

BRINY BREEZES, INC.
ANNUAL MEETING OF THE CORPORATION
(STOCKHOLDERS' MEETING)
WEDNESDAY FEBRUARY 25, 2015
9:30 A.M. AUDITORIUM

After the Pledge of Allegiance and Moment of Silence, the 2015 Annual Meeting of Briny Breezes Inc. (The Corporation) was called to order at 9:40 am by Board President, Michael Gallacher. The President announced that a quorum (at least 51% - 8009 shares) of Stockholders was either present in person or by proxy, at the meeting.

The President then announced that the Fire Watch team on duty was Roger Klink and Paul Roup. He pointed out the location of the emergency exits in the auditorium and, in case of fire, asked the Stockholders to exit the building in an orderly manner.

Secretary Oglesby called the roll. President Gallacher and Directors Gross, Brannen, Stewart, Coyner, McMorrow, Long and Oglesby were all present for the meeting.

President Gallacher confirmed that Proof of Notice for this meeting was posted and sent to all Stockholders of record on February 5, 2015 and signed by the Secretary of the Corporation, Tom Oglesby.

The President then recognized Secretary Oglesby. Oglesby moved to make amend the Agenda for the Annual Meeting to include and immediately approve a substitute Voting Commissioner for District 3. The motion received a second.

The question was called **and the motion to amend the Agenda was approved unanimously by the Board by voice vote.**

Next, Oglesby made his motion to approve Velda Armstrong as one of the two voting Commissioners from District 3, replacing Veronica Middendorf for the 2015 Annual Meeting. The motion received a second.

Oglesby explained that Commissioner Middendorf was ill and unable to perform duties as one of the voting Commissioners for District 3 and that Velda Armstrong (G-205) had volunteered to perform Ms. Middendorf's duties for this meeting. The Director added that the Board must approve this change prior to opening and counting of the Ballots.

The question was called and **the motion for Velda Armstrong to replace Veronica Middendorf as one of the voting Commissioners from District 3 for the 2015 Annual Meeting was approved unanimously (8-0) by voice vote of the Board of Directors.**

After the vote, President Gallacher announced that the polls were closed and the ballot envelopes may be opened and the ballots counted.

The minutes of the 2014 Annual Meeting of the Corporation were read by Director Oglesby. The Oglesby then made a motion to approve the minutes as read. The motion received a second. The President then asked for amendments to the minutes, and as there were no amendments offered from the directors or stockholders (Dan Statt agreed to withdraw his request for an amendment), the question was called. **The minutes for the 2014 Annual Meeting were approved unanimously (8-0) by voice vote of the Board of Directors.**

President Gallacher explained that a main objective of this 2015 Annual Stockholder Meeting was to determine the outcome of the eight (8) Ballot Items listed on the Ballot and to elect Directors from District 2 and 3. He also informed that there will not be an official vote count for the open Director position in District 4 because one of the two candidates, Chick Behringer, submitted a letter dated February 20, 2015 to the General Manager withdrawing his candidacy for the position. (*Attachment 2*). Thus, **Tom Oglesby was elected to his second term as a District 4 Director.**

Communications

As no letters/communications were received for this meeting, the Board moved on to Reports of Officers.

Reports of Officers – President’s Annual State of the Corporation Address

President Gallacher delivered the following message to the Stockholders, transcribed verbatim below:

“What a difference a year makes... Is that ever true. Briny is definitely looking a bit different. A little more relaxed, a little more maintained, maybe a little fresher and hopefully running a little more smoothly. We have seen lots of POSITIVE changes... We got rid of leaky roofs, feral cats, lots of termites, some fleas too... lots of dirt and mold and rust and broken concrete and peeling paint. We saw wonderful transformation of our marina, pool area and art building, nice updating in the laundry room, hobby club, ocean clubhouse porch, and our office.”

“All of this and so much more is the result of the hard working efforts of so many. From our office and maintenance staff, your board, committee members and shareholders alike, so many people contribute to our successes.”

