

Island at Hidden Harbour Condominium Association
Annual Owners Meeting Minutes
September 21, 2019
Meeting Room at OC Recreation and Parks,
200 125th Street, Ocean City MD

President Mark Hannahs welcomed everyone and introduced board members Charlie Zellers, Al Dietrich, Caroline Pisano, Tom Murrill and Carol Ann Bianco. Mark also recognized Bob Moore and Brittany Arnone from PKS & Company, our Financial Management firm, who were also present.

The roll call of owner units was waived after verification from John/Mana-Jit that we had a quorum with 84 owners attending or represented by proxy. It was confirmed that all owners received their meeting announcement package so the notice of meeting requirement has been fulfilled.

President Mark Hannahs called the Annual Owner Meeting of The Island at Hidden Harbour Condominium Association to order at 9:05am

Mark requested a motion to accept the 2018 Owner Meeting minutes. Andy Kehm (123 Dominica) made the motion to accept the September 22, 2018 minutes, which was seconded by Bernice Fagan (248 Lanai). The motion was unanimously approved.

Financial Report:

Brittany Arnone from PKS & Company, our accounting firm, then presented the financial report.

The association ended the 2018 year with expenditures exceeding revenues in the operating fund in the amount of \$29,625.00 and in the reserve fund, the revenue exceeded expenditures in the amount of \$33,812.00. The surplus in the reserve fund is due predominantly to not incurring any insurance deductibles costs that are required to be budgeted. The association did incur expenses for Pool improvements of \$42,627.00 and Building components replacements of \$39,577.00. As of December 31, 2018, the balance in the reserve fund totaled \$666,224.00.

As of August 31, 2019, expenditures exceed revenues in the operating fund in the amount of \$55,433.15 and in the reserve fund, expenditures exceeded revenues in the amount of \$ 71,414.77. The balance in the reserve fund as of August 31, 2019 was \$594,808.51.

As it has been the case in prior years, the two largest expenditures in the operating fund were building repairs and painting expense for 2018. The building expense increased roughly \$33,000.00 to a total of \$104,368.00. The painting expense totaled \$68,293.00 which is \$6,177.00 less than 2017. Wood replacement continues to be a significant expense.

The most significant operating expenses of 2019 have again been building repairs with amounts totaling \$134,684.55.

The most significant reserve fund expenses of 2019 to date have been Roof replacement of \$84,990.00 (2 buildings) and Building improvements of \$52,248.00. The improvements have comprised multiple projects.

After a few clarification questions on the Financials were addressed, discussion moved to the proposed 2020 budget which includes a \$10 per month increase in owner condo dues. A question was raised if the Island's condo dues are in line with other properties in Ocean City; several people confirmed our dues are actually on the low to middle range of OC property condo dues. The reason for this year's dues increase stems primarily from the cost of the wood replacement work needed on the buildings.

With owner questions and comments addressed, Ann Weinblatt (231 Hawaii) made a motion to accept the proposed 2020 budgets. Andy Kehm (123 Dominica) seconded the motion and the owners present agreed. Acceptance of the 2020 budget will raise the monthly condo dues to \$330 in 2020.

Brittany and Bob (PKS) then reviewed a new IRS ruling for addressing excess operating fund revenues. The Resolution states: "Resolved, that any excess of membership income over membership expenses as defined in IRS Reg. 1.277-1 for the year ended December 31, 2019, shall be applied against the subsequent tax year membership assessments as provided by IRS Revenue Ruling 70-604". Basically this allows the association to decide to move any excess funds to the Reserve Fund, as we've done in the past, or to retain the funds in the Operating accounts for tax purposes. After discussion, Jim Cella (141 Kauai) made a motion to accept this; Arthur Bell (157 Islamorada) seconded the motion and all owners agreed.

Completed Projects:

Mark then shared two roofs, **Aruba and Bermuda**, were replaced in the Spring with good results.

The **Kauai** building was painted along with the related wood repair which was more than we anticipated on that building. Mark stated the contractor has been spoken to about how to proceed on similar future projects. An owner suggested the board consider replacing the wood railings with vinyl. Mark said our first priority is safety but that we would look into it. Also mentioned was that a nearby property did change to vinyl railings but of note there was a special assessment to the owners to cover those costs.

The **Lanai** new carpet project has been mostly installed although we know the contractor did not satisfactorily install several owner rear deck carpets. In agreement with those owners, we held off pursuing a resolution to those owner decks until Fall / now. Also, final payment money has been held back from the contractor until those decks are satisfactorily completed.

Mark shared a major effort to replace a large amount of **boardwalk** boards was planned and started but for various reasons we were not able to complete the full amount we expected. We also realize some new boards were installed wrong. The boardwalk update project will be re-visited in the Spring of 2020.

Mark next mentioned the main **landscape** effort this year continued to focus on the planting beds surrounding the North pool. During this discussion an owner noted water leaking at this pool entrance onto the sidewalk has returned. Charlie shared the holding pit at that pool was repaired in the past but apparently it did not completely fix the water leak and it needs to be re-addressed. Later in the meeting, owners gave our new pool service company good reviews.

Mark introduced Dick and Donna Reid (265-Oahu) who organized the 2nd annual Owner Clean-Up effort earlier this year. Donna shared this year the group removed lots of trash from around the property, especially at the entrance bridge area. She thanked all those who participated and noted a few photos from this year's effort were posted on the Island website. Dick and Donna are willing to continue to lead this effort next year and a signup sheet for interested owners was then circulated; no specific date in 2020 has been set. The association supports this effort by providing funds to supply them with trash bags and disposable gloves along with coffee and donuts. Mark thanked the Reid's and all the volunteers.

