

Island at Hidden Harbour Condominium Association
Annual Owners Meeting Minutes
October 1, 2022
Meeting Room at OC Recreation and Parks,
200 125th Street, Ocean City MD

President Mark Hannahs welcomed everyone and introduced board members Alan Dietrich, Martha Behrend and Carol Ann Bianco. Mark noted board members, Richard Foard, Tom Murrill and Charlie Zellers were not present due to recent schedule conflicts. Mark then recognized Bob Moore and Arlene Cline, PKS & Company, and John Jensen, Mana-Jit, who were also present.

The roll call of owner units was waived by a motion from Donna Reid, (Oahu 265) and seconded by Barb Landis (Maui 254) after verification from John/Mana-Jit that we had a quorum with 73 owners attending or represented by proxy. John also confirmed all owners received their meeting announcement package so the notice of meeting requirement has been fulfilled.

President Mark Hannahs then called the Annual Owner Meeting of The Island at Hidden Harbour Condominium Association to order at 9:10am

Mark requested a motion to accept the 2021 Owner Meeting minutes. Mike Ross (Oahu 261) made the motion to accept the October 2, 2021 minutes, which was seconded by Jim Knepp (Dominica 128/227). The motion was unanimously approved.

Financial Report:

Arlene Cline, from PKS & Company, then presented the following financial report below.

The association ended the 2021 year with revenues exceeding expenditures in the operating fund in the amount of \$96,461 and in the reserve fund the expenditures exceeded revenue in the amount of \$145,882. The decrease in the reserve fund is due predominantly to incurring wood replacement costs of \$173,452, roof replacement costs of \$65,325 and building repairs/components replacement costs of \$52,979. The association did incur expenses for carpet replacement of \$33,427 and pool maintenance and improvements of \$15,880. As of December 31, 2021, the balance in the reserve fund totaled \$551,003.

As of August 31, 2022, revenue exceeded expenditures in the operating fund in the amount of \$41,809 and in the reserve fund, expenditures exceeded revenues in the amount of \$38,661. The balance in the reserve fund as of August 31, 2022 was \$557,087.

The three largest expenditures in the operating fund were insurance, painting and building repairs expense for 2021. The insurance expense increased roughly \$4,000 to a total of \$234,684. The painting expense decreased roughly \$6,000 to a total of \$36,701. The building repairs expense increased roughly \$6,000 to a total of \$31,120.

The most significant operating expenses of 2022 to date are insurance and building maintenance with amounts totaling \$153,662 and \$101,100, respectively. These expenses comprise a number of areas.

The most significant reserve fund expenses of 2022 to date have been building component replacements of \$79,029 and roof replacement of \$49,700.

Mark then discussed the **Insurance** cost issue that recently occurred with our Master Policy renewal. He noted the insurance market for properties within 5 miles of water (MD/DE/VA) has contracted to basically 2 main insurance carriers. These carriers will now take into account the recent Hurricane Ian impacts to FL and up the coast; thus Hurricane Ian will likely impact insurance rates going forward.

On this year's Master Policy renewal, after polling 12 different sub-carriers, the best option for our master policy renewal resulted in a 35% premium cost increase. Besides The Island's nearness to the coast, our buildings are now 20+ years old which is bad for us in the insurance industry modeling. Mark noted this increased cost trend could go back down in subsequent years. Historically, insurance costs tend to be tied to the stock market; when the stock market goes down, the insurance rates increase and vice versa.

Staying on the insurance topic, while most of our insurance claims have been related to water damage, the industry totally revamped the Wind Buyback policies this year. In past renewals, the wind deductible on the policy was 1% of the property value. Now their standard deductible is 5% of the insured value of each building, per occurrence. After careful consideration, the board purchased a Wind Buyback policy with a 3% deductible to give us some coverage in case of damage due to a major wind related event.

Carol Ann then shared a recent (effective 10/1/22) MD Legislative ruling on **Reserve Studies**. MD House Bill 107 requires all Condominium Associations to have a New or Updated Reserve Study completed. The Island's last Reserve Study was completed in 2016. We have already secured a Proposal for an Updated Study to be completed in 1Q'23. She then noted once the Updated Study is complete, we will be required to fund our Reserve accounts to the new guidelines in the study within 1 year. John shared that many smaller associations do not have Reserve Studies nor even Reserve accounts. He expects to see a dramatic increase in condo dues for some of the smaller associations as they adapt.

