



Pines Point Marina
A Condominium Council of Unit Owners, Inc.
Owner's Annual Meeting Minutes
November 8, 2014

Board Members in Attendance:

Bob Hillegass, President; Jack Martin, Vice-President/Secretary; Ron Wanner, Treasurer; Marty Groff, Dan Cheng, George Vitak and Linda Dearing.

Call to Order:

Bob Hillegass called the meeting to order at 10:00 a.m. This was followed by the Pledge of Allegiance by all present.

Roll Call/Proxy Certification:

George Maynard, Manager, confirmed to Bob Hillegass that a quorum was present consisting of 23 unit owners and 98 valid proxies for a total of 121 unit owners.

Approval of Minutes:

A motion was duly made, seconded and unanimously passed, to approve the minutes from the November 9, 2013 Annual Owner's Meeting.

President's Remarks:

- The good news is that we have not encountered any hurricanes or significant nor'easters this past year.
- The breakwater continues to protect the marina from damages due to excessive wind and wave action.
- Recognized George Maynard for his diligent work with the regulatory authorities in our continuous effort to protect and restore the islands adjacent to the marina.
- We were unsuccessful in our attempts to eliminate boating traffic between the islands. However, the DNR installed additional speed zone signs around the islands. We need the help of our owners to report speeding incidents to the Maryland Natural Resource Police via the central dispatch number 1-410-260-8888.
- In December we will install an Osprey nest at the edge of the island to help protect the islands and to control the speed of the boats between the islands.
- The Board approved Ocean Pines Chamber of Commerce's request to conduct their 2014 Annual Flounder Tournament at the marina. It was a very successful, well attended and enjoyable event.
- Thanked the Board Members for their dedicated service and support over the past year.
- Thanked George Maynard for his effective management of the marina and the outstanding job he continues to do with our accounts receivable.
- Gave special thanks to Doris Hamstead for her continued work with the annual planting and maintenance of the many flowers and plants around the marina.
- Thanked the Vitaks who, from their store, provide an extra set of eyes for the safety and security of our marina.
- Recognized and thanked my wife, Sandy, for her continued support and assistance to me on many marina projects.



Pines Point Marina
A Condominium Council of Unit Owners, Inc.
Owner's Annual Meeting Minutes
November 8, 2014

Treasurer's Report: Ron Wanner presented the Treasurer's report dated October 31, 2014.

General Checking Account:

Operating Account	\$67,164.78
Breakwater Loan Payment Account	<u>\$ 7,907.42</u>
Checking Account Balance	<u>\$75,072.20</u>

Reserve Account: \$116,358.05

Accounts Receivable:

*Home Owners' Assessments 2014	\$ None
*Breakwater Loan Payments 2014	<u>\$ None</u>
Total Accounts Receivable	<u>\$ None</u>

Total Current Assets: \$191,430.25

Manager's Report:

George Maynard reported the following:

- Owner's insurance coverage is required for all watercraft in the marina. Owner's information forms will be mailed with the 2015 assessments in January. Please complete and return them with your payments. A new insurance verification procedure will be implemented in 2015. Mark will record all watercraft entering the marina for the first time on a daily basis. Those boats will be checked against our master insurance log. Owners without an insurance certificate on file will be notified and have 15 days to provide proof of insurance. Owners with insurance information on file will be issued 2015 boat stickers.
- We were billed for 617,000 gallons of water during the second quarter of 2014. Our normal usage during that time period averages 48,000 gallons. If anyone sees or hears water running contact Mark or me immediately.
- Last winter we had some very high electric bills. We realize it was a bitterly cold winter. However, on several occasions we found that someone turned the bathroom heaters up to 80 degrees. The correct setting is 62 degrees during the winter months. We will be monitoring the thermostat setting and take appropriate action if we find that the setting has been changed. If anyone notices a setting above 62 degrees during the winter months, please advise me at 443-859-5544.
- We are continuing to work with the Army Corps of Engineers, along with the Maryland regulatory authorities, in our endeavor to restore the islands back to their original state as a peninsula. Ocean Pines has agreed to provide the dredging materials obtained from their canals to be used as landfill. Now we need to determine if we can obtain Federal approval for the project along with the required restoration funds.



