall not be required to maintain a homeowner liability coverage policy for an existing National Electrical Manufacturers Association standard alternating current power plug.
- (g) Except as provided in subdivision (h), installation of an electric vehicle charging station for the exclusive use of an owner in a common area, that is not an exclusive use common area, shall be authorized by the association only if installation in the owner's designated parking space is impossible or unreasonably expensive. In such cases, the association shall enter into a license agreement with the owner for the use of the space in a common area, and the owner shall comply with all of the requirements in subdivision (f).
 - (h))The association or owners may install an electric vehicle charging station in the common area for the use of all members of the association and, in that case, the association shall develop appropriate terms of use for the charging station.
 - (i) An association may create a new parking space where one did not previously exist to facilitate the installation of an electric vehicle charging station.
 - (j) An association that willfully violates this section shall be liable to the applicant or other party for actual damages, and shall pay a civil penalty to the applicant or other party in an amount not to exceed one thousand dollars (\$1,000).
 - (k) In any action by a homeowner requesting to have an electric vehicle charging station installed and seeking to enforce compliance with this section, the prevailing plaintiff shall be awarded reasonable attorney's fees