



Pines Point Marina
A Condominium Council of Unit Owners, Inc.
Owner's Annual Meeting Minutes
November 11, 2017

Board Members in Attendance:

Bob Hillegass, President; Jack Martin, Vice-President/Secretary; Ron Wanner, Treasurer; Dan Cheng, Linda Dearing, Chuck Kelly 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. Being Veteran's Day, we took a moment to recognize and thank those owners in attendance for their dedication and service to our Country.

Roll Call/Proxy Certification:

George Maynard, Manager, confirmed to Bob Hillegass that a meeting quorum was present consisting of 29 unit owners and 103 valid proxies for a total of 132 unit owners.

Approval of Agenda:

A motion was made, seconded and unanimously passed, to approve the agenda.

Approval of Minutes:

A motion was made, seconded and unanimously passed, to approve the minutes from the November 12, 2016 Annual Owner's Meeting.

President's Remarks:

- Thanked the owners for attending our 18th Annual Owner's Meeting.
- Provided an overview of the development of our 2018 expense budget. Mentioned that 6 of the 19 line items in our expense budget represent 83% of our total cost over which we have little control. The 2018 final budget increased by \$4 per owner.
- Our annual insurance cost represents 26% of our budget. There is a limited number of carriers willing to underwrite marine insurance in our area. This year four carriers submitted bids. Insurance premiums this year increased by \$200, or ½ of 1%. Our proactive claim avoidance safety programs are working. Our owners deserve the credit for a job well done.
- This past season we were lucky and did not encounter any storm damages.
- The marina was repainted this past spring. As part of our ongoing maintenance program it is scheduled to be repainted every three years.
- The aging roofs on both buildings were replaced this past spring.
- The aging Pines Point Marina entrance sign was replaced. The new sign incorporates the directional information for the marina office and ship's store. Both of the old directional signs were removed.



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- The parking lot improvements were completed this past year. This included replacing all of the warped decorative logs around the parking lot and walkways with edging stones and replacing the missing gravel and river rock. We contracted with Sposato Landscaping to maintain and trim the bushes and shrubbery.
- Acknowledged that this is my last meeting as Board President and as such wanted to recognize and offer my special thanks to the following individuals for their dedication and support over the past nine years during my tenure as President.
 - The current and past Board Members for their sincere dedication and support. Without them, many of the successes we achieved over the past nine years would not have been possible.
 - George Maynard, our Marina Manager, for his management of the affairs of the marina and the outstanding job he continues to do in managing our receivables.
 - Mark Hordeman, who works for George. Mark walks the marina daily to identify and fix any potential problems. He also performs a host of maintenance tasks to keep the marina in good condition.
 - Recognized the Vitaks for maintaining a fully stocked ship's store for the convenience of our owners.
 - Thanked Anna Vitak for her service and support as a board member. Her three year term expires today.
 - Recognized and thanked Doris Hamstead for her work and dedication in the annual planting and maintaining of the many beautiful flowers and plants around the marina.
 - Offered special thanks to my wife and partner Sandy, who has provided me with lots of personal support along with her assistance on many of our marina projects over the past nine years.

Treasurer's Report:

Ron Wanner presented the Treasurer's report dated October 31, 2017 as follows:

General Checking Account Balance	\$ 10,427.48
Contingency Fund Account Balance	\$ 15,019.69
Reserve Account Balance	<u>\$149,120.82</u>
Total Funds Checking and Savings	<u>\$174,567.99</u>

Accounts Receivable:

Home Owner's Assessments	\$ 1,526.83
Other Receivables	<u>\$ 559.36</u>
Total Accounts Receivable	<u>\$ 2,086.19</u>

Total Current Assets: **\$176,654.18**



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George Maynard Presented the Manager's Report:

