

**Bel Pre Recreational Association (BPRA) Board of Trustees  
Minutes of Meeting of December 7, 2021**

**1) Call to Order and review of teleconference guidelines**

President Purdy called the meeting to order at 7:33 p.m. The meeting was held by teleconference, with the teleconference participation guidelines in place.

**2) Roll Call**

Secretary Swan called the roll. Board members present were President Karen Purdy, Vice President Mark Foraker, Treasurer Dave Pullen, Secretary Chris Swan, Ted Bechtol, Steve Jennison, Rodney Oo, Claire Pak, and Maria (Cookie) Stagnitto. BPRA member Elliot Chabot (Governing Documents Committee Chair) was also present. There was a quorum. Secretary Swan took the minutes.

**3) Approval of Agenda**

Purdy presented the proposed agenda for the meeting. Swan moved that the agenda for the meeting (as proposed by Purdy) be approved. The motion was seconded and approved, with Bechtol, Foraker, Jennison, Oo, Pak, Pullen, Purdy, Stagnitto, and Swan in favor, and none opposed.

**4) Statements by Association Members**

BPRA members were invited to speak on any items. No statements from association members were made.

**5) Approval of Minutes**

Purdy presented the minutes of the November 2, 2021, Board meeting. Jennison moved that the minutes be adopted. The motion was seconded and approved, with Bechtol, Foraker, Jennison, Oo, Pak, Pullen, Purdy, Stagnitto, and Swan in favor, and none opposed.

**6) BPRA Elections**

**a. BPRA Board of Trustee Election Results**

Purdy reported that, in accordance with §405(h) of the BPRA Plan of Organization, the election ballots were counted and the results were posted on the community's website and on the pool grounds. Bechtol, Oo, and Purdy were elected to 3-year terms and Jennison was elected to the 2-year term that resulted from the October 2021 resignation of Phil Kominski (BPRA By-Laws, art. IX, §3).

**b. Election of Officers**

Purdy opened the floor for nominations for President. Swan nominated Purdy.

There being no further nominations for President, Purdy opened the floor for nominations for Vice President. Purdy nominated Foraker.

There being no further nominations for Vice President, Purdy opened the floor for nominations for Treasurer. Foraker nominated Pullen.

There being no further nominations for Treasurer, Purdy opened the floor for nominations for Secretary. Purdy nominated Swan.

There being no further nominations for Secretary and there being one candidate nominated for each office, the President directed the Secretary to cast one vote for each of the candidates and declared the candidates elected.

Purdy announced that she would like to step down as President at the conclusion of her term in December of 2022. Foraker requested that part of the Board's next meeting be devoted to succession planning.

**7) Authorization to file suit**

Treasurer Pullen reported that the BPRA's law firm (Thomas Schild Law Group) has recommended that the Association file a lawsuit to recover the dues owed by a household that is 2 years in arrears and has not responded to any of Schild's communications. Pullen moved that the Treasurer be authorized to authorize Thomas Schild Law Group to file suit to recover the arrearage (including dues, late fees, interest, and collection costs). The motion was seconded and approved, with Bechtol, Foraker, Jennison, Oo, Pak, Pullen, Purdy, Stagnitto, and Swan in favor, and none opposed.

**8) Audit update**

Audit Coordinator Foraker reported that all of the information requested by the auditor (Frank Hajek & Associates) has been provided to the auditor. The auditor has raised a question about the appropriateness of the BPRA's classification as a § 501(c)(7) organization. Governing Documents Committee Chair Chabot has prepared a review of the history of the BPRA's tax status (see attachment 1). Foraker will provide this information to the auditor. Foraker pointed out that this was an example of why it is important to preserve the BPRA's historical information. He would like to discuss the audit situation further at the Board's next meeting in January, and noted that a different auditor may be needed to complete the audits.

Bechtol asked whether we have received a reply from the IRS to our request for a waiver of penalties for the BPRA's 2016 tax return (the BPRA's then-accountant filed the 2015 and 2016 returns late). Pullen indicated that the IRS had rejected the request and the Board authorized payment of the amount owed (\$346.22) at the March 2, 2021, meeting. The IRS has been paid.

