

2016 Annual Meeting Briny Breezes, Inc.
Wednesday February 24, 2016
9:30 a.m.
Auditorium

- I. The pledge of allegiance was recited and a moment of silence observed.
- II. President Gallacher called the meeting to order at 9:45 A.M. Proof of notice was dated February 4, 2016 via first class and local mail. This was posted as well as sent to all shareholders. Fire watch Paul Roupp, reviewed the instruction for exiting the auditorium. Thanks to all of the voting commissioners to make this go smoothly
- III. Quorum was established with 75.9% of the outstanding shares represented.
- IV. Introduction of Michael Weir, new Director for District IV was made. Roll call was conducted by Secretary Brannen. Present were Directors Brannen, Coyner, Gallacher, Goudreau, Gross, Long, McMorro, Oglesby. Introduction of Mike Weir as well as Michael Gallacher as recently (re)elected to the Board. Director Long exited and Michael Weir was seated. President Gallacher recognized her work and her positive attitude.
- V. Reading of the minutes from the 2015 Annual meeting was completed. **Secretary Brannen moved that we approve the minutes of the 2015 Annual Shareholder's meeting as amended changing Tom Roop as fire watch to Paul Roupp and previously distributed. *Vote was unanimous.*** Motion carried.
- VI. Reading of communications- none received
- VII. Report of Auditor -Nicole Johnson, Director of Operations for Hafer and Company specializes in Cooperative and HOA's; - the audit has been approved. Thanks to the management, the Board members and the finance Committee for asking the pertinent questions. They are very involved. Important to have the internal controls- double signing of checks, checking of invoices, reconciliation at the end of the month. We are very happy with these controls. The Board actually implemented everything we have recommended. Issued a "clean opinion"- the highest level of assurance. Operating cash: You're based on an accrual basis accounting. Important is how much you have in cash. The industry standard is to have 3 months operating cash. You would need \$364,000.00- you have \$435,012.00 which is well over the 3 months of operating cash typically recommended. This means that you are financially solvent and that the numbers that are being budgeted are right on target. In your reserve account you have

\$310,917.00. We do not make recommendations in this area. You had a reserve study completed in 2014. Park Improvement \$236,313.00 and Catastrophe \$114,983.00 as reported; You have over a 1.4 million dollar budget. Your account receivables was \$11,116, extremely low for a budget your size; pre-paid expenses related to insurance policies- it get amortized so it get pre-paid; property and equipment you have a lot of because you are a cooperative. Shareholder does not own a part of a building but aprt of the corporation. Anything that is a fixed asset gets capitalized. (A \$5000 expense is accounted for over 5 years at \$1000 in spite of the expenditure.) Accounts payable, monies owed to vendors is at \$62,222.00 again very low indicating that your bills are being paid in a timely manner. Pre-paid expenses, shareholders are paying in advance, is very good; \$138,000. Income statement looked like a surplus (\$1250.00) but it is really depreciation expense. Your depreciation expense was \$68,415.00. Fund balance (\$119,792)- when you purchase through Reserves it must for accounting purposes be transferred from reserves to operating so that is can be capitalized. Stockholders equity was \$249,245,439.00. Very happy that your Board addressed the FDIC issue. Last year had money that was over the threshold. A bank will only protect you up to \$250,000. You now have all of it protected based on what the board has done; We recommend an insurance reserve line item to help with deductible (3%); This way it can be used immediately. A reserve study is not a requirement but it is a very good idea allowing for transparency. It lets the Shareholder know what is potentially coming down the road. Recommend every 3 to 5 years. Budget VS Actual is found in our report. Last year you were under budget. Your Board works hard to make sure you get the best price and the best service. We are the Independent Auditor- no affiliation with anyone. Stockholder Paul Roupp- N-210 Might of interest to shareholders about cash equivalent. Last year all certificates of deposit cash equivalent because they were less than 90 days last year making them immediately available. I see now at least in Park Improvement that they are all more than 90 days. Response: main reason for the move was the FDIC issue. All of your cash is protected. Management letter this year was it still good. One recommendation was a fraud policy; having something in your policy and procedure manual; make sure that there is ample oversight by the Board; Another recommendation at the end of the month Board members should get a payroll statement- should get a bank statement; Expressed disappointment and hope the next Treasurer will allow the finance committee to be more involved next year with the annual audit; Question-

what is your opinion on the office taking cash. As an auditor cashless never recommends an office to receive cash- no tracking method; check or money order can be tracked; Michael thanked everyone for their efforts.