- George presented Bob Hillegass with a commemorative plate and gift card recognizing his years of service as President of the Board of Directors.
- George also recognized Anna Vitak for her service on the board.
- A total of 167 boats were in the marina this summer.
- 62 boats remained as of 11/06/2017
- Repairs were made to the breakwater by McGinty Marine Construction last week.
- The marina winterization was completed 11/04/2017
- Fire inspection was performed by Bayside Fire Inspection service. We were in full compliance.
- Slip A31 was sold at the tax sale held on May 19th. Our attorney is going to file a “petition for excess of the sale price” in circuit court since we have a lien against the property.
- The marina was painted this year, in keeping with our plan to paint the marina every three years.
- George spoke about the three boats that sank this year. He told the audience that the sinking was related to bilge pumps not working. Be diligent and make sure your boat is in good repair.

Vice President/Secretary's Report - Website and Communication:

- Jack thanked Bob for his years of service as the President and the work in guiding us through the lawsuit process, securing the funds necessary for building the breakwater, following up on the construction process, among many other contributions.
- Jack spoke of the web site and classified section that provides owners with the opportunity to rent or sell their slip, or other marine related items,
- We are experiencing difficulty with our camera system being hacked. We anticipate the system being down during the winter or until the manufacturer upgrades their software to stop the hacking.



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Old Business: None

Bob Hillegass Reviewed the 2016 Auditor's Report:

The 2016 audit report was favorable as all past audits have been. However, our auditing firm, PKS and Company, has consistently noted in the final audit yearly reports "*That at some point in time all organizations must face major repairs and replacements of their common areas*".

PKS continues to recommend that we consider having an outside organization conduct a costly independent study to evaluate the age and condition of our property to determine to what level our reserves should be increased. The Board understands that both the cost of such a study and the risk of the possibility of insufficient reserves. If we encounter insufficient reserves it could result in special assessments. This is an option that everyone wants to avoid. Therefore, our goal is to continue to build the reserves to a practical, but not excessive, level without conducting a costly reserve study.

Our current reserves are \$149,120. The 2018 budget includes adding an additional \$15,000 to the reserve fund. Reserve funds can be used only for capital expenses, e.g. for replacing a roof or our insurance deductibles, but not for normal maintenance repairs. For your information, our insurance deductibles are \$5,000 for the buildings, \$25,000 for our docks and piers. The deductible for docks and piers increases to \$50,000 in the event of storm damages.

Bob Hillegass Reviewed the Marina Maintenance Program:

Our marina was 18 years old this past spring. For the first 12 years the marina was exposed to significant stress from wind and wave action caused by numerous hurricanes, Nor'easters and other severe storms. The breakwater, which was completed in November 2011, has significantly reduced the stress and damages caused by wind and wave action. As the marina ages, just like people, it will require more maintenance and what we avoid doing today will cost more tomorrow.

Our established annual preventive maintenance program includes a diver to inspect the marina and breakwater below the water. The above and below the water inspections include tightening of all the bolts along with replacing any worn, broken or missing parts. Additionally, the marina is painted every three years. Proper maintenance is expensive, but is the key to protecting our investment and extending its usable life. This year's inspection is scheduled for later this month. We don't anticipate any major repair problems this year.

As discussed at last year's meeting, we are repairing 20 of our greenheart pilings that contain the yellow ratchet straps. The ratchet straps were used to slowly reduce the size of the cracks over the past two years, in preparation for repairing them in spring 2018. This year, after the cracks were reduced as much as possible, we installed 20 stainless steel retention bands. These stainless steel bands, along with



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the piling caps, will remain permanently installed after the repairs are made. The caps and bands are to minimize water entry and to prevent future separation of the cracks

Ron Wanner Reviewed our 2018 Operating Budget:

Ron presented our 2018 operating budget of \$166,592. He reviewed several of the 6 of 19 line items in our expense budget that represent 83% of our budget, over which we have very little control. The 2018 expense represents an average increase of \$4 per owner or ½ of 1% increase over the 2017 assessments.