**9) Season Passes**

Purdy reported that only 2 additional surveys have been returned since the November Board meeting and no one raised the issue at the Annual Meeting. Purdy recommended eliminating the Season Pass option while making reasonable accommodations to address the concerns of long time Season Pass users. She noted that it would make the checking-in of BPRA members at the

pool easier for the pool staff. Setting up the pool check-in system household option with a minimum of 2 members would satisfy a number of people's concerns. Other accommodations can be discussed at a future meeting.

Purdy moved that §202 of the Recreational Facilities Policy be amended to eliminate the season pass option and have all homeowners use the pool check-in system household option, with reasonable accommodations provided for former season pass holders. Such accommodation will include providing one-on-one assistance to the homeowners as they switch to the household option, and for their needed photographs, holding photo days in the Spring at the pool, or taking photos at former season pass-holders' first visit to the pool, etc. The motion was seconded, discussed, and approved, with Bechtol, Foraker, Jennison, Oo, Pak, Pullen, Purdy, Stagnitto, and Swan in favor, and none opposed.

#### **10) Administrative Assistant update**

Purdy reported that Brenda Henry has decided to retire from the Administrative Assistant position at the end of her current term (January 2022). Purdy recommended that a commemorative tree and plaque be placed at the pool in honor of Henry's many years of service to the community. The Board discussed the proposal. No action was taken, pending a determination of Henry's preferences.

#### **11) Reserve Study Draft**

Purdy reported that a number of proposals have been received in response to the BPRA's Request for Proposals for the Reserve Study. Purdy asked Stagnitto (with the assistance of Pak and Oo) to serve as the point person to review the proposals and lead the discussion with the Board at the January Board meeting. A full copy of all of the proposals will be sent to all members of the Board. Pak reported that 3 applications have been received so far and that 2 other firms have responded that they reviewed the RFP and will not be submitting applications. Pak originally reached out to 10 Maryland and Northern Virginia firms that specialize in reserve studies and that are affiliated with either the Community Associations Institute or the Association of Professional Reserve Analysts.

#### **12) 2022 Calendar**

Purdy reported that in putting together a Draft 2022 Calendar, it became apparent that shifting monthly Board meetings to the 3rd Tuesday of the month (as was proposed at the November Board meeting) would cause the Board problems with timing of the approvals for the information needed for the required mailings and other things throughout the year. She noted that the Board could have held some meetings on the 1st Tuesday and some on the 3rd to accommodate these conflicts, but offered that it would be better to be consistent. Purdy therefore proposed that the Board continue to meet on the 1st Tuesday of the month (with adjustments made when the 1st Tuesday immediately follows a 3-day weekend) with the understanding that the Board would accept *draft* Financial Reports at the Board meetings with final Financial Reports to follow in the week or two following the meeting. Purdy will provide a full proposal for the January Board meeting.

**13) New Board Member Orientation**

Purdy reported that all four newly elected members of the Board (including the 3 who were re-elected) must all take the Montgomery County Commission on Common Ownership Properties training required by Montgomery County Code §10B-17(h). The training must be completed within three months of November 19, 2021. When each of the 4 newly elected Board members complete their training, they should provide a copy of their certificate of completion (or other proof of completing the training) to Secretary Swan for retention in the Association's files.

**14) Budget & Finance**

**a. Monthly Financial Statements**

Treasurer Pullen reported that he will continue to use the new format for the monthly financial statements going forward. Pullen further reported that the Association has more than enough money in our bank accounts to meet all current business needs. Pullen also reported that there was nothing remarkable in this month's data. Eighty-five to ninety-five percent of the Association's income is associated with Annual Assessment payments and normally arrives in February and March.

