

**2022 Cowpet Bay West Annual Owner's Meeting
February 5, 2022**

Call to order: The Annual Owner's Meeting was called to order by President Bill Hanson at 9:15am at the Caribbean Fish Market. Due to the ongoing Covid pandemic, many owners could not attend in person, and the meeting was therefore also held via ZOOM. Board members present were Bill Hanson, Bill Leitch, Chris Crowe, Ehren Henderson, Marguerite Hefferon, Melinda Scott, and Jennifer Planeta. Matthew Willey, Interim Facilities Manager and Tanji Williams, CBW Office Manager were also present.

Roll Call: Owners were directed to sign in upon arrival. Owners were asked to identify themselves as their names were called and owners that were holding proxies were asked to identify themselves as proxy holders. Owners on Zoom were directed to identify themselves to Tanji.

Quorum Verification: Tanji Williams announced that there was sufficient attendance and proxies (1/3 of authorized votes) for quorum. 34 units present.

Proof of Notice of Meeting: Documentation of notice was presented in the monthly Newsletter of December 2021, and in January and February 2022 emails.

Rules of Conduct: Owners were informed that all motions would need to be submitted in writing after the meeting to allow those owners joining the meeting via ZOOM to have the same opportunity to submit motions.

Reading of the 2021 Annual Owners Meeting Minutes: Motion was made and 2nd to waive the reading of the 2021 minutes. Copies of the minutes were made available for members upon request.

Moment of Silence: Moment of silence was observed for Marcellus Alexander, beloved landscaper who died suddenly on January 11, 2022.

Introductions: Matthew Willey was introduced by Bill Hanson as the new Interim Facilities Manager, and Manes Plaisimond was hired as a new staff member on the grounds crew.

Acknowledgement of New Owners:

L-03 Alan and Dawn Joseph
L-15 Christopher and Nicole Johnson
L-35 Vincent Moleski and Jeffery Swidor
L-38 Ari Almaneih
L-42 William and Susan Brewer
W-03 Neal Buckley and Lisa Litner
W-11 Larissa Staszkiw
W-13 David and Mary Lutes
W-17 Kimberly Cole
W-25 John and Cindy Stafford
W-27 Ricardo Alvarez
W-34 Brian and Kate Luisi
W-50, 51 John Duncan
W-52 Stefanie Sibilly

Bill Hanson also extended his condolences to the family members of Bud Koehler(L-06), William Frumkin(W-29), and Claire Foster(W-36), who all passed away this past year.

Marguerite Hefferon: Vice President informs the community that,

- Motions and amendments to motions can be submitted in writing to be circulated to owners for an on-line ballot since there is a combination of remote attendees and in-person.
- The 2012 By Laws need to be revised this year to correct several errors and omissions.
- All proposed By-Law Changes will be presented to owners for a 2/3 vote.

President's Report: Bill Hanson informs the community that we are facing three big issues.

- Water Consumption- average water consumption has been 100,000 gal/month but in 2021 it was 150,000 gal. Total water consumption in 2020 was 1,202,636 gal, in 2021 it was 1,844,520- a 53% increase. Average usage- May 2021(2 bedroom): owner occupied is 1,317 gal. - Renter occupied is 1,945 gal. The highest renter usage was 4,500 gal. Renters used 45% more water than owners. CBW needs water conservation incentives! Thus, the BOD is considering a tiered rate structure.
- Water Conservation-We are consuming more domestic water due to greater occupancy (number of renters & time), and less awareness of the need for conservation, lack of rainfall, and more dependence on the RO Plant which is 47 years old. Replacement parts are not readily available and CBW may need to replace the RO system. Water delivery is required when cisterns run low. The Association is investigating the possibility of tying into WAPA water. Federal Funding has recently been made available for water pipe extension in the future.
- Waste Water Treatment Plant-With greater water usage there is burdening of our WWTP. It is unable to properly process the volume of water from the toilets and irrigation system. CBW was cited by the EPA for the quality of our gray water. The plan is to expand the system with an additional tank. We hired an environmental consultant- Bioimpact, Inc, to help navigate the process. A new clarification tank has been designed and the process of bidding has begun. We have begun to apply for required permits from Coastal Zone Management and DPNR. The estimated cost (last year) was \$130,000. DPNR on 2/1/2022 stated that we could apply for a "Repair and Maintenance Waiver" to move forward with constructing the chamber until the Major CZM Permits for the property are brought into compliance.
- Building Structural Safety- We are concerned for the structural integrity of our buildings due to the aging infrastructure and many recent earthquakes. A Structural Engineer has been hired to perform an inspection and he has identified high priority and secondary structural issues. Corrective action was immediately undertaken and all but three of the high priority issues have been solved. The steel and framing needed are now in place to make these corrections and the columns are ready for concrete, which will require a concrete snorkel truck that we are now scheduled for. The original columns were made of cinder blocks and additional cracks have recently been discovered and are likely to continue to occur. Efforts to reduce moisture under the buildings by adding ventilation and eliminating condensation from AC units are currently underway.
- WAPA Billing Estimate Appeal- We are also appealing billing charges estimated by WAPA in 2020 that seem abnormally high Jan-June. Typical usage is about 100,00 KW per month, whereas WAPA estimates 150,000-325,000 during those months. This represents an overcharge of about

