

Island at Hidden Harbour Condominium Association  
Annual Owners Meeting Minutes  
**October 7, 2023**  
Meeting Room at OC Recreation and Parks,  
200 125<sup>th</sup> Street, Ocean City MD

President Mark Hannahs welcomed everyone and introduced board members Tom Murrill, Carol Ann Bianco, Alan Dietrich, Rich Foard, Martha Behrend and Charlie Zellers. Mark then recognized Lee McCabe and Arlene Cline, PKS & Company, and John Jensen, Mana-Jit, who were also present.

John/Mana-Jit advised we had a quorum with 80 owners attending in person 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 9:15am

Mark requested a motion to accept the 2022 Owner Meeting minutes. Barb Landis (Maui-254) made the motion to accept the October 1, 2022 minutes, which was seconded by Marchello Charleston (Dominica-325). The motion was approved.

**Financial Report:**

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

The association ended the 2022 year with revenues exceeding expenditures in the operating fund in the amount of \$8,535 and in the reserve fund the revenue exceeded expenditures in the amount of \$1,954. As of December 31, 2022, the balance in the reserve fund totaled \$649,420.

As of August 31, 2023, revenue exceeded expenditures in the operating fund in the amount of \$17,187 and in the reserve fund, expenditures exceeded revenues in the amount of \$40,401. The balance in the reserve fund as of August 31, 2023 was \$617,553.

The three largest expenditures in the operating fund were insurance, painting and building repairs expense for 2022. The insurance expense increased roughly \$15,000 to a total of \$249,393. The painting expense increased roughly \$28,000 to a total of \$64,158. The building repairs expense increased roughly \$38,800 to a total of \$69,933.

The most significant operating expenses of 2023 to date are insurance and building maintenance with amounts totaling \$217,940 and \$110,392, respectively. These expenses comprise a number of areas.

The most significant reserve fund expenses of 2023 to date have been building component replacements of \$68,594 and roof replacement of \$76,070.

**Reserve Study Results:**

Carol Ann then reported, due to a MD Legislative Action Committee HB-107 ruling, all MD condo associations were required to perform a new or updated Reserve Study this year. For the Island, an Updated, Level 2 Reserve Study was conducted in the 1<sup>st</sup> quarter of 2023. An on-site inspection was made of the property and documentation was supplied to inform the Study Analyst of changes made since the prior study was completed in 2016. The good news is that the Island's Reserve annual funding of \$200,000 was slightly over their recommended funding amount required. The Analyst did, however, recommend we maintain our current funding level due to the effects of inflation in the construction industry. Per the above MD ruling, the Reserve Study is to be repeated every 5 years going forward.

### Re-structure Reserve accounts with a Financial Broker:

Carol Ann shared that after much effort, Bob Moore, PKS, was able to set-up the Island's Reserve funds to be invested with **Edward Jones**. They will invest our money in FDIC secured products and provide the Island with a better interest rate going forward. The effort to shift those accounts is just now wrapping up. While we know we'll have a better interest rate (those funds were invested in local bank CD's at 0.6% -1.0% interest prior to this shift) we don't know the final interest rate we'll achieve at this time.

### Water damage issues:

Mark described 2 water damage issues that occurred on the Island after last year's meeting. The first was a roof leak in the **Kauai** building that impacted several owner's condo units. Since this leak occurred, Mark has repeatedly challenged the insurance company who denied our damage claim. They are saying it was caused by a "named" storm which is excluded from coverage. Mark's investigation shows the storm was downgraded and no longer a "named" storm after it left the VA area. He continues to push them to get relief for the Island for those damage costs. The second water leak occurred due to a failed main water shut-off valve in a third floor **Aruba** unit. This leak impacted not only that owner's unit but also both units below his. The owner of the unit where the valve failed was assessed \$10,000 to cover our deductible; thankfully for him, his insurance policy covered that charge. Rich and John noted that owners, primarily in Aruba, Bermuda, Cayman and Dominica, who have not replaced their old "round" / gate style valve do so now / as quickly as possible. A ball / lever handle valve is much more secure for this application. Owners were also reminded to replace their hot water heaters every 10 years; John may be able to assist in determining the age of the unit if an owner does not know when it was last replaced.

### Master insurance policy renewal:

Mark then discussed the **Insurance** cost spike that recently occurred with our Master Policy renewal. Mark noted in his 40+ years in the insurance industry, he's never before seen the renewal cost situation we / others are experiencing. Now no single insurance carrier will take on the full property assessed value risk. Instead they spread out the coverage with each one taking a "piece of the pie", each charging at least \$50,000 for even a small portion of the risk. The Island's nearness to the coast / water is the major factor although our buildings now being 20+ years old is also bad for us in the insurance industry modeling.