Major Projects Proposed for 2019-2020

Mark then reviewed the future planned projects which includes re-carpeting **Kauai**; John shared this work will start next week. The next building scheduled for painting is **Lanai** which was deferred from 2019 plans. Finally **Cayman** is scheduled to get a new roof and new carpet next Spring.

General Discussion:

John Jensen joined the board at the front table as discussion shifted to other topics. Included in those are 2 Town of Ocean City projects that will affect the Island. One project is in the entrance bridge area as the Town works to clear the storm drainage basin to eliminate the flooding on 125th St. The 1st phase of this effort was recently completed; we have no firm date yet from the Town when they will finish this project.

A second Town of OC project involves drilling equipment that will be placed near the Dominica dumpster. They need to drill down and then over under the canal to restore a continuous water loop that failed earlier. This work is tentatively expected to start in October and will take approximately a week to complete. The Town assures us any damage to the Island will be repaired at their cost and none of our structures, landscaping, sidewalks, bulkheads, docks nor piers will be impacted.

Another general topic concerning gas fireplace conversions by Sandpiper was also mentioned. Fireplaces are installed in some owner units, but not in a common area, thus this is not an association project. Owners should coordinate the gas conversions directly with the vendor. John assured owners that, with proper owner key release authorization, he will release unit keys as directed to allow the gas line conversions to proceed if an owner cannot be present when the work is scheduled.

Mark reminded owners that we are a condominium association and not an apartment complex. Any issues, problems, etc. that involve the interior of the condo units the owner needs to manage. He expanded on this to clarify that that Mana-Jit's contract with the Island is primarily for common area Property Management. Mana-Jit is available for an Emergency such as outside running water, fire, etc.. e.g. something that cannot wait. If owners reach out to John after hours / weekends for a non-emergency issue pertaining to their unit, John charges the association for his time. The association then sends the owner involved an invoice to reimburse the association for the after-hours charges.

Expanding further on this, John shared that next year Mana-Jit will no longer provide after hour / weekend key lock-out service to any of the properties they manage. If an owner or their guest / renter arrives and does not have the unit key / access code, they will need to contact a locksmith or someone else who you've given a spare key to hold. As shared above, if a key release is needed during regular business hours for a contractor, etc. and Mana-Jit has specific authorization to release the key, they will do so.

Continuing on the issue of accessing a unit, Mark shared while the number of units that failed winter heat check inspections has decreased over the years, it is still an issue. This year we had 22 owner units with winterization failure violations for no working key/access code, heat set below 55 degrees and / or unit water left on. These winterization requirements are part of our insurance policy coverage. If water damage occurs and the originating unit is found to have their water on and/or their heat set below 55 degrees, the insurance company will deny the claim.

Owner Comments:

Mark then opened the floor to comments and concerns from the owners present. They included:

In last year's owner meeting, the owners recommended the board determine if there is a way to re-route the common, joined 2nd and 3rd floor dryer vent runs on Aruba, Bermuda and Cayman while we are engaged in the roof replacement effort. The board undertook this project in the Spring and had the 2nd and 3rd floor dryer vents separated into independent runs exiting out the parking lot side at the top of the 3rd floor wall just below the awnings. In this meeting, an Aruba owner stated she was upset with this solution. The board shared we engaged the expert contractor we've been using to clean the dryer vents to provide a solution which we then implemented. An owner attending this meeting shared he is a professional building inspector and the solution used was correct and meets code.

Another owner shared seeing someone breaking the rules of our property / pools and questioned how to handle such a situation. Owners and board members suggested the need to first decide how serious the issue is. That determination would then recommend calling 911 if it's an emergency requiring police/fire/etc. or calling Ocean City's non-emergency number (410-723-6610) if not critical in nature. If official Town support is not deemed necessary, then determine if possible, which unit the people are staying in and report it to John/Mana-Jit Monday through Friday. In the latter case, John will then address the violation with the unit owner who is responsible for actions by whoever uses their unit.

Staying on the water topic, an owner suggested the boards on the finger piers might be bad now given their age and need to be replaced. Mark clarified the dock owner owns the finger piers and the owners are responsible for any maintenance of, or accidents or problems that occur at their boat slips. Other owners commented on the speed of some boats, including some believed to belong to Island owners, traveling too fast through the canal. Mark commented we are putting up a few more, larger No Wake signs and we will also put this concern in a future Island Newsletter.

A few other miscellaneous items were shared by owners throughout the meeting. These included a concern that phragmites growth behind Kauai seems to be getting out of control again. Another item shared was for the board to consider power washing the building concrete entrance stairs next year. An owner shared if someone wants to replace their hard-wired smoke alarm in their unit, he recommended Beacon Electric as having done a good job. Finally, the owners at the start of this year's meeting requested we provide coffee next year!

During the meeting, several owners shared concerns specific to their building most of which John said he was already aware of and that they will be addressed.

Election of Officers:

Mark advised 6 current board members, Mark, Tom, Carol Ann, Al, Caroline and Charlie, submitted nomination forms to continue on the board. A 7th owner, John Booze, also sent in a nomination form. With no other nominations from the floor, the owners agreed to accept those 7 nominees as the new board members.

Thus, the following owners (in alphabetical order) were elected to the Board of Directors for 2019-2020:

Carol Ann Bianco, 208-Bermuda	Tom Murrill, 226-Dominica
John Booze, 250-Maui	Caroline Pisano, 353-Maui
Al Dietrich, 354 Maui	Charlie Zellers, 224-Dominica
Mark Hannahs, 349-Maui	

With there being no further business, a motion was made by Andy Kehm (123 Dominica) and seconded by Michael Ross (261 Oahu) to adjourn the meeting at 11:10 am.

Respectfully submitted,
Carol Ann Bianco, Secretary