Pines Point Marina
A Condominium Council of Unit Owners, Inc.
Owner's Annual Meeting Minutes
November 8, 2014

- Thanked those who assisted in making the July 4 party a very successful event

Some of the maintenance improvements this year include:

- Gravel was added in the front two parking lots.
- We have ordered two new fiberglass bathroom doors to replace the old rusty steel doors.
- New parts are on order for the dry fire system. We had the system pressure tested and it passed. The plumber suggested replacing some of the fittings that were badly corroded.
- Painting of the marina decks was completed in early May.

Website and Communication:

Jack Martin reviewed some of the many benefits available on our web site:

- Review the minutes of all Board and Owner's meetings, special information messages, along with copies of our Lighthouse newsletters.
- Owners can use our web site to advertise the rental and sale of boat slips along with any marine related products that they wish to sell.
- Brochure boxes are located next to our bulletin board at the rear of the store for our owners to advertise the sale or rental of their boat slips.
- Access to our marina video cameras is available using Internet Explorer at pinespointmarina.org.

Old Business: None

Review of the 2013 Audit Report:

Our year end audit reports have always been favorable. However, our auditing firm, PKS and Company, has consistently noted in the year end audit reports that "at some point in time all organizations must face major repairs and replacements of their common areas". They have suggested that we consider having an outside organization conduct an independent study to determine the age and condition of our property to determine to what level our reserves should be increased. The Board understands the risk of insufficient reserves. However, due to other significant expenses in past years, we were limited as to total dollars that have been budgeted for that account. Our property will be 16 years old next spring. We will continue to annually fund our reserves without any significant budget increases. Our current reserves are \$96,245 and will be increased to \$116,245 in 2015. These funds can be used only for major repairs and insurance deductibles. Our marina wind and wave storm damage insurance deductible is \$50,000. The problem with insufficient reserve funds is that in the event major repairs are required that are in excess of our available funds, a special assessment may be required.

Marina Maintenance Program:

Our marina will be 16 years old next spring. For the first 12 years the marina was exposed to significant stress from wind and wave action caused by the numerous hurricanes, nor'easters and other severe storms. The breakwater, which was completed in November 2011, has significantly reduced the stress and damage caused by wind and wave action. As the marina ages, just like people it requires more maintenance and what we avoid doing today will cost more tomorrow.



Pines Point Marina
A Condominium Council of Unit Owners, Inc.
Owner's Annual Meeting Minutes
November 8, 2014

We have been taking the appropriate corrective action to identify and repair all known problems. To prolong the usable life of the marina, we have expanded our semi-annual preventive maintenance program by having our marine contractor include a diver to inspect the marina and breakwater. This enhanced program includes checking and tightening all loose bolts along with replacing any worn, broken or missing parts. Proper maintenance is expensive, but is the key to protecting our investment and extending its usable life. The most recent inspection completed in late October was very favorable.

Insurance Rates and Cost Avoidance:

As reviewed at last year's Owner's Meeting, in late April 2013 Travelers Insurance advised us of a significant rate increase and advised us that they would not renew our policy with replacement cost coverage as required in our bylaws. However, Travelers failed to provide us with the 45 day advance notice as required by law. As a result of their error and with the support from the Maryland State Insurance Commissioner's Office, Travelers agreed to renew our policy until June 2014 under the same terms, conditions and rates as our expiring policy. This year the Board selected Ace Insurance to provide our coverage from 6/1/14 to 5/31/15. This carrier has a double A insurance rating and is the same carrier that Sunset Marina selected after Travelers cancelled their policy. Ace's coverage meets all of the terms and conditions required in our bylaws. This includes full replacement cost (100% replacement cost) as opposed to actual cash value. To help avoid future premium cost increases we need to be sure we comply with our bylaws and rules and regulations. In particular, we must be sure all owners and renters have marine insurance coverage on their watercraft. Equally important is that the owners are responsible to verify that any contractors they bring into our marina have full liability insurance coverage. George can answer any questions you may have regarding insurance requirements. We need to continue to exercise good safety practices to avoid bodily injuries and prevent avoidable claims. With the exception of one injury claim back in 2008, we have been accident free.