\$186,000 when WAPA was not reading meter but estimating power usage. Bill Hanson shows graphs of this inconsistent information.

- Dismissal of Property Manager- The 2020 Financial Audit revealed misuse of Amex credit card points that had been accumulating for about 4 years. Points were advanced for travel which was eventually charged to CBW. The Property Manager was dismissed for cause. The BOD created a separation agreement. VI law requires 90 days' notice to vacate the apartment. Some debt was recovered through work as an advisor. Some debt remains. CBW must consider the cost to collect and the likelihood of a successful outcome.

Insurance Report: Given by Chris Crowe, Chair of the Insurance Committee

- The Property was Appraised this year and the grand total for replacement cost is \$38,425,975.
- Insurance Summary-

Type of Insurance	Vendor	Coverage	Deductible	Renewal
All Perils	Lloyds/GBI		Agreed Value	3/31/2022.
Earthquake/Tsunami		\$21,000,000	2%	
Windstorm		\$21,000,000	\$10,000	
Flood		\$21,000,000	\$10,000	
Other Perils		\$21,000,000	\$2,500	
General Liability	Lloyds/GBI	\$2,000,000	\$2,500	3/31/2022
D&O Liability	Lloyds/GBI	\$1,000,000	\$10,000	3/31/2022
Automobile	Guardian	\$300,000	\$500	7/1/2022
Fidelity Bond	Executive	\$250,000	\$2,500	1/31/2023

The insurance account is at Banco Popular and has a current balance of \$542,848.00. This leaves a project balance at the time of renewal to be \$628,784.00, and the amount owed to the Banco insurance account is \$105,563.00.

Interim Facilities Manager's Report: Facility Manager, Matt Willey gives a weekly report to the Board. A slide detailing the weekly report on 1-24 through 1-28 was presented as an example of the weekly accomplishments.

Manager's Report: List of Property Repairs Completed in 2022 was presented:

- Inside units- 23 completed, 11 pending.
- Porches & walls, etc- 39 completed, 14 pending.
- Water leaks-13 completed, 7 pending
- Irrigation System- 17 completed, 9 pending.
- Gate repairs- 2 completed.

List of Accomplishments in 2021:

- Created new job descriptions for all CBW Employees
- Created new CBW employee evaluation procedures and annual performance rating for salary increases and bonuses based on new job descriptions.
- Created new short-term rental registration procedure and forms
- Resolved EPA citations for WWTP.
- Continue replacement of electric panels/meters
- Develop plan for reducing moisture under buildings.
- Complete evaluation of irrigation system and developing plan for system upgrade
- Created New Parking Passes for owners and guests.
- Brought Mr. Browne back as part-time trainer for groundskeeping staff.
- Responded to lawsuit on owner's past-due account.
- Investigated Issues identified by auditor and CBW CPA
- Posted Property Manager position and Interviewed applicant.
- Posted Security Guard position and reviewed applicants.
- Investigated adding a VIYA cell phone booster/repeater to property.
- Three transformers replaced.

Current Projects:

- Solar Panels-reinstallation has begun, new cables are being installed, panels will follow.
- Gate repaired(again)-last repair paid by driver who hit gate.
- Security-decision made to outsource the security service for 24/7 coverage.
- Two companies responded, comparing bids.
- **4 Us Security Company** chosen and start date is Feb 5, 2023.
- Guard house prepared for security team.
- Security Cameras (24) scheduled for installation.
- Lighting- upgrade for safety
- Repair of back-up raw water line to WWTP
- Identify and purchase back up components for essential equipment (pumps, controllers, motors, etc)
- Identify the most serious trip hazards and schedule repairs.
- Install tank monitors as safeguards on cisterns.
- Clean and renovate PM apartment- prep for rent.
- Rental Registration Forms- required March 2022
- Investigating outsourcing for CBW Financials, payroll, billing, etc.

