



Pines Point Marina
A Condominium Council of Unit Owners, Inc.
Owner's Annual Meeting Minutes
November 14, 2015

Board Members in Attendance:

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

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 39 unit owners and 75 valid proxies for a total of 114 unit owners.

Approval of Minutes:

A motion was duly made, seconded and unanimously passed, to approve the minutes from the November 8, 2014 Annual Owner's Meeting.

President's Remarks:

- The good news is that another year has passed without any hurricanes. However, we did encounter a few minor damages as a result of the October nor'easter.
- The breakwater has proven to be a good investment. It continues to protect the marina from damages caused by excessive wind and wave action.
- In February, as the result of a significant cold spell, a sprinkler system pipe broke in the condo unit above the store. This created excessive water damage to that condo unit, the store and the ladies bathroom. All repairs have been completed. Our insurance claim is being processed.
- The marina will be spot painted this spring to cover any of the bare areas.
- Owners are encouraged to wash off the bird droppings from their finger piers.
- The repainting of the marina is scheduled for spring 2017. Payment will be made from our Contingency Fund to avoid increasing the 2017 budget to cover the painting costs.
- The final payment for those who participated in the five year breakwater loan program will be included with your 2016 assessments.
- The Board has been working diligently during the past years to reduce our operating expenses.
- The 2016 assessments have been reduced by \$127 or 17.5% from last year's 2015 assessments.
- Five of the 22 line items in our budget represent 80% of the budgeted expenses over which we have little control.
- Insurance cost accounts for 34%, or 1/3 of our total budget.
- The number of insurance carriers willing to underwrite marine insurance declines each year.
- To minimize future rate increases we need everyone to be proactive to help prevent avoidable insurance claims. Safety first, along with compliance with our Rules & Regulations will help.
- Our project to attempt to restore the islands adjacent to the marina was cancelled by the Board after we were advised that a costly engineering study would be required before we could apply to determine the availability of any grant funds.



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- Thanked the Board Members for their dedicated service and support over the past year.
- Acknowledged and thanked Marty Groff for his three years of service as a Board member.
- Thanked George Maynard for his effective management of the marina and the outstanding job he continues to do with our accounts receivable.
- Expressed special thanks to Doris Hamstead for her continued work with the annual planting and maintenance of the many beautiful flowers and plants around the marina. Also solicited for volunteers to do the planting next year. She'll provide equipment and guidance but she will be physically unable to do the work.
- Thanked the Vitaks who, from their well-stocked ship's store, provide an extra set of eyes for the safety and security of our marina.
- Recognized and thanked my wife Sandy for her dedicated support and assistance to me with many of the marina projects.

Treasurer's Report: Ron Wanner presented the Treasurer's report dated October 31, 2015.

General Checking Account:

Operating Account	\$63,396.18
Breakwater Loan Payment Account	\$12,926.64
Maintenance Contingency Fund	\$10,000.00
Checking Account Balance	<u>\$86,322.82</u>

Reserve Account: \$136,490.82

Accounts Receivable:

Home Owners' Assessments	\$ None
Breakwater Loan Payments	\$ None
Other Receivables	\$ 3,190.36
Total Accounts Receivable	<u>\$ 3,190.36</u>

Total Current Assets: \$226,004.04

Manager's Report:

George Maynard reported the following:

- Winterization of the marina was completed on November 2, 2015
- All of the 2015 annual assessments and breakwater loan payments were collected. It was necessary to take one slip owner to District court. The owner paid before the trial date.
- We will be soliciting bids within the next several weeks to have materials pumped under several of the uneven patio sections and under the main electrical distribution panel to level the sinking foundation.
- The aging parking lot light system was upgraded to a more cost effective LED system.



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- A total of 24 crab pots and one boat anchor were found setting on the bay floor in various boat slips on A & B docks. This long abandoned trash will be removed by our marine contractor when they perform the annual marina preventative maintenance program. The next time we have some clear water conditions, we will inspect C & D docks to identify and remove any trash from that section of the bay floor.

Website and Communication:

Jack Martin reviewed some of the many benefits available on our web site at pinespointmarina.org:

- The minutes of all Board and Owner's meetings, special information messages, along with copies of our Lighthouse newsletters are available.
- All of our various forms are available for download and printing, including our new Change of Contact Information form.
- Also available on our website is a diagram showing the proper procedure for tying your boat. This document can be for downloaded.
- Owners can use our website to advertise the rental and sale of boat slips along with any marine related products that they wish to sell. Owners who used this option reported favorable results.
- 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. You will need to download a small app.

Old Business: None

Review of the 2014 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 continue to suggest 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 years prior to 2012, we were limited as to the amount of funds we were able to budget for that account. In 2012 we began allocating more funds to build our reserves.