2015 Operating Budget:

Ron Wanner presented the 2015 operating budget of \$150,833 which includes an annual contribution to our Reserve Account of \$20,000. This will increase our Reserve Account to \$136,385 in January 2015. We also established the Contingency Fund, as authorized in our Bylaws, and budgeted \$10,000 to this account for 2015. Those in attendance had no questions regarding the 2015 budget. Note: The 2015 budget is \$21,000 less than the 2014 budget.

Resolution to Apply Excess Income to Next Year's Assessment.

The IRS tax code resolution was reviewed with the owners. *"Resolved that any excess of membership income over membership expenses as defined in IRS Reg. 1.277-1 for the year ended December 31, 2014 shall be applied against the subsequent tax year membership assessments as provided by IRS Revenue Ruling 70-604."* A motion was duly made, seconded, and unanimously approved by the owners. The official document was signed by Jack Martin and Bob Hillegass and delivered to our auditing firm.



Pines Point Marina
A Condominium Council of Unit Owners, Inc.
Owner's Annual Meeting Minutes
November 8, 2014

Guest Speaker:

Our guest speaker this year was Corporal Brad Bunting of Maryland Natural Resources Police. He provided a very informative and educational overview of the role the Natural Resources Police play in boating safety and protecting our natural resources. He then opened his presentation for questions. Most of the questions were focused on boating safety issues and the related rules and regulations. Corporal Bunting took the time to answer all of our questions. The owners were very impressed with his presentation and professionalism.

Public Comments:

- Ron Sorka, Slip D-23, asked if the water meter can be checked once a week. *That would be very difficult to do. The water meter is located a few feet down in a pit that occasionally fills with water.* He also had questions about installing a boat lift. When he purchased his slip he was told that no boat lifts were allowed in the marina. He asked about the process to get permission for installing a boat lift. *Bob told him that the Board will approve the installation of a traditional four piling boatlift.* He asked about installing a boatlift which mounts to our existing piling. *He was told that we need to see the documentation and specifications for that device first, as part of the Board review and approval process.* The process to obtain approval to install a boatlift is listed on our web site. The hyperlink to that information will be emailed to Ron Sorka.
- A question was asked about the possibility of installing a lock on the bathroom doors. *It would be extremely difficult to provide and control entry keys. If problems continue we will evaluate other options.*
- A question was asked about what type of insurance was needed for a boat slip. *All slip owners are responsible to be sure that any watercraft placed in their slip has a full coverage marine insurance package as defined in Item #6, of our Rules and Regulations. Any questions should be directed to George Maynard, our Marina Manager.*
- A question was asked about what kind of protection the Osprey nest will provide. Will it keep boaters from going between the Islands? *We can't stop boaters from going between the islands. However, the DNR will post reduced speed signs around the nest area which should help decrease the deterioration caused by excessive watercraft wake.*
- A question was asked why, when an owner rents or sells his boat slip, is the advertisement not deleted from our web site. *We don't track the results of the web site activity. We need the owners to tell us when they have sold or rented their boat slips so that we can remove their listings from our web site.*



Pines Point Marina
A Condominium Council of Unit Owners, Inc.
Owner's Annual Meeting Minutes
November 8, 2014

- Ron Sorka, Slip D-23, stated that most organization place 10% of their annual assessments in their reserves. What are we doing? *This year it was 13%; over the last three years we averaged 17%.*
- Marty Clarke, Slip B-3, told the owners that the term special assessment scares people. With regard to reserves, it is just a matter of whether you pay the funds in advance or pay for it when the funds are needed. Marty thinks we are in fine shape with regard to our reserves.
- Ron Sorka, Slip D-23, thanked the Board for the great work that they are doing.

Board Election Results:

George Vitak, whose term expired this year, elected not to run for reelection. We solicited for candidates and four owners volunteered to run for the one open seat. The 2014 election results were reported by Jack Martin as follows: Anna Vitak – 96 votes, Larry Poole – 12 votes, Dawn Palmer – 6 votes and Gary Sheeler - 6 votes. Jack thanked George Vitak for his three years of service as a Board Member. He then announced Anna Vitak as the winner. Anna was elected to a three year term.

Meeting Adjournment:

The meeting was adjourned at 11:30 a.m.

Special Note:

The 2015 Owner's Meeting is tentatively scheduled for November 7, 2015.