Treasurer's Report: Given by Bill Hanson

Bank Balances:

- Reserve Fund (Merchants Bank)-\$584,047
- Insurance Fund (Banco Popular)-\$542,848
- Operating Fund (Banco Popular)-\$22,981
- Operating Funds\$100+(Banco Popular)-\$94,758
- Petty Cash- \$1,485

- Total- \$1,249,528

Accounts in Arrears:

- 8 owner accounts in arrears, 2 in dispute
- Past due account total: \$52,134
- Collection efforts are underway, liens may be applied.

CBW lost our Treasurer Bob Daleo, who sold his condo this year.

- Bob investigated and verified SBA loan principal.
- Year-end adjustments were received on Wednesday and preliminary financials finished on Friday.
- Preliminary audit received on Wednesday.
- CPA and auditor to compare notes next week to resolve accounting discrepancies.
- Consider moving the Annual Owners Meeting back to March 1- if owners want financials 30 days in advance.

Financial Initiatives:

- Resolved past due taxes and filed 2018,2019, 2020 tax returns
- Established separate CBW bank accounts and signatories to prevent co-mingling of funds.
- Conducted Audit on Property- Law USVI Title 28 Property, Chapter 33 Condominium Act
- Settled Horowitz/Majors Case
- Conducted an Appraisal on Property Value- Law CBW By-Laws property value was \$26M, now \$38,245,975
- Paid off private/personal(hurricane) loan.

Cost Saving Initiatives:

- Amex Plum Card- cash-back vs points- \$15,000/yr
- Possibly (long term) rent PM apartment- \$24,000/yr
- Mr. Browne semi-retirement- \$20,740/yr
- Outsource Financials- \$15,000/yr
- Solar System energy savings-??
- Outsourcing Security-??
- Auxiliary Parking lot- parking fees- \$10,000/yr
- Challenge WAPA estimated charges- \$186,000.
- Spare parts for critical equipment- avoid crises
- Correct WWTP- avoid EPA citations and fines.
- Get (2-3) Competitive Property Insurance Quotes
- Possible Insurance Rider- coverage for sewage back-ups
- Eliminated Financing for insurance premium- \$11,400.

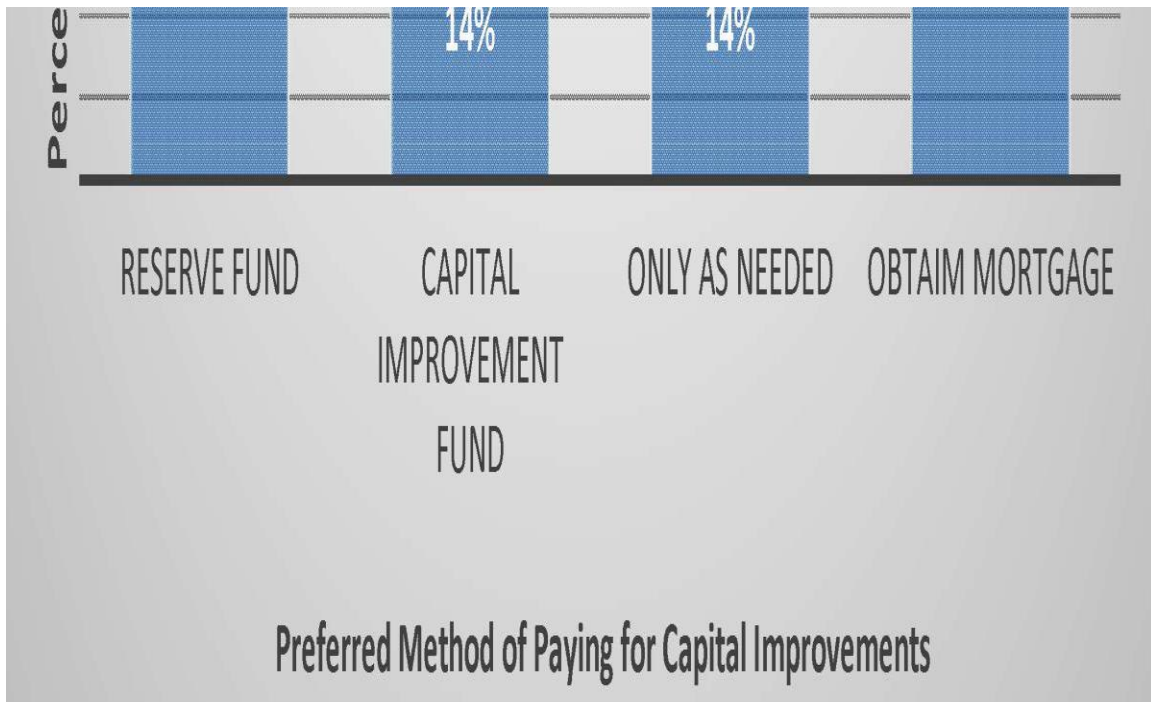
New Business: Capital Improvements

- Replace Stairs to Yacht Club- existing stairs are hazardous and a liability, and do not comply with USVI building codes. They are unattractive, and the landscape committee is researching designs. Three have been proposed.