The Board considers it more important to build our reserves as opposed to diverting those funds for an expensive reserve study. Our property will be 17 years old next spring. We plan to continue to build our reserves without any causing any significant budget increases. Our current reserves are \$136,940 and will be increased to \$166,490 in 2015. These funds can be used only for major repairs and insurance deductibles. In the event major repairs are required that are in excess of our available funds, a special assessment may be required.



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Marina Maintenance Program:

Our marina will be 17 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, it will continue to require a proper preventative maintenance program. What we avoid doing today will cost more tomorrow.

We have been taking the appropriate corrective action to identify and repair all known problems in order to extend the usable life of the marina. Our preventative maintenance program has been expended by having our marine contractor include a diver to inspect the marina and breakwater above and below the water surface. Our 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.

Insurance Rates and Cost Avoidance:

Insurance costs continue to increase as the number of insurance carriers who are willing to underwrite marine insurance in our area decreases. Insurance costs now represent 1/3 of our annual budget. As an organization, we need to continue to be proactive in our pursuit to prevent all avoidable insurance claims. This includes exercising good safety practices, verifying all boats in the marina are registered and properly insured and always tied properly. Our marina manager has made significant progress in these areas. However, we need to continue in our pursuit to achieve full compliance. To achieve that objective, we appointed Jack Martin as our Safety and Compliance Officer. Jack will assist and support our Marina Manager, George Maynard, in working toward full compliance. This will take everyone's help and cooperation. Listed below are some of the most important issues that Jack reviewed during his presentation:

- Marina safety is our first and foremost objective.
- We need your help in order to achieve full compliance with our R&R and Bylaws
- We made significant improvement in the past several years in obtaining the annual boaters registration forms and the required insurance registration forms...we need to strive for 100% compliance.
- Be sure to affix your annual PPM boat sticker.
- We need everyone to properly tie their boats with good quality nylon ½ inch dock lines.
- Cheap lines stretch and break and don't do well with the UV rays.
- Diagrams are available to show you how to properly tie your boat.
- Boats should always be properly secured, even if you plan to return later in the day. Plans change and the wind and wave action is unpredictable.
- Never leave anything on the dock and piers that someone can trip on or the wind gusts can blow into the water.



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- Dock carts can be blown off the docks. They should always be returned and never left unattended on the docks. Always return them so someone can use them.
- We have found a high percentage of renter's boats are improperly tied.
- Many of the renters leave things on the piers which can be blown into the water.
- When you rent your slip, you need to be sure to provide and review a copy of our R&R with your renter.
- Owners are responsible for the actions of their renters. Owners can delegate the authority to renters to use their boat slips, but owners cannot delegate the responsibility.
- Owners are responsible for any non-compliance violations and/or fines caused by their renters.
- As defined in our R&R, you are responsible to ensure that anyone you or your renter brings into the marina to service your watercraft has sufficient liability and workman's compensation insurance coverage.

2015 Operating Budget:

Ron Wanner presented the 2016 operating budget of \$124,150. The 2016 assessments have been reduced by \$127 or 17.5% from last year's 2015 assessments. The budget includes an annual contribution to our Reserve Account of \$20,000, plus \$15,000 to our Contingency Fund. In 2016 this will increase our Reserve Account to \$166,940 and our Contingency Fund account to \$25,000. Those in attendance had no questions regarding the 2016 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, 2015 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.

Guest Speaker:

Our guest speaker this year was Corporal Matt Corbin 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 discussed the problem at the inlet where the dredging contractor left a section of pipe on the bay floor. If anyone has hit the pipe and encountered boat damages, please contact the BOD and we will give you the contact information. He also discussed the new island that was constructed with dredging material. This island was used last summer as a boating recreational area.



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However, the island was established to be a restricted bird sanctuary. Due to public outcry, the MDE is reconsidering that decision. He then opened his presentation for questions. Most of the questions were focused on boating safety issues and the related rules and regulations. Corporal Corbin took the time to answer all of our questions. The owners were very impressed with his presentation and professionalism.

Public Comments:

There were no public comments.

Board Election Results:

Three Board terms expired this year. They were Bob Hillegass, Linda Dearing and Marty Groff. Marty elected not to run for reelection. Bob and Linda decided to run for reelection. The solicitation for Board candidates yielded two: Chuck Kelly and Jeremiah Kogon. The 2015 election results were reported by Jack Martin as follows: Bob Hillegass – 99 votes, Linda Dearing – 88 votes, Chuck Kelly – 72 votes and Jeremiah Kogon - 55 votes. Jack thanked Jeremiah Kogon for volunteering to run for the Board. He then announced Bob, Linda and Chuck as the winners of a three year term.

Meeting Adjournment:

The meeting was adjourned at 11:40 a.m.

Special Note:

The 2016 Owner's Meeting is tentatively scheduled for November 12, 2016 at the Ocean Pines Community Center.