

**BAY WATCH III
P.O. Box 5429
CONDO ASSOCIATION
BOARD OF DIRECTORS**

Ocean City, MD 21843
410-723-9495

**Bay Watch III Annual Owner's Meeting
May 24, 2014
Minutes**

CALL TO ORDER - The meeting was called to order by President of the Board - Jerry Quinn at 0905 in the HHIRA Center.

- A quorum was present. Representatives from 23 units were present with 2 units represented by proxy. Total owners represented - 25 or 52.1%.
- Proof of Meeting Notices was presented by Jerry Quinn.
- Jerry Quinn introduced the Board of Directors and representatives of Management -Vonnice Baker (financial management).
- A motion was made to waive the reading of the May 23, 2013 minutes and was unanimously accepted by the membership. A unanimous acceptance of the minutes was also made.

Committee Reports

- Financial - Dennis Luchey, Treasurer
 - 2014 financials -
 - Cash position is strong - \$148k total cash - \$49.8k operating, \$98.5k reserve (\$30.5k of which is boat dock)
 - Accounts receivable - No units delinquent except late fees. One condo owner and boat slip owner. Overall, AR continues to remain current, which is a testament to the owners. This allows the Association to continue to maintain the buildings and pay our bills and cover any unexpected expenses, such as A Building in the prior year.
 - Trend vs Budget through April 2014 - \$9.2k ahead of budget, although don't expect to complete the year with these results.
 - Building maintenance and insurance are the largest drivers of the budget.
 - Insurance renews in July. At this point renewal rates are not known.
- HHIRA - Jack Berry
 - Rec fees are \$225 per quarter to pay for the clubhouse, pools, tennis courts, gym, etc.
 - Reminder that there is an annual meeting for the HHIRA at 11am today, upstairs
 - New on-site manager - Theresa Sakalski due to the passing of Pat Swanson.
 - Tennis Courts have been resurfaced and new wind screens purchased
 - Tennis court is watered at 1am and 1pm each day. Allow a ½ hour for the courts to be watered.
 - New vinyl fencing installed, approx 700ft
 - Benches will be added to the Boardwalk
 - Approximately 1/3 of the boardwalk will be replaced this year. The original decking was not installed correctly; the supports were placed directly on the sand and causes the boardwalk to move.

- A bulkhead study was performed since the bulkhead is approximately 30 years old. Based on the study, replacement will likely not be needed for another 10 years.
 - 3 new pool covers were purchased for the pools.
 - Geese deterrent was applied, which makes the geese sick to their stomach. The deterrent seemed to help, so it will be applied again in the fall.
 - New Street light - bollard
 - WiFi was installed in the HHIRA building - HHIRA is user ID and there is no password.
 - A basket ball net will be installed in the pool. Hours of use will be limited. Guards will have full authority over it's use.
 - A new stop sign was installed, so there is a 3 way stop in front of the clubhouse
 - Handicap ramps were installed
 - New card system was installed. Over 500 people were eliminated from access. Must get cards by the end of the summer or cards will be shut off. New cards will cost \$25.
 - Debt has been paid down over 2 years from \$350 to \$125k
 - Reserve has increased from \$0 to \$100k over the 2 year period.
 - An owner inquired as to the mold on the walls of the indoor pool area
 - A full renovation is planned for that whole wall. An engineering study will be done to re-scope the dehumidifier system. The work will not be performed until after the season and will depend on budget. As for now, the wall will continue to be cleaned with bleach.
 - Jerry thanked the HHIRA Board for their hard work and improvements.
- Insurance - Dennis Luchey
- Renewal process is starting now, not sure what the increase will be, MD law allows for a max increase of 20%. Rate increase impacts are not just related to BWIII or OC, but also include international impacts
 - The proactive water heater rules, etc help with rate and deductible impacts
 - Current policy deductibles are \$2,500 for non-water related claims and \$7,500 for water related claims.
 - Renewal of HO-6 policies is important. Make sure to get assessment coverage to ensure that if an assessment is passed due to damage, you have insurance. The cost for this insurance is typically minimal.
 - The Board is doing everything possible to keep rates as low as possible. The water heater and water lines process is one of those efforts that the Board is hoping will payoff.
 - An owner raised a question regarding a policy on HVAC system. Concern was raised that systems freeze up during winter and no one is around.
 - Currently, BWIII does not have a policy. The Board will look into this.
 - A question was raised as to whether the water heater inventory was self reported or performed by an inspector.
 - The initial water heater inventory was performed by a plumber. Repairs and replacements are self reported.
 - Discussion regarding water heaters ensued regarding corrosion from the inside out and lack of consistent use of the heater can also have negative impacts on aging.