For this year's Master Policy renewal, Mark initially polled 22 different sub-carriers. The best option for our master policy renewal resulted in a **129%** premium cost increase. Due to this massive increase in our Operating costs the 2024 budget the **monthly condo dues must be raised to \$540**. Mark then shared examples of other coastal properties who are also experiencing much higher insurance rate increases including one southern coastal area with a 500% increase. Mark feels our new policy cost is likely in the average, maybe even lower range, for Ocean City now. One owner suggested Island owners look up OC properties on Zillow to see how high the condo dues are for non-Island condo properties. John noted some (many) OC condo associations are now seeing steep insurance cost increases while simultaneously having to fund Reserve Study projects that were not on their radar in their prior cost modeling.

Mark noted for quite a few years in the past, the Island's condo dues were not increased at all. Had we increased the monthly dues amount, even by just \$10 / month in those years, the gap between our current (\$360) 2023 dues to our new (\$540) 2024 dues amount would have been less shocking.

One owner questioned if we could "split" this cost increase and phase it in over 2 years. Mark stated the insurance companies require the full payment upfront, thus forcing the Island, for the first time, to finance our insurance cost this year. Carol Ann noted we already had to pay 25% of the total cost upfront along with the 1<sup>st</sup> monthly finance premium in August. Thus we're now going to be stretched to pay for more than half of the new year's insurance premium with the current \$360 monthly dues income. The unplanned costs required us to stop actually shifting our normal, monthly contribution to our Reserve funds, to give us sufficient funds to pay our "regular" Operating expenses. We are accounting for those deferred monies through a "Due from Operating Fund" line item in the Reserve budget that will need to be satisfied in 2024 from the increased condo dues monies.

The owners then asked questions and shared thoughts on how we might reduce or handle this dues increase.

Some of those comments included using the inflation rate to adjust our dues level. While that might have helped in the past, it's too low now to cover our current situation. Another owner asked if we could do a Special Assessment again. Lee McCabe / PKS noted a Special Assessment is not an appropriate method for this situation given that we don't know if it's a one-off event. Carol Ann then shared how PKS and board members were challenged to collect last year's \$400 Special Assessment, saying it took **many** extra hours of phone calls and follow-up emails to finally wrap up that effort 6 months after the due date.

Another owner questioned if the insurance companies are regulated. Mark commented that All State and State Farm have recently pulled completely out of some markets. Those type of carriers would be under MD regulatory oversight. We are working with non-admitted carriers who do not have government oversight on their rate structures.

When the owners comment section was concluded, Jim Knepp (Dominica-128 / 227) made a motion to accept the Proposed 2024 budgets. Mark Basher (Lanai-147) seconded the motion. By a show of hands, all owners present accepted the new budgets.

#### Loss assessment coverage;

Mark then advised the owners we are now self-funding some amount of our insurance coverage. If we would experience a total / catastrophic loss that exceeded our insurance coverage levels, then that gap could be filled via the Owner's **Loss Assessment** coverage in their own condo H06 policy. He strongly recommended each owner check with their H06 carrier and obtain the highest level of Loss Assessment coverage (\$25-50k) available. This cost to each owner should be minimal but very valuable in the event of such an occurrence. Owners present recommended this topic be shared with owners not present today.

#### Motion to move Excess funds;

Carol Ann then asked for a motion to move any excess Operating Funds to the Reserve Fund at the end of this calendar year. Charles Ryan (Cayman 317) made a motion to accept this option and Derek Ecolono (Maui 153) seconded the motion. All owners present agreed.

#### **Completed Projects:**

Mark then reviewed the significant projects completed since last year's meeting. These include replacing the roof on **Kauai** (Spring) and a just completed, unplanned roof replacement on **Islamorada**. We also replaced identified bad railing sections on **Islamorada** and **Bermuda** with pressure treated wood in the Spring. Many joist hangers were replaced on **Oahu** and where needed on other areas of the property.

A Paint project was completed on **Aruba**, as well as touch-up painting needed on **Dominica, Kauai, Lanai** and **Oahu**. Fall paint projects are planned on the stair tower peaks on **Aruba** and **Dominica** plus the **Kauai** front circle detail that were delayed as they require a lift for access. If the new wood conditions now allow for it, paint priming will be done on the new wood on **Islamorada** and **Bermuda**.

Mark noted the **Tennis court resurface project is complete and now also includes 2 Pickle Ball courts**. The 2 portable pickle ball nets should be move to the fence sides when not in use to allow the full court to be used for tennis play. A brief discussion on the early issues with non-residents using the pickle ball court along with the too early playing start times was discussed. Due to those concerns, the start time to use the tennis & pickle ball court is now set at 9 AM which coincides with the pool hours. To better restrict use of the tennis court to just owners and their guests, the tennis court entry lock has been changed from a number keypad to now be a keyed lock to match the pool locks. John noted over time and with multiple copies being made, some owners found their keys did not work in the new lock. He provided new keys in the meeting area. Finally, again same as the pools, no pets are permitted on the tennis court.