Carol Ann then moved to the proposed **2023 budgets** which requires an increase in the income funding for 2023, primarily to cover the increased insurance cost. Some other spending levels were adjusted to better account for the timing of paint projects on new pressure treated wood. A few other cost elements were adjusted due to higher contracted costs for regular service projects or due to the aging infrastructure of the property. The 2023 budget was developed with a proposed \$390 monthly condo dues fee. However, as noted in related correspondence, we are planning for a Special Assessment Meeting to follow this Owner Meeting. If the owners accept the proposed Special Assessment, then the monthly condo dues will remain at the current \$360 monthly level.

At the end of the budget discussion, Kevin Goeller (Hawaii 135/Kauai 136) made a motion to accept the proposed 2023 budget as presented. Barb Landis (Maui 254) seconded the motion and the owners present agreed.

Carol Ann then asked for a motion to move any excess Operating Funds to the Reserve Fund at the end of this calendar year. Jim Knepp (Dominica 128/227) made a motion to accept this option and Dick Reid (Oahu 265) seconded the motion. All owners present agreed.

Completed Projects:

Mark then began to review the significant projects completed since last year's meeting. These include replacing the roof on **Hawaii** in the Spring as well as replacing identified railing sections on **Dominica** and **Aruba** with pressure treated wood. Paint projects were finally completed on **Maui**, as well as the entrance **Bridge railings**, both **Guardhouses**, building **401-A** and both **Pool Houses**.

He also noted the **parking lot** was re-stripped and now includes 2 additional handicap spaces. Six of the **dumpsters** were replaced and a few new **ladders** were installed on the Bay section of the boardwalk to allow safer access for kayakers to reach the water; one more ladder is on order to replace the damaged ladder in the boardwalk curve area at Dominica. Finally, most of **signage** on the property was replaced.

In Tom's absence, Carol Ann shared his report on the change in our **lawn care provider** and the **landscape** efforts done this year. After many years, our prior lawn care provider suddenly submitted a new contract with a significant cost increase. After multiple negotiations with them and obtaining 2 competitive proposals, the board decided to move on with a new provider, Brittingham Construction and Landscaping. Overall, we are very happy with this change and see a big improvement of services. Grass cutting is now being done with a larger crew, with more attention to detail and includes regular edging.

With Brittingham's "late" (4/1/22) start, weed control efforts were a catch-up challenge this year compounded by Spring weather that was not conducive to the pre-emergent applications. Weed control efforts on the property continue, including addressing some weeds found in parking lot.

New **landscape projects** completed by Brittingham include a large flower bed installation between Aruba and the entrance bridge. They also removed the ground juniper cover in the last parking lot strip closest to the South pool and replaced with red stone for a cleaner look. Trimming the Euonymus bushes on the boardwalk side of the property are now being cut back to the bottom of the 1st floor deck level. Tree management continues focusing on the crape myrtles, sycamore trees and holly bushes. The scope of their work was recently modified to include cleaning out the corners of the parking lot where leaves and misc. debris collects; this helps with rain drainage. Fall landscape plans include adding more red stone.

An owner requested a new landscape project to increase plantings in the area between the bridge and the East side of Oahu. Metal edging in some areas was cited as dangerous; an alternate solution should be sought. Owner's also want to see more red stone put in place as it presents a clean appearance.

General Discussion

Mark then introduced Dick and Donna Reid (265-Oahu) who coordinate the annual **Owner Island Clean-Up** effort. Photos were shared of owner's efforts to complete a successful clean-up day this past June. Continuing needs are mostly in maintenance mode now. Donna said owners are now observed "just picking up stuff" whenever they see it. Donna circulated a sign-up sheet for interested owners for next year's effort. Mark noted the association supports this effort by providing funds to supply the volunteers with trash bags, disposable gloves, coffee and donuts. Mark thanked the Reid's and all the volunteers.

Mark reminded everyone that **sliding door maintenance** is the responsibility of the owners. In many cases, these doors are getting old and need more owner attention to keep the tracks clear, thus preventing leaks in their unit and/or the unit below. Third floor owners need to take extra care to clean the weep holes in the tracks after a roof project is completed. The Maintenance Suggestions document, currently available in the Resources section of the Island website, will be updated, as needed, the near future.