President's Report - Jerry Quinn

- Information Bulletins #14 & #15 - Jerry reviewed Information Bulletins #14 and #15 with the ownership.
 - Reminder - Information Bulletin #13 prohibits carpets on the decks, unless installed prior to the issuance of the Bulletin.
 - All Bulletins are available on the website at baywatchiii.org
 - Please hammer in nail pop on the finger piers. They pose a safety hazard.
- Rules and Regulations were mailed with your package. Please review and post in your unit if you rent.
- Reserve Study
 - Logic of study is to fully fund the cost of future major repairs and replacements to avoid special assessments and to have owners pay for what they use during their ownership.
 - At the time the reserve study was performed, starting reserve balance was \$46k with \$16k being contributed per year.
 - Based on the current funding trend, BWIII is only 69% funded. This means that to become fully funded more money must be contributed to the reserve fund.
 - Two ways planned to do this, 1) to increase condo fees/reserve contribution by approximately \$50 per quarter and 2) to change the building maintenance schedule to 1 building every 5 years.
 - Without the increase, the reserve balance would go negative in the year 2021.
 - The reserve study documents are planning documents. If work does not need to be done in the year it is planned, then it won't be done until needed.
 - The last reserve study performed by BWIII was in 2003, however the study was not followed.
- Renter Issues during 2013 - No major issues. One owner informed the ownership that there were kids on her boat. They did no damage, but they did not belong there. Owners should not be afraid to call the police.
- C&D frozen sprinkler pipes - Owner came home to a minor sprinkler leak. All sprinklers were shut off in all buildings, attics were inspected for insulation and C&D were found to need insulation and they were subsequently insulated.
 - Reminders - Heat must be kept at 55 degrees and turn your water off if you will be gone for an extended amount of time.

New Business

- Insurance appraisal - A full appraisal is scheduled for next year. BWIII typically gets them every other year to keep building values current.
- HHIRA Representative - Jack Berry volunteered to remain the HHIRA representative for the next year. A motion was made, seconded and unanimously approved to elect Jack Berry as the HHIRA representative.
- Election of Directors
 - Dennis Luchey's term is up. No nominations were submitted. A motion was made from the floor to nominate Dennis to the Board, it was seconded and unanimously approved to elect Dennis Luchey (202B).

