

**BAY WATCH III  
CONDO ASSOCIATION  
BOARD OF DIRECTORS**

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Ocean City, MD 21843  
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Baywatch III Board of Directors Meeting  
April 5, 2014  
Minutes

**CALL TO ORDER** - The meeting was called to order by President of the Board - Jerry Quinn at 0806 in the HHIRA Center. A quorum was present. Attendees were as follows:

- President - Jerry Quinn
- Vice President - Al Ulmer
- Diane Stafford - Member
- Jack Berry - HHIRA Representative via phone
- Property Manager - Accounting - Vonnie Baker
- Property Manager - Physical - Matt Shipley

The reading of the minutes of the Board Meeting on November 9, 2013 and March 4, 2014 were waived and the minutes unanimously approved.

**Reports**

- Financial - Vonnie:
  - 2013 - Finished the year, as expected. Condominiums finished the year \$15,133 over budget, mainly due to unexpected major repairs/replacements that were funded via the reserve fund. Excluding the reserve fund items the condominium was essentially flat to budget.
    - The \$19.5 of reserve expenses were paid for out of the operating funds, so this amount is owed back to the reserve fund. Instead of physically transferring cash, the full 2014 budgeted reserve contribution will be made in 1<sup>st</sup> Q 2014, this leaves \$5,969 to be paid from the reserve fund to the operating fund.
    - After factoring in the due tos/froms Reserve fund balance is 76k (\$46k condo, \$30k boat slips), \$78k in operating and \$154k total cash.
  - 2014 1Q - No significant change in financial position. \$146k total cash.
    - Quarterly assessments are up to date - only \$90 in boat slip assessments still due.
    - Trending fine to budget. Discretionary funds of \$15k remain unspent. These funds will be used on-going repairs and maintenance to the extent needed.
- HHIRA - Jack Berry
  - Fence to be installed within the next few months
  - Working on changing the by-laws
  - Next meeting is weekend of April 12, 2014
- Insurance - No Update as renewal not due until June/July.

## **OLD BUSINESS:**

- Water Heater Inventory - Association is down to 3 water heaters to be replaced. Matt continues to follow-up on the individuals. In a few more years, there will be another group of water heaters that need to be replaced.
- D Building - Building is complete and paid in full.
- Sprinkler system leak - Minor Leak was identified in D building. Leak was determined to be due to cold weather and attic insulation not fully covering pipes. All attics in all buildings were inspected. A & B were found to be fine and C & D were in need of insulation. Sprinkler systems were turned back on until insulation will be installed. Spot checked units in all buildings and system seemed fine. If system was not turned back on, BWIII would have been required to pay for a fire watch (someone to sit in the parking lot and watch the buildings) at a cost of \$100 per day.
- C & D attic insulation - Delmarva Insulation was selected to blow in insulation in C & D building at a cost of \$6,240.
- Frozen pipes - 104A & 204A - all work complete.
- Water Leak - 301A - Shore Restoration was contacted to inspect. Caulking is required.
- Disposal of Records - Boxes will be brought to May meetings.
- Shore Management contract renewal - is up in June 2013. Matt obtained 3 additional quotes. The next closest quote was for \$575 per month (vs \$317 per month). Matt will revise the requirements and get re-quoted. Additionally, Matt will send a contract cancellation notice to Shore and also request an updated quote.
  - It was also noted that snow removal is included in the contract. Vonnie to contact Shore regarding the snow removal invoices that were paid. Vonnie to also alert Shore regarding the lights that were out around A Building.

## **NEW BUSINESS:**

- Insurance Appraisal - BWIII normally obtains an insurance appraisal for replacement cost every other year. Because BWIII's last full appraisal was completed over 10 years ago, a full appraisal is now needed at a cost of \$1.5k. Per Tina Stephens, the insurance company requires an updated appraisal every 3 years. Underwriting will perform their own appraisal to get comfort with the building values. The Board unanimously agreed to hold off on the full appraisal until it can be budgeted in 2015.
- Information Bulletin #14 - Jerry put together an information bulletin that clearly lays out the condo's responsibility and the owner's responsibility. The Bulletin will be distributed with the annual meeting items.
- Owner Work Day - No items identified, so work day will not be set.
- Annual Meeting - to be held Saturday, May 24<sup>th</sup>. 1st notice to be sent. Dennis's position is up for election. Agenda items include: Winterization policy, Assessment Trends, Information Bulletin #14, Reserve study, and 1 in 5 maintenance program. Vonnie to order 50 chairs.
- Reserve Study - Jerry put together a 25 year reserve study. The study included the main building components that the Association is responsible for, per the condominium documents and as outlined in Information Bulletin #14. The study did not include the bulkhead due to the lifetime warranty.
  - The theory behind saving for the future is that the owners are actually paying for the use of the components during their ownership.
  - If the Association continued at its current rate contributing \$16,000 per year, in 2021 the reserve balance would go negative.

- The Board discussed several options and determined that if money not needed for Building Repairs because painting and carpets, etc should last for more than years (ie. 7 years) that there will be excess funds budgeted in Building repairs - approx \$24k that could be contributed to the reserve. Therefore, changing the 1 in 4 years building maintenance program to 1 in 5 years helped the reserve situation.
- Additionally, it was determined that additional funds of approximately \$55 per quarter would allow an adequate cushion in the reserve of approximately \$30k at its lowest point.
- A motion was made by Al Ulmer: to increase the quarterly dues \$55 per quarter effective January 2015 and to change the building painting cycle from a 1 and 4 cycle to a 1 and 5 cycle with the savings to go into the reserve account. Motion seconded and unanimously passed.
- Board decided to change the start time of regular meetings to 9 am rather than 8 am.

Next Board Meetings Scheduled at HHIRA clubhouse.

Friday, May 23rd - 9am

Saturday, May 24th - 9am

The meeting was adjourned at 10am.