

**Cowpet Bay West  
Annual Owners Meeting  
February 11, 2012**

**Call to Order:** The Annual Owners Meeting was called to order by Meeting Chairman, Ed Wardwell at 9:05 a.m. at Elysian Conference Centre. Board members present were Max Harcourt, Bob Cockayne, Barbara Walters, Rosie Wells, Vincent Verdiramo, Bill Canfield, and Sharon Koehler. Owners were directed to sign in upon arrival (Exhibit 1, sign in sheets for owner attendance).

**Roll Call:** Owners were asked to identify themselves as their names were called. Owners that were holding proxies were asked to identify themselves as proxy holders. There were owners of 38 units present and owners holding 16 proxies at the time of roll call.

**Quorum Verification:** Rosie Wells announced there was sufficient attendance and proxies (1/3 of authorized votes) for a quorum.

**Proof of Notice of Meeting:** Documentation of notice was presented through the Association Newsletters of October 2011, November 2011, December 2011, January 2012 and February 2012.

**Reading of the 2011 Annual Owners Meeting Minutes:** Motion was made and 2<sup>nd</sup> to waive the reading of the 2011 minutes. Copies of the minutes were available for members upon request.

**Rules of Conduct:** Ed Wardwell, serving as Meeting Chairman, requested that owners wishing to be recognized to make a statement stand, be recognized by the chair, provide their name and unit number, and keep statements brief. Ed introduced the President, Max Harcourt.

**President's Report:**

Max thanked Jon Cassady for arranging the meeting place, Rosie Wells for scheduling the caterers, and Sally and Randy Driscoll for catering. Max also thanked Sharon Koehler and Sally Cockayne for chairing the Meet & Greet.

**Welcome New Owners:** Max announced since the last meeting we have 4 units with new owners: L-13 Marcia Resnick, W-31 Kevin and Peggy Gregory, L-41, Sharon Levin, and W 41 Jan and Donna Gwozdzik. New Owners were invited to stand and be recognized.

Max stated the Directors focused on the concerns that were voiced during the 2010 Annual Owners Meeting. He presented the following statements:

- Board reviewed and obtained insurance, as directed
- Board revised By-Laws and sent out for your approval
- Board published Owners Issue Procedure
- Max published the President's Forum

- Max put up and then took down a Blog
- Quiet Hurricane Season
- Electrical System Upgrade near completion
- Grey and Fresh Water System Upgrade near completion
- Security issues
  - Letter to Chief of Police
  - Additional Guards
  - Recommendation to 2012 for Security Committee
- Dog issues and HUD complaint
  - Maria Hodge is reviewing the No Dog Policy
  - Liability Insurance providing lawyer for HUD complaint

**Insurance:** Max stated the directive from last year's meeting: "Following discussion from the floor, a suggestion was made to start a committee that addresses our current Insurance coverage, what is required by our bylaws, and what is requested by our owners." That was done and a new insurance was obtained. It was done late in the year which cost us more, but the coverage was increased. Max directed owners to review the insurance summary in their packet and the information on his slide presentation

Slide:

## CBW Insurance Summary

- Carrier: MAPFRE
- Coverage:
  - Total Insured Value/Agreed Value: \$25,916,630
  - Deductible (Windstorm): 2% (\$518,333)
  - Deductible (Earthquake) 5% (\$1,295,831)
  - Deductible (Flood inc. Tsunami) \$10,000
  - Deductible (All Others) \$250
  - Flood Sub-Limit \$3,000,000
- Premium: \$272,125
- Returned from Tunick Policy: \$84,256.00
- Penalty for Cancellation of Tunick Policy: \$14,497.00
- Cost to finance MAPFRE payments until 4/2012: \$8597

Max stated he has appointed a new Insurance Committee Chairperson, Marilyn Blackhall. The 2012 Board of Directors may choose to go a different direction. The goals Max recommends to the 2012 Committee are: (see slide)

## President's Report - Insurance

- Insurance Committee Chair:
  - Marilyn Blackhall
- Goals for Insurance Committee:
  - Determine amount of risk we want to take
  - Devise “Ideal” Policy
  - Obtain quotes from several vendors
  - Recommend the best to the Board for them to secure for CBW
  - Obtain a proposal for individual owner's policies (HO6) at a discounted rate

Marilyn Blackhall stated that the insurance issue is a difficult one. She invited any owner that was interested in sharing information or wishing to join the committee contact her through email.

Marilyn suggested the committee review changing the expiration date to earlier in the year, if the committee remains with Mapfre.

She also suggested all owners have a HO6 policy, if all were involved, she believes they would get a better premium.