### Landscaping improvements:

Tom's then shared we're now in the 2<sup>nd</sup> year with Brittingham, our new **lawn care / landscape provider**. They've now worked through a bit of a learning curve and we've seen definite improvements made in how the property is now being maintained. Thus far this year Brittingham completed **landscape projects** that included an updated / improved flower bed installation between **Oahu** and the entrance bridge. Also, dead and dying plants were replaced on the canal side of Bermuda and Cayman this past Spring. Two truckloads of red stone were placed this Spring around the property for a cleaner look in the flower beds. Tom anticipates a 3<sup>rd</sup> truckload will be delivered and spread this Fall.

An Oahu owner requested hydrangeas be planted in front of Oahu to add color. A Cayman owner requested that the tall tree in front of their building be topped off, not just trimmed. An owner in Aruba noted the irrigation system ran too much causing sinkholes and issues on / around sidewalks in that area. Brittingham recently replaced 5 irrigation system controllers; we'll have them re-check the timer settings for all controllers when the water is turned back on in the Spring as well as verify if the rain gauges work.

### **General Discussion**

Mark introduced Donna Reid (Oahu-265) who again coordinated the annual **Owner Island Clean-Up** effort. Donna recognized the owners, many of whom are repeat volunteers, who pitched for this year's effort to keep our property looking great by cleaning trash and debris from the flower beds, marsh and water line areas around the Island. Photos are posted on our website showing these owner's successful clean-up day this past June. 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 when they replace their **windows and doors**, which are the responsibility of the owners, they must follow the Island's Architectural Guidelines. They should first reach out to John / Mana-Jit for approval before any changes are made. He reminded all that we need to maintain uniformity as updates are made. The Architectural Guidelines and Request form are available in the **History and Resources** section of the Island website. Additionally, a Maintenance Suggestions document is also housed there to provide guidance to owners as they address regular maintenance needs in their units, e.g. replacing hot water heaters, dryer vent cleaning, regular condensate / HVAC maintenance, etc.

Finally, Mark reminded everyone that trailers are **not** allowed on the property "in-season".

### **Major Projects Proposed for 2023-2024**

Mark then reviewed the planned projects for the remainder of this year as well as those identified for 2024. As noted earlier, a new roof was just installed on **Islamorada**; this was an unplanned project but done based on the strong recommendation by our roofing company. The next planned roof replacement project is for **Lanai** in Spring, 2024.

Also next Spring, a wood replacement project is planned for **Cayman**. An owner then questioned when Oahu's wood would be replaced. John shared he will check Oahu in the coming months and share his findings with the board for whether a major project effort is needed or only a few specific sections need to be addressed. Depending on the condition of the new, pressure treated wood we expect to paint the **Islamorada** and **Bermuda** buildings next Spring.

Finally, we plan to replace the circuit **breaker boxes** on the boardwalk stretch from Dominica to the Bay. This project was deferred this past year due to material unavailability. Water to the boardwalk area will be turned off around Thanksgiving; the breaker box work would likely begin early in 2024. The current plan is to review all the circuits and wiring, including the wiring running under the boardwalk. The new circuit breakers all need to be labeled to allow owner's to easily access their slip's breaker. The electric circuit from the breaker box to the owner slip is the owner's responsibility. Thus a cost to some / all boat slip owners for this work will likely occur where we need to replace / upgrade to GFCI circuits to meet code. More details will be shared with impacted boat slip owners once this effort gets underway.

**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.

An owner cited a large number of bicycles in a stairway including some that essentially blocked entry to the building. Mark shared that Charlie routinely keeps an eye on the bike storage situation on the Island and will continue to monitor this effort. John reminded everyone that each bike is to be marked with the owner's name / unit number. A supply of bike stickers is stored in the mailbox on unit 401-A.

Earlier in the financial portion of the meeting, an owner questioned the purpose and cost of unit 401-A to the Association. Carol Ann stated the cost is minimal, consisting only of property taxes and a small annual fee for water. Charlie then shared how the board is now using Unit 401-A to store spare building materials and supplies. Now when our contractor has a minor repair, then can check there for extra materials not fully used during a prior work effort thus saving time and money.

An Oahu owner then recounted her ongoing struggles with the unit above hers that's an AirBnb rental. She reported renters exercising (very loud, persistent pounding noise), late night noise, less than 7 day rental periods and renters with dogs in that unit. Both Mark and John advised her (and any owner with similar concerns) to document each of these issues and send those memos / emails to John / Mana-Jit so we can build a case of repeated violations. 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. Once the association can build a case, fine violations will be assessed. John will also verify if that unit has an OC rental license.

--Finally, it was suggested 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. Mark then repeatedly asked the owners present if they wanted to serve on the board. With no other nominations from the floor, the owners present accepted those 7 nominees as the new board members.

Thus, the following owners (in alphabetical order) were elected to the Board of Directors for 2023-2024:

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 11:30 am.

Respectfully submitted,  
Carol Ann Bianco, Secretary