- We discovered an issue with CBW STYC lot lines.
- Bill Bacon presents a plan to pay for Capital Improvements/Replacements that includes increasing the Reserve Fund, creating a Capital Asset Replacement (CARP) Fund, levying special assessments to fund projects, and obtaining a 20-30 year mortgage.

Additional Funding Amounts for Yearly Reserve or Dedicated Capital Improvement Funds					
Annual estimated increases for labor & materials	5%		First year amount	\$ 1,000,000	
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Amount Collected with increases for rising costs (5%)	\$ 1,000,000	\$ 1,050,000	\$ 1,102,500	\$ 1,157,625	\$ 1,215,506
Monthly total collected from 102 owners	\$ 83,333	\$ 87,500	\$ 91,875	\$ 96,469	\$ 101,292
Average monthly cost per unit (average over 102 units).	\$ 817	\$ 858	\$ 901	\$ 946	\$ 993
	Year 6	Year 7	Year 8	Year 9	Year 10
Annual Amount Collected with increases for rising costs (5%)	\$ 1,276,282	\$ 1,340,096	\$ 1,407,100	\$ 1,477,455	\$ 1,551,328
Average monthly cost per unit	\$ 1,043	\$ 1,095	\$ 1,150	\$ 1,207	\$ 1,267

Capital Improvements Mortgage Funding Option	
Mortgage Assumptions	
Principle Amount	\$ (10,000,000)
Annual Interest rate	5.0%
Term (years)	20
Average monthly mortgage payments per unit (average over 102 units).	\$ 647



Additional Projects to be Considered:

- Provide dumpsters in compliance with the new St. Thomas law for condominiums.
- Replace CBW dump truck.
- Replace CBW golf cart.
- Reactivate Windward run-off cistern.

Question and Answer: Bill Hanson asks for questions on 2021 Financial Reports and reminds owners to provide motions and amendments through email to office for on-line voting by all owners. He states that all motions and amendments will require a simple majority of all owners voting and By-Law changes will require a 2/3 majority. He asks owners to also send any By-Law change suggestions via email.

Judi Kromenhoek and Wally Wdowychyn ask for clarification on Yacht Club Stair potential project and lot line to Yacht Club. The response is that we need to repair stairs to align with International Building Codes.

Kevin Gregory asks for clarification on renter statistics and ramifications of renters over tipping point. It is suggested by Cedric Anderson that we do an audit of who rents their units, owner occupied vs short term rental. Marguerite Hefferon states that there is a verifiable increase in the number of short-term rentals on VRBO. And Bill Hanson clarifies that the security guards will help us determine who is renting and identify which renters are creating issues by use of the new rental registration forms.

Marcia Resnick, real estate attorney- points out that if we are over threshold for short-term renters, it makes it difficult to get a conventional mortgage and property values will go down. She states that this happened at Point Pleasant and that Mahogany Run also had to put a cap on short-term rentals. Marcia

explains that when property values plummet, it makes it difficult to sell. Marguerite Hefferon stated that she was denied a 2nd mortgage because she rents her unit.

Cedric Anderson, referring to water usage increases, agrees that a 2-tier rate structure for water usage is a good idea. He requests the BOD send updates on obtaining WAPA water.

Sherri Levin makes a motion that the BOD must notify owners in writing within seven days of a lawsuit being filed against the association. She also motions that the association automatically settle any lawsuit in which the amount of disputed fees would be less than litigation. Motion seconded by Larissa Staszkiw. This motion was not voted on.

Bill Hanson explains the recent lawsuit details that this motion stems from.

Ehren Henderson, Cedric Anderson, and Kevin Gregory agree that this motion should not be passed since it would set precedent that if an owner did not want to pay, they could simply sue.

Holly Norton airs grievances.

Election Results Announced: Winners were recognized.

- Alan Gordon
- Larissa Staszkiw
- Michael Harrell

Meeting Adjourned: There being no further business, the meeting was adjourned at 11:30AM.