Dick Lamoureux, L-34, asked for an explanation of why the increase in property evaluation from \$14M to \$26M in a one year period. Max stated the information of the \$14M was a self appraisal based on the cost per square foot to rebuild W-23 which cost about \$75/sq foot. Max stated the assumption by the Directors did not include common property. A new assessment by a professional assessor provided the new figure of \$26M

Barb Walters, W-51, asked what was the urgency to change the policy in the beginning of hurricane season. Max referred to owners to the following slide:

## Old Insurance

- Our old total insured value was \$12,921,648 (90% of \$14,357,387); however, the appraised replacement value of the complex is \$25,916,630 as shown in the attached most recent appraisal. What this means is that we are insured to 49.9% of our replacement value, and we have a 90% co-insurance.
- **In the event of, say, a \$3,000,000 claim we would actually be insured for \$1,347,300 (\$3M x 90% x 49.9%). After paying the \$387,649 deductible, we'd be left with \$1,265,051 in uncovered claims. We were terribly underinsured!**

Barbara suggested the new committee obtain a new appraisal, and a risk assessment.

Judi Kromenhoek, asked when does the policy expire and is it paid for? Max stated it is a 12 month policy, the summary shows a 10 month as he was directing the new committee to explore a new policy. Sharon stated we owe \$69,000.

David Shear L-35, stated he would recommend that all owners be required to have an HO6 policy. Without this clause in the Bylaws, he would not consider voting on the bylaw revisions. Mr. Shear also asked why the assessor in one year doubled the appraisal. Max stated that was not correct. Previous appraisals from Mr. Barrows were for \$21M.

Jack Kromenhoek stated that we used the same appraisal for 5 years of \$14.5M then the same appraiser was hired for the current appraisal, which doubled. Jack read from a letter from the appraiser, dated March 16, 2010 stating there was no need to change over previous estimate.

Max stated his review was over the last few years the appraisal has been increasing from \$21M to \$26M. He also stated the Directors debated the HO6 policy and voted unanimously to recommend owners purchase.

Bill Canfield L-40, remarked that last year the owners at the annual owners meeting had two mandates, to improve the insurance and to fix the bylaws. The Directors have worked this year to accomplish these goals and did as they were asked. He thinks they did a good job doing what they were asked to do.

Chuck Waggoner L-46, Stated he felt the Directors acted inappropriately and with arrogance in changing the insurance policy and the budget without the approval of the owners.

Max stated the Bylaws mandate Directors to obtain adequate insurance for the complex and that they followed the mandate. The committee presented the Directors with three policies, all around the same cost. The Directors chose the policy with the most coverage.

Chuck replied that the current 2007 Bylaws the Directors are using are not valid. The last recorded Bylaws were in 1998. Without proper recording of the Bylaws, they are invalid and any revisions will also be invalid.

Max stated in the last annual owners meeting, he made a motion to act under the 2007 Bylaws guidelines and the motion was unanimously approved.

Sharon Levin, L-41 Asked what was the incremental increase to the owners for the current policy.

Max stated: Although the cost of insurance continued to increase over the last 3 years from \$126,500 to \$272,000. The cost over the first 2 years to owners were never increased, this policy increased for Max from \$126-\$240 for insurance.

Barbara Walters W-51 stated while on the Board she was informed the vote on the budget at the annual owners meeting is not binding. The Board does not need the approval of the owners according to the Bylaws

Al Felice W-27, Al asked if the Board of Directors is required by the Bylaws to fully insure.

Max reported no, they are not.

Anna Paiewonsky L-04, would like the committee to look into requiring all unit owners to obtain content insurance that will be charged to the owner by the Association.

Joel Kirschenbaum W-12, Stated his coverage is tied to his stateside property. Why would he pay for more?

David Shear, stated the home owner insurance would make the Association the secondary. Then if coverage is lost, the Association is notified.

Chuck Waggoner suggested if an owner can show financial responsibility to self-insure, that would also be acceptable.

Donna Titsworth W-52 stated the coverage should include interior structure and owners provide their own content.

#### Treasurer Report

Sharon stated there are 3 accounts that make up the common charges. They are: O&M, operation and maintenance; Insurance, to allow owners to know the cost of insurance; and reserve fund. The reserve fund is basically from accounting procedure our capital improvement fund. As we do capital improvements we draw down on that fund. Aside from the accounting, that fund is also thought of as the deductible in the event of a catastrophe.

Sharon stated the Directors allowed the Reserve Fund to go as low as \$380,000 which would be the deductible. Sharon asked owners to refer to their packet to Cash and Cash Equivalents, under Designated Reserve Fund with a balance as of 12/31/11 of \$454,996. The cash and cash equivalents as of 12/31/11 was \$490,927, and the member's equity was \$602,343.