Mark then noted if **renters** above / near your unit become a problem, please reach out directly to that unit owner, the rental agent or the Police. It is not recommended that an owner confront the rental offenders directly. In discuss of this topic, owners requested an updated **owner directory** be made available to them not only for renter issues but also to alert neighbors to a boat / boat slip / HVAC, etc. issue. The board will investigate how to satisfy this request; in the meantime, during working hours you can reach out to Mana-Jit for owner contact information.

Following an owner concern last year about rusted **joist hangers** on Oahu, John performed an inspection and found approximately 100 joist hangers, mostly on the outer edge of the 2nd floor rear decks, that need to be replaced. John plans to also inspect the wood status on Islamorada. We will then ask the contractor to combine those 2 projects and address them in late Fall / early Winter.

Major Projects Proposed for 2022-2023

Mark then reviewed the planned projects for the remainder of this year as well as those identified for 2023. The board planned for the **tennis court** re-surface project to begin in July, however, that did not happen until September when the new tennis court surface was applied. In the next few weeks, after the new surface has fully cured, new tennis court lines AND 2 pickle ball courts will be painted on the court surface. One portable pickle ball net has been ordered; a 2nd pickle ball net will be ordered next Spring. As soon as the new courts are playable, owners will be advised of the gate access code.

Other planned projects include replacing the fire system **cellular dialers** this Fall. A new **roof** on Kauai is planned for Spring, 2023. As mentioned above, wood railing work on **Islamorada** will likely happen late in 2022 or early 2023; a wood replacement project on **Bermuda** is planned for Spring, 2023.

Painting **Aruba** will likely occur next Spring with **Islamorada** next Fall. An owner then suggested replacement of the **lattice** on Lanai be put on the schedule next year.

Owner Comments:

Mark then opened the floor to comments and concerns from the owners present. A brief recap of those items is listed below. The board will review all of these concerns in future board meetings.

--**The breaker box** on boardwalk at the Hawaii walkout was cited by an owner as needing serious attention especially since the box itself is not an exterior rated box. As the board has discussed in the past, the challenge to this effort is that the breaker box contains a mix of common and also owner circuit breakers connected to individual owner lifts so identification and billbacks will take extra effort. It is also likely most of those breakers do not meet code requirements now. Another owner also noted electric cables are suspending below the Dominica to the Bay boardwalk and are, at times, under water.

--Owners shared concerns with the **pools**, especially having observed a dog in the pool or at least in the pool area. We need to add a No Dogs allowed sign but owners will need to police compliance. It was also shared that younger people are able to reach under the plexiglass to open the pool gates without a key. Children not supervised at the pools was also a concern.

--While 4th of July fireworks have not actually happened in the past few years, during the **Sunday's in the Park fireworks event**, people are randomly parking on the Island entrance bridge causing congestion.

--Another owner questioned if an alternate option, rather than attending the Annual Owner Meeting in person could be made available; the board is not aware of a feasible method. Owners in those situations were encouraged to send their comments / concerns with an owner who would be present to share them.

--One owner questioned the timing of roof replacements; the board shared we engaged an industry consultant before we began the roof projects. He also questioned how the railing sections were identified to be replaced. John explained his criteria focused on mainly on railing section joint failures, top cap issues and such were his primary criteria points. He then shared we now have schematic diagrams for which sections have been replaced on each building so we'll know where we stand in the 5-year plan.

--Finally, **Cleaning** of the common areas, including vacuuming the dryer vent debris, was also a concern. The board shared we have similar concerns and have now put our contractor on notice that we will be seeking alternate vendors for next year. Additionally, it was suggested more sections of building siding should be power washed each year.

Election of Officers:

Mark shared all 7 current board members, Mark, Tom, Carol Ann, Martha, Alan, Richard and Charlie submitted nomination forms to continue on the board. With no other nominations from the floor, Donna Reid (Oahu 265) made a motion to accept the 7 nominees; Paul Vogel (Hawaii 334) seconded the motion. The owners present unanimously agreed to accept these 7 nominees as the new board members.

Thus, the following owners (in alphabetical order) were elected to the Board of Directors for 2021-2022:

Martha Behrend, 346, Lanai	Mark Hannahs, 352-Maui
Carol Ann Bianco, 208-Bermuda	Tom Murrill, 226-Dominica
Alan Dietrich, 354-Maui	Charlie Zellers, 224-Dominica
Richard Foard, 339-Kauai	

With no further business, by unanimous consent, the owners adjourned this meeting at 11:05 am.

Respectfully submitted,
Carol Ann Bianco, Secretary