VIII. Report of Officers

a. President

What A Difference a Year makes- another year and another year of positive progress. We have achieved a near complete transformation of the marina area- still some work to be done to include underground drainage. landscaping continuing to re-plant; new windows and doors at the office and a refreshed beachy looking OCH; new lights have been installed; AT&T many many rave reviews for the new cable; I know there are still problems with BBC-8. So many people contribute to these positive outcomes and I want to thank you; The manager and Board members spent time riding through their districts to identify areas that need repair. Most were resolved easily. This started a domino affect- positivity is contagious; Appreciation to Theresa and her staff; Appreciation to the Board well done! So what's not so great? Making great strides but tides are higher than ever before, however we are not only community with flooding issues; Cable change- we had problems and still have a few left; Bay Drive took many strange turns with the weather and tide postponing work our aging infrastructure continues to challenge us all; What is most frustrating is the negative influences- they are few shareholders but they are determined to have to spread negativity. It is not good for Briny and extremely bad for the staff; allowing a few to cause the drama; Briny is one of the greatest places I know; I wondered why I was seeking re-election and realized it is the progress we made, so many great people, so many great improvements and once again decided there is no place like Briny.

VIV. Report of Standing Committees

A. Violations and Fining: It has taken some work to get this committee to a point that we can adjudicate the violation and fines. Last year we had several cases with only one fine established. This season we have reviewed 5 cases. One was resolved, 1 we gave an additional month given the passing of the owner and 3 we will bring to the Board to support our recommendation for a fine. Everyone was given the opportunity to appeal. Per the Rules we seek to have a committee of peers representing all of the districts: District 1 Patrick Duffy, Nancy Boczon. District 2 Char Murray, the Chair and

Nancy Aceto; District 3 Doug Baumgarten and Frank Copolla and District 4 Eric Wolfbrandt. We are still seeking another representative from District 4 and an at large representative.

- B. Sales and Rentals: This Committee is chaired by Sue Thaler and aptly served by Nancy Aceto, Barbara Molina, Nancy Boczon, Nancy Yocum, Velda Armstrong, Lynn Baumgarten, and Chuck Foland. We continue to meet monthly to review applications for rentals and for membership to the corporation. This past fiscal year we processed 42 applications for membership or family transfers and 101 applications for rental. As a Committee we routinely work to improve the process and the clarity of the paperwork. It is a great committee.
- C. Bulkhead Seawall and Drainage: Tom Oglesby gave a brief summary of the work of the Bulkhead/ Seawall and Drainage Committee since the last Annual Meeting. Your Committee Members are Linc Musto, George Brinks, Larry Erickson and Chick Behringer led by Committee Chair, Doug Long. He mentioned that Theresa, Omar and his staff played pivotal roles in translating the Committees ideas into successful projects. Of course, none of the work could have gone forward without the support of your Board of Directors.

In **District 1**, the storm drain basin serving Briny Breezes Blvd with a long history of flooding was re-connected to the working storm drain system running from Bamboo to Ruth Mary. The old terra cotta pipe was lined with PVC to prevent future collapses like the one that was responsible for the previous flooding on Briny Breezes Blvd.

In **District 2**, a submersible pump was installed in the drain basin at the lowest elevation along Cordova. This pump lifts the water that previously ponded in the low area until it reached the elevation of the pipe that conducts the storm waters to the main evacuation lines along RuthMary.

In **District 3**, The seawall on the south side of the Marina was raised to the same elevation at the seawall on the north side of the Marina to eliminate the frequent over-topping of the south seawall by high tides. This work and the new pump installed in the drain basin connected to the easternmost storm-drain system

in South District 3 has significantly mitigated tidal flooding that has plagued the low areas of this section for many, many years.

During the work on the seawall, our Maintenance Manager Omar discovered that the PVC pipe serving the western-most storm drain system had separated near the seawall. A subsequent camera survey revealed a blockage in this drain pipe that is continuing to cause flooding after heavy rains along Eagle and Cardinal. At Omar's recommendation, the Board has approved a new Drain Basin connecting the two separate joints of pipe. This new basin will make it possible to clean out the blockage in the pipe and allow the installation of pumps to assist in evacuating the rain water and any tidal seepage. Unfortunately, it will take another 2 weeks or so to get the new basin installed before we can attempt to clean out the blockage. This is a high priority.

After the seawall was in place, it became clear that the elevation of the new seawall cap was such that the finger piers had to be raised. The Committee, working with the Marina Committee, recommended that the Board authorize the rebuilding of those finger piers at the same elevation as the seawall to avoid the safety issue of excessive step-downs from the wall to the finger piers. This work has been completed and has enhanced the integrity and appearance of this side of the Marina.