Sharon stated we changed the budget when the new insurance policy was purchased due to the cost of the policy. Sharon reiterated a previous remark by Max that when presented with 3 policies all about the same cost, two insuring a lesser value, they chose the one that had the most coverage. The revised budget is the reallocation of monies from the reserve fund and more into the insurance fund. We limited the increase of insurance fees to \$60,000 over 5 months of 2011. The 2012 Budget has the \$60,000 increase as well, although it is spread over twelve months.

Sharon stated our comfort level in the reserve is acceptable at \$455,000. The 2012 budget is programmed with the same premium as last year. We are hoping to negotiate a better price, but planned for worst case scenario.

Sharon referred owners to the page in the packet referring to the 2012 Budget. We had an increase in income of \$13,000 and we spent \$76,000 more in expenses. We had repairs to cisterns, concrete, spalling that ran \$30,000 over budget, Our security was over budget by \$14,000 to beef up security.

2012 Budget did not have an increase for the last 8 years. The \$60,000 increase for the insurance is the first increase as prices for everything have escalated, while the Board kept the fees the same

The 2012 Budget is already over budget due to the hiring of a local attorney to form an opinion for service dogs. The retainer is \$2500 which had been used. We have a HUD complaint. Our insurance has hired a lawyer and our deductible is \$5000.

Judy Kromenhoek W-44 remarked we have had special assessments over 2008 and 2009. Sharon stated that the Common charges remained fixed and weren't charged to the owners. She explained that corners were cut in other areas to avoid increasing the 3 items of O&M, Insurance, and Reserve Fund.

Donna Titsworth W-52, asked if the Association owns the name Cowpet Bay West. She suggested the Association insist the owner of the blog *Cowpet Bay West* be instructed to change the name. She stated the information on that blog is slanderous and opens all owners at Cowpet Bay West to more complaints and lawsuits. All email and blog items need to cease.

Chuck Waggoner raised concerns that the security gate is often broken, it now has an "out" button and replacement of a circuit board is necessary and expensive. Is there money budgeted to replace this gate. Sharon stated there is money allotted in the 2012 budget for replacement.

Barbara Walters stated that with the cuts to the budget to accommodate the insurance premium, many necessary repairs will not get done. She stated Jon had requested \$225,000 for capital projects but only \$114,500 was approved. Traditionally \$225,000 is normally allotted for capital projects. She asked if owners will be special assessed to complete these items. Max stated items on Jon's list were prioritized and sent to the long term planning committee. During the walk-around, the Directors noted the tree removal will be wall repair. Stairs and Landing, we have purchased brackets and are inspecting for dry rot. Masonry: spalling and sagging under the building. These repairs are important but not urgent and may be staged in the long-term planning. Max stated there is carryover of cost that at the time of budget we thought those projects would be finished in 2011.

Anna Paiewonsky: Is the Board having anyone come in to evaluate our security measures and make recommendations. Max stated that he would defer that to the 2012 Board but that he has suggested a Security committee be formed for just that purpose.

David Shear: Asked the Directors who votes on the budget. Max stated the Board can change the budget. Max made a motion that we accept the budget as presented by Sharon. Sharon 2<sup>nd</sup>. Discussion:

Jack Kromenhoek stated that the budget should not be changed.

Ed repeated the motion and called the question. All were in favour. Any variances in the budget should be explained by the Directors to the owners. Sharon stated that our accountant told us that the budget had to be revised and sent to our owners. Max 2<sup>nd</sup>. Jack made a motion that the original 2012 budget not be changed in the original report to the owners in 2013 unless directed by the accountant to do otherwise. The questioned was called. Majority was in favour.

Owner Issue Policy: A log of inquiries is kept in the office. The owner is required to put the inquiry in writing. When there is a disagreement between the owner and the Manager, the issue will go to the Directors for a judgement.

## Managers Report

Jon stated that 2011 was very productive. We replaced all the blower motors in the waste water treatment plant. They have a shelf life of 12 years and were approaching 20 years. They have now been upgraded.

Installation of the gray water lines is near completion. Termination points need to be completed.

Cistern cleaning and sealing evolved into cistern repair. We have 17 cisterns at CBW and can store 500,000 gallons. Starting in Leeward we dealt with several areas that were spalled. The steel beams had never been cleaned. They required rust removal and treatment. While the crew was available the decision was made to continue with the critical areas as cost would have increased to bring in another crew at a later date.

Transformers: The transformer was rebuilt in the states and sent back to us for installation. Customs held the transformer and moved to unclaimed area in Miami for 4 months. It is now on island and we will delay installation until "after season". The major concern was water getting into the oil of the decaying transformers which could cause an explosion. In the interim, we had covers made for the transformers to keep water out an a "band aid" until installation.

