



July 21, 2022

Dear Members,

This letter is to inform you of a special emergency meeting of the Pompano Beach Flying Club Members, scheduled at 7:00PM, on Friday July 22, 2022 to discuss an urgent legal matter that has caused us to temporarily suspend club operations and ground our aircraft. This meeting will be held via Zoom and your attendance is strongly encouraged.

As you know, The Pompano Beach Flying Club has been involved in a number of on-going legal matters related to the actions of the club's former treasurer. In one of these matters, Sunwood Inc. alleges that they loaned the club \$100,000 in September of 2018. There is no record of this alleged loan in the club's records, no record of the previous board approving the alleged loan, and no record of the members approving the alleged expense as required by the club's bylaws, since it exceeded \$80,000. While PBFC disputes the circumstances of the alleged loan, a review of club records confirms that a deposit of \$100,000 was made into a club account in September of 2018.

When the new board took office in 2020, the outgoing treasurer did not make the incoming board or incoming treasurer aware of this alleged loan from Sunwood and for this reason no payments were ever made. The current board first learned about this alleged loan when served with a lawsuit and a demand for payment in 2021. In May of 2022, Sunwood received a judgment against PBFC in the amount of \$117,627.24 which represents the amount of the alleged loan plus interest and fees.

We attempted to negotiate payment arrangements with Sunwood in good faith, through our attorney, and they rejected our offer. Instead of continuing to negotiate with us and despite being aware of the circumstances, Sunwood has sought to garnish the club's finances resulting in all of our bank accounts being frozen. As a result, we cannot access the club's funds to pay our expenses, forcing us to suspend operations and ground our aircraft.

The board met with legal counsel to discuss our options and to consider a recommendation that the club file for bankruptcy in order to obtain an automatic stay and to obtain a release of the hold on our accounts, allowing us to resume normal operations when we have access to funds while we properly reorganize our debts through the bankruptcy reorganization process.

To pay for the bankruptcy attorney's initial retainer along with the filing fee, we are proposing an immediate assessment of \$165 per member, an amount equal to one month's dues. The funds will be paid into a trust account established by our attorney, for the sole purpose of paying the retainer and the filing fees. Dues for August will be waived, meaning that we will simply pay our August dues early, and pay them into the trust account rather than through Schedule Master (payment instructions will be provided). Going forward, we will incur additional legal expenses associated with the bankruptcy process and we will be able to cover these costs, along with regular expenses, from our operating income and cash on hand.

It is not easy for us to present you with this recommendation and we want you to know that we have thoroughly considered multiple options. One initial option was to take out a loan against the club owned airplanes. However, the former treasurer has placed liens against these 4 airplanes, preventing us from doing so. While we believe these liens are fraudulent, that matter has to be resolved in court and it will not be resolved immediately.

A second option briefly considered was to make a one time, equal assessment on all members for an amount that would allow us to pay the judgment in full. Although this would resolve the Sunwood matter, it would leave the club in a precarious financial situation while also placing a significant burden on our members, something we really do not want to do.

The intent of this meeting is to ensure that all of you are fully informed about the board's intentions and that you have an opportunity to provide input before we proceed. We believe that a decision to file bankruptcy provides our club with the best opportunity to quickly unfreeze our financial accounts, keep our club operating and keep all of us flying while resolving some or all of the lingering legal matters related to the actions of our former treasurer.

We thank you in advance for your attendance at this important meeting.

Sincerely,

Board of Directors

Pompano Beach Flying Club