- The ownership voted not to have a July 4th picnic
- Owner / Membership Discussions:
 - Water around C (behind) & D (front) building continues to be a problem. The irrigation company has been to BWIII several times to identify the problem. Problems are likely not irrigation related. The Board will continue to work on this problem. Both a landscaping company and a roofing company will be called to investigate.
 - Owner brought up the issue that the repair to the concrete in D building is not sufficient and could pose a safety problem. The Board will try to correct the water problems and then fix the repair.
 - A question regarding grilling was raised. Fire code requires grills to be 30ft from buildings, boats and vehicles. Essentially, gas and charcoal grills can not be used. Electric grills are basically the only option.
 - A concern regarding the C Building Junction Box was brought up. It appears that lights keep going out and the breaker keeps tripping, the box is too low and when it was repaired after Sandy, the electrician called it a "rats nest". The Board will have the box inspected and options will be determined.
 - Reminder - Keep unit doors open to laundry room if there are no heat vents in your room (end units). This will help to prevent freezing in the winter.
 - Reminder - Clean your dryer vents! The inside units in some buildings have a common dryer vent stack.
 - HHIRA Vandalism - Bathroom and pool pump room were vandalized. A couple thousand dollars in damage was done. The HHIRA can not pursue legal action because there is no video of the damage being done to the bathroom and the video that the HHIRA has in the pump room is grainy. The HHIRA thinks the damage was done by minors, but no proof. Legal liability would be too great to pursue. The minors parents were informed.
 - An owner asked if anyone had any recommendations for slider replacements. One owner indicated that they were able to replace just the glass inside the slider frame.
 - There is a communications box that looks like someone backed into it in the C building parking lot. Verizon should be contacted. (as of 5-27-14 box was repaired.)
 - BWIII Paint Colors - Are on file at Sherwin Williams. BWIII's account number is 5893-2860-8. This should help SW locate the colors.
 - Future Meeting Dates:
 - Saturday, September 20, 2014- 9AM (downstairs)- Review of summer season
 - Saturday, November 8, 2014 - 1PM (downstairs) - 2014 Budget
 - Saturday, April 4, 2015 - 9AM (downstairs) - 2014 financials, preparation for May 2015, HOA meeting
 - Friday, May 22, 2015 - 9 AM (downstairs)- Finalize BOD Annual Meeting Preparation
 - Saturday, May 23, 2015 - 9AM (downstairs) - Annual HOA meeting.

A motion was made and seconded to close the meeting. All voted in favor. The meeting was adjourned at 10:25am.

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Bay Watch III
 Organizational Meeting of the New Board Scheduled Immediately in Accordance with the By-Laws
 May 24, 2014
 Minutes

➤ Board was established with the following positions

Bay Watch III
Board of Directors
May 24, 2014

| <u>Position</u> | <u>Last Filled</u> | <u>Term Expires</u> | <u>Person Holding Position</u> | <u>Role on Board</u> |
|-----------------|--------------------|---------------------|------------------------------------|----------------------|
| 1 | May, 2014 | May, 2017 | Dennis Luchey | Treasurer, Insurance |
| 2 | May, 2012 | May, 2015 | Bob Simpson | VP, Dock Master |
| 3 | May, 2012 | May, 2015 | Al Ulmer | VP |
| 4 | May, 2013 | May, 2016 | Jerry Quinn | President |
| 5 | May, 2013 | May, 2016 | Diane Stafford | Secretary |
| HHIRA | May, 2014 | May, 2015 | Jack Berry | HHIRA |

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BOARD OF DIRECTORS**

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**Baywatch III Board of Director's Meeting
May 23, 2014
Minutes**

CALL TO ORDER - The meeting was called to order by President of the Board - Jerry Quinn at 9:00am in the HHIRA. A quorum was present.

Attendees were as follows:

- President - Jerry Quinn
- Vice President - Al Ulmer (via phone)
- Vice President - Bob Simpson
- Treasurer - Dennis Luchey
- HHIRA - Jack Berry
- Property Manager - Accounting - Vonnie Baker

The purpose of the meeting was to prepare for the Annual Owner's meeting. All topics discussed were as noted in the annual meeting minutes.

Association records dated between 1999 and 2007 were distributed to Jerry Quinn, Dennis Luchey, and Diane Stafford for review and purging in accordance with BWIII record retention policy.

The maintenance contract is up at the end of the month. Matt will mail everyone the quotes that he obtained.

New communication protocol was established. All Board members are copied on all communications. This should help ensure that all members feel informed of all issues.

Unit 104 A has wood rot above the north side deck of 104A and on several of the fascia boards around the top of the deck. We need to get our contractor to remove the fascia and to determine if there is any issue with the beams inside.

Meeting was adjourned at 10:30am.