Kent Harvey, our electrical engineer consultant, recommended we keep a back-up transformer on property until all are replaced. We purchased two from the states. We sold one to CBE when they were in need. We had a spare that saved CBE from being shut down for 6 weeks.

Security Gate: We will always have problems because of the many brown outs we experience with WAPA. The small circuit boards in the automated gate are the most vulnerable. We have commissioned the building of a new manual gate to be installed within the next couple of weeks. The old manual gate is falling off the wall of the guard shack and frankly is unsafe to use.

## Projects for 2012

Jon recommends to the Board the projects that he feels are necessary for the property.

1. Steps are the highest priority we will be removing the existing support brackets that are lag bolted we will drill through the stringer and then bolt through the stringer into the stair. Max stated long term they would like to plan on some type of composite system that would not rot or require paint.

2. Spalling and Steel Beams in the infrastructure to be repaired
3. TPDES Permit: The annual permit was this week. DPNR inspected the Generator, Air Pollution Permit and WWTP. All was in compliance with no deficiencies.

Security Guards on the weekends, we have a roving guard from 10a to 6p then they are at the Guard House from 6p to 6a. During weekdays, the guard roams the property from 4p-6p and then at the guard house from 6p-6a.

Jon stated after reviewing the security tapes, we have never had an issue with the gate. The incidents we had the thief left by the gate or through CBE.

Barbara stated she stopped an individual in boots, and jeans. She asked him to leave. Jon stated that was exactly the wrong thing to do. Jon said to call the guard house or call Jon but don't approach yourself. That is the responsibility of the guard. If they are escorted off the property and return they can be arrested for trespassing.

Holly McGuire L-14, inquired what was the most recent incident. Jon stated there was an arrest made Thursday of 3 gentlemen caught in a house above Montessori School.

Brad King asked how many incidents have there been in CBW for the entire calendar year. Max asked by show of hands, how many owners have been robbed. Max stated he had been robbed while 6 adults were on the porch. The door was unlocked, money was missing. Max reiterated that owners should keep their doors locked.

Carolyn Wardwell has a name of the company in California, she ordered an alarm for \$89. Barbara purchased a magnetic alarm from Blade and Key for 39.00 for her screen door.

Max announced there would be a 5 minute break at this time.

Max reported a unit that was in arrears had been sold and the Association was able to collect the entire arrears, approximately \$18,000. He credited Louanne for continuing to follow-up on this unit. Barbara Walters also credited Marcia Resnick, owner and attorney for her role in the sale.

Election Results: Max announced the new members of the 2012 Board of Directors. Ed Wardwell was elected with the most votes, followed by Herb Horwitz and Doug Rebak.

Old Business

Insurance: The 2012 Committee is forming.

Bylaw Revisions: We have 58.193% yes and 14.256% voting no. There is no end date on the voting process. The people that have not voted either way will be contacted to submit their ballot.

Property adjacent to CBW L-01: DPNR was contacted with no results. Max contacted the owner which was non-productive. Jon will have a screen placed against the gate. Anna Paiewonsky suggested the Association locate the property line and determine if the structures are built on the set-back.

Automatic Voltage Regulator: A voltage regulator can not be installed to the generator side and is not allowed by the WAPA side where power enters the property. Our generator is set for a 40 minute delay to prevent possible brown-outs.

Extended Warranty for Generator: The manufacturer does not have this available.

Increase Generator Time: Anna Paiewonsky asked if we have been able to extend our generator run time. Jon reported that we are currently working on the Terminal Facility Permit which requires a SPCC plan, training, and specific materials on hand. Anna spoke with Mr. Hodge who is open to discussion.

Electronic Bulletin Board: Max stated he created a blog and an owner also created a blog. No one was using Max's blog so he removed it. The remaining blog is an owner blog. Max has asked the Association to only use email with the Bcc feature.

#### New Business

##### Owner Storage:

There are spaces throughout the property for owner storage. Not all owners have been allocated a storage space. Owners that are currently using them are requested to mark their space as current in use. Any storage spaces not marked will be assigned to owners upon request.

Solar Power: Anna Paiewonsky asked if the Association will be looking at using solar power. Montessori school is currently using solar power and may be a source of information.

Hovensa Closing: The closing of Hovensa is expected to have a ripple effect throughout the islands. We are anticipating the price of fuel to increase, and security to be a priority.

Owner Workshop: Vincent Verdiramo stated there are personal items stored in the owner workshop including a scooter. Also across from L-23 there is a post where a No-Parking sign use to be. Parking in that area needs to be monitored for the safety of the unit. Max stated that Jon is taking care of these issues including replacing the sign and striping the street.

There being no further business, the meeting was adjourned.