Jack Martin Reviewed Cost Avoidance Programs:

- Need help in assuring our assessments are kept as low as possible
- Insurance is 30% of our budget
 - Need to prevent avoidable claims
 - Keep the docks neat and tidy
 - Keep lines out of the walkway
- Significant improvement in boater registration – thanks to George
- Tie your boat properly
- Don't leave unattended items on the docks
- Three boats sank this year.
 - Avoidable
 - Make sure batteries are charged
 - Make sure bilge is functioning properly

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, 2017 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 Dr. Roman Jesien, who has worked as science coordinator at Maryland Coastal Bays Program for the past 15 years. His main task is to ensure a sound scientific basis for the various monitoring, restoration, and educational programs that are run by the Maryland Coastal Bays Program. He holds an MS degree from the University of Wisconsin Stevens Point and PhD from the University of Maryland College Park. He worked as a researcher at the University of Maryland Center for Environmental and Estuarine Studies Horn Point and has served on the faculties of the University of Maryland Eastern Shore and Salisbury University prior to his coming to the coastal bays.



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His presentation included a detailed overview of the health of the Maryland waterways focusing primarily on the St. Martins River and the tributaries. While much is being done to help improve the health of the water in our area, we still have a long way to go. Information was provided on how the oyster cages that will be installed at D dock this fall will contribute to improving the health of the water. Dr. Jesien concluded his presentation with a question and answer session. After the meeting adjourned, many owners expressed favorable comments regarding his informative presentation.

Public Comments:

Marty Clarke, Slip B3: Questioned why we ask for a motion to carryforward any excess income to the subsequent year, when it is apparent that we will have no excess income. A: The auditors request that we get the owner's approval at every annual meeting, in the event they identify any excess income during the annual audit. We are a "not for profit" organization; without that motion any excess income is taxable.

Additional Questions Received from Unidentified Unit Owners:

Q: Is the 2018 budgeted increase in the cost of electric due to our usage increase or has Choptank Electric increased their rates? A: It is the result of an increase in our usage.

Q: Are the stainless steel retention bands part of the permanent fix for the greenheart pilings? A: Yes

Q: What is the condition of the pilings below the water line? A: The greenheart pilings are in good condition. This wood is highly resistant to decay, termites, fire, and marine organisms.

Q: How much money is being moved into reserves and why? A: For 2018 we budgeted \$15,000 to our reserve account in compliance with our bylaws.

Q: What does Ace Insurance provide for the marina? A: They provide liability insurance and replacement coverage for the buildings, docks and piers. Deductibles are \$5,000 for the building and \$25,000 for the docks and piers. In the event of damages due to wind and wave action the deductible for the dock increases to \$50,000.

Q: What does the owner's boat insurance cover. A: You will need to review your policy with your insurance agent to determine your coverage. Normally, many policies cover damages to your boat or damages caused by your boat including liability protection and personal injury coverage. Some policies include towing, restoration and environmental cleanup if a boat sinks. Remember, under the Maryland Condominium Act each slip owner is personally responsible for up to the first \$5,000 for all claims where the cause of damage originates from their unit.

Jack Martin Reported the Election Results:

Jack reported that Jeremiah Kogon was elected a member of the Board of Directors. He will serve a three year term. He replaces Anna Vitak; her term expired at today's meeting.



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Any motion to change our bylaws requires a minimum of 137 “yes” votes. The combined total count of the “yes” and “no” votes received was 132. The motion failed; an insufficient number of votes were received. The Board will evaluate the voting trend to determine what additional information should be provided to help the owners better understand why that bylaw change is important for the mutual protection of our owners. The motion to change that bylaw will be placed on a future ballot.

Special Note:

The 2018 Owner's Meeting is tentatively scheduled for November 10, 2018 at the Ocean Pines Community Center. Please plan to attend.

Meeting Adjournment:

A motion was duly made, seconded and unanimously passed, to adjourn the meeting. The meeting was adjourned at 11:50 a.m.