In the coming year, the Committee will begin to look at some long standing seawall and drainage issues in **District 4**. The first is the need to repair, raise, strengthen and seal the seawalls along the Intracoastal which are frequently overtopped by high tides and are, in some areas, badly cracked and at risk. A cap will also be considered on N Heron, the site of overtopping during the extreme high tides in October last year. Finally, the Committee will consider the installation of submersible pumps as used in District 2 and 3 to address the worst areas of street flooding in District 4.

The Committees first meeting will be held on March 2 in the Community Center and Stockholders with flooding issues near their units are encouraged to attend, listen and provide testimony as appropriate.

VOTING OVERSIGHT COMMITTEE

D. Director Oglesby also wanted to recognize and thank the Voting Oversight Committee for the exceptional work they have done to once again certify and tabulate all the ballots and votes for the Nine Ballot Items considered this year. This work is so important that I want to take a moment to name each member so they can be recognized for their contribution. Election Coordinator, Chuck Foland, Voting Certification Officials: Paul Sullivan (D-1), Phil (Doc) Brackett (D-2), Hensel Vold (D-3), and Kathy Wolffbrandt (D-4). Our 2016 Voting Commissioners, the people who count the votes are: Ann Carmody, Joanne Doyle and Eileen Duffy (D-1); Donna Clark, Nancy Aceto and Grace Frezza (D-2); Veronica Middendorf and Diane Arnold (D-3); Dorothy McNeice and our 2016 Voting Commissioner, Caryn Dennison (D-4). Also want to thank our alternates: Joanne Long, Betty Foland, Cindy Holbrook and Scott Benedict who volunteer to stand by in case someone on the team was unable to work. **JOB WELL DONE AND MUCH APPRECIATED!**

E. Futures Committee- no charge

F. Rules and By-Laws no quorum established

G. Landscape Committee- Joe Coyner

There were 23 active members, Ken Gross Chair, They have planted 12 Montgomery Palms down Cordova, 10 Sabal Palms down Dock Drive and have planted "Example" plantings down Flamingo Dr. This allows Stockholders to visualize the essences of a balanced design with irregular shaped planting beds, tri-level plantings of Palms, shrubs and ground cover which enhances the view of water without blocking the view of the inter-coastal and disguises the unsightly utility boxes. Placement of new Briny Blue glazed Pots around the Bathhouses in District 1 and 2, Shuffleboard courts and pool deck. They are currently working on price quotes for re-planting of Bay Dr., re-landscaping around Bathhouse in District 2, additional Palms down Cordova and plantings on Flamingo; replacement of trees cut down around the Laundry and Pelican Point; Dune restoration plants and stabilization planting along the Inter-coastal.

IX. Reports of Special Committees

- a. Director McMorrow reported that the Ad Hoc committee on District V and OCH ideas to make these into revenue generating properties has met and continue to generate new ideas.
 - b. Director Gross reported that the Cable Committee put together representative group and it was a unanimous decision to go with AT&T.
 - c. Director Gross commented on BBC-8 how much time and energy the volunteers have, what we have here is extremely unique;
- X. Unfinished Business: President Gallacher discussed the replacement of pool heater; 4 quotes but no one wanted to follow the permit process; finally one should be installed in the next day or 2.
Meeting was recessed at 11:05 to wait for the results. It was reconvened at 11:20.
- XI. New Business: Stockholder Voting Results More people than previous almost 12,000 shares were voted.
- 1. Vote to Reduce the Funding of Statutory Reserves: Passed 11056 to 824
 - 2. Vote to Approve the Fountain Project: Failed 10261 to 1652 (206) shares short
 - 3. Vote to Approve the Use of the Park Improvement Funds for Storm windows/Doors for the OCH: Passed 9784 to 2094
 - 4. Vote to Amend By-Law Section 7.8 and 3.70 Passed 10286 to 1541
 - 5. Vote to Amend By-Law section 1.10 Passed 11298 to 557
 - 6. Vote to Amend By-Law Section 3.90 Passed 10730 to 1072
 - 7. Vote to Approve New By-Law Section 7.52 Passed 8716 to 3105
 - 8. Vote to Amend By-Law Sections 7.50 & 7.51 8625 to 3222 Passed
 - 9. Vote to Amend By-Law Section 8.45 Failed 6422 to 5406
- XIII. Adjournment : **Motion to adjourn was made by Director Oglesby at 11:34. Seconded. Motion passed unanimously.**