**b. By-Laws Amendment Passed**

Purdy reported that the By-Laws amendment changing the BPRA's fiscal year from March 1 thru the last day of February, to January 1 thru December 31, was overwhelming approved by the General Membership. Pullen noted that the normal process for an organization to change its tax year is to file an income tax return for the short year (in this case, March 1 to December 31, 2021) along with an application to the IRS for permission to change the BPRA's fiscal year. Swan moved that the Treasurer be authorized to effectuate the By-Laws amendment. It is anticipated that former Treasurer Larry Vaught will be able (for a fee) to do the tax filing and applications necessary to complete the tax year date change. The motion was seconded and approved, with Bechtol, Foraker, Jennison, Oo, Pak, Pullen, Purdy, Stagnitto, and Swan in favor, and none opposed.

**15) Committee Reports — Questions about reports**

None.

**16) Other Business**

Stagnitto presented a proposed welcome letter for new and prospective members of the community. The letter had previously been reviewed by several members of the Board and committee chairs. Swan moved that the letter be approved for distribution with the HOA Documents packets that go to real estate agents on request. The motion was seconded and approved, with Bechtol, Foraker, Jennison, Pak, Pullen, Purdy, Stagnitto, and Swan in favor, and none opposed

Oo — as the newest member of the Board — indicated that he would welcome the opportunity to speak with more experienced members of the Association.

**17) Adjournment**

There being no further business, the meeting was adjourned at 8:17 p.m. The next regular monthly Board meeting is scheduled for Tuesday, January 4, 2021, at 7:30 p.m., by teleconference. The next Town Hall meeting is scheduled for Tuesday, December 7, at 8:00 p.m., by teleconference.

Respectfully submitted,

-- Chris Swan, Secretary

## Attachment 1

**Excerpt from December 4, 2021, e-mail re: BEL PRE, from Elliot Chabot (Chair, Governing Documents Committee) to Mark Foraker (Vice President and Audit Coordinator), Dave Pullen (Treasurer), Karen Purdy (President), Larry Vaught (former Treasurer), Rita Vaught (Bookkeeper), and Chris Swan (Secretary):**

### **Tax Status**

On December 29, 1967, the IRS issued a Letter of Determination classifying the BPRA as a §501(c)(4) organization.

In 1974 the IRS issued a revenue ruling (Rev. Rul. 74-99, 1974-1 C.B. 131) refining the requirements of §501(c)(4). On September 25, 1975, pursuant to that ruling, the IRS issued a determination that the BPRA had been re-classified as a §501(c)(7) organization.

In 2006, the IRS reviewed the BPRA's classification and concluded that BPRA is correctly classified as a §501(c)(7) organization. The IRS auditor did point out that a requirement of 501(c)(7) organizations is that they provide services not just to their members, but also to the larger community. This is in part of why the Summer Entertainment Series is open not just to BPRA members, but to all Strathmore Bel Pre residents. Ditto for BlocktoberFest, Spring Thing, and Trunk or Treat. It's also part of why the BPRA has made special accommodations in the past to Scout Troop 763, the Strathmore Bel Pre Civic Association, the 50+ Club, the Friends of the Aspen Hill Library, and Bel Pre and Strathmore Elementary Schools.

Most homeowners' associations are classified as §528 organizations. One of the key differences is land use covenant enforcement. Section 501(c)(7) organizations are prohibited from "conducting activities directed to the exterior maintenance of private residences" (see Rev. Rul. 75-494, 1975-2 C.B. 214). Most HOAs spend a good deal of their energies enforcing their community's land use covenants (how high your neighbor's fence should be, what colors can people paint the trim of their house, whether your neighbor can have a shed in their backyard, etc.). The BPRA does not -- we focus our energies on the pool, the tennis (and pickleball) courts, and the rest of the recreational facilities. Like it says in §100 of the BPRA Plan of Organization:

The primary purpose of the Bel Pre Recreational Association is to operate and maintain the community's swimming pool and other recreational facilities located at 13920 Bethpage Lane.

Being a §501(c)(7) organization gives us better tax treatment than we would have if we were a §528 organization. Unless this is no longer the case, I do not see any reason why we would want to change our status.