“I want to thank each of you that have contributed in a POSITIVE WAY this past year. You know who you are and if I have not said it to you directly, THANK YOU! Every small, positive step is a step in the right direction.”

“Theresa, I thank you for being here for Briny. I knew when we first met that you would be an asset to Briny... I true professional, AND I am really glad to have you here. Your team really appreciates you, a big change from previous managers. I know it’s been a rough few months for you, and we ALL appreciate your efforts. I am grateful to have such a wonderful, professional and caring person to work with every day. “

“To this Board, I say, WELL DONE. It’s been a very crazy year with lots of meetings, lots of information to process, lots of leads to follow and investigate and lots of decisions to make. I know through it all that each of you has tried very hard to do what is best for BRINY, each and every time. You all have done such a great job and I thank you!”

“We have lots of new stockholders (new blood in Briny), many of them choosing Briny as their year-round homes. A number have told me that for many years, they “dreamed” of retiring and owning a place in Briny. As we continue our progress toward the future, our property values are going up. New units are being installed in Districts 2, 3 and 4. Units are being refreshed and remodeled all around the park. There is so much positive improvement that I could go on for another hour, BUT I won’t.”

“I am asked almost daily why I make everything sound so good and only talk about the positive stuff. Well, do you really want to hear about any of the not so positive stuff, the nonsense, drama and what not? I ask, why bother? Onward and forward we go... into the future. Be kind to one another. May it be a happy, healthy and prosperous year for all of us!”

Auditor Report

The President introduced Briny's Auditor, Nicole Johnson, representing Hafer and Company who conducted last year's (2013-14) audit. Ms. Johnson began by sharing information regarding her company, mentioning that her own company was audited three years ago and received a positive result.

Next, she commented on the Board's and Finance Committee's close involvement in the audit process and in financial affairs of the Corporation. She added that she received many communications from the Board and Finance Committee members throughout the year testifying to the Board and Finance Committee' attention to these matters. She then expressed her opinion that the Corporation was moving in the right direction from the standpoints of financial management, internal controls and management practices.

Next, she described the scope and process of the audit Hafer & Company had conducted and noted that her company had issued a "clean opinion" for Briny for the 2013-14 Fiscal Year audit. She announced that at the end of the fiscal year, Briny had a cash position of over \$440k and reported the balances in the following accounts: Reserves Fund - \$638,502; Park Improvement Fund - \$236,189; Catastrophe Fund - \$114,701; Overall Cash Position - \$1,429,496 versus \$1,224,496 for the 2012-13 Fiscal Year.

Ms. Johnson then compared prior-year prepaid assessments of \$48,187 to the 2013-14 figure of \$247,490. She believes that the large year-on-year increase is due to a delay in booking of assessments during the 2012-13 fiscal year. She also believes that the timing of the booking event is responsible for the dramatic increase of the Corporation's year's cash position relative to FY 2012-13. Johnson indicated that Hafer will look at this matter during next year's audit to verify the driver for this significant, year-to-year change.

Next, Ms. Johnson discussed Briny's Accounts Receivable. She informed this account balance stood at a remarkably low \$8,105 at the end of FY 2013-14 relative to other Co-Ops and HOA's that her firm audits in Florida and commented that this low level of receivables reflects the Corporation's healthy financial condition.

Ms. Johnson reported that Stockholder Equity, the book value of the Corporation's total equity, stood at \$1,074,454 and that total revenues for FY13-14 were \$1,752,429 using accrual-based accounting (booked each expense when obligation billed vs when paid). Expenses for FY13-14 were \$1,677,560 so the Corporation ended the year under-budget by a total of \$8,150 on a cash basis (before depreciation expense). Due to depreciation, the final balance results in a loss, and therefore, no monies will be transferred into the Park Improvement Fund in FY 2014-15. The Hafer representative also discussed that the Corporation has properly segregated its accounts and is now using CDARS to insure that Briny's cash accounts are fully protected by FDIC insurance.

Finally, Ms. Johnson noted that Briny's Insurance deductible was 3% and that the Corporation, should it desire to do so, is allowed to set up a Reserve line item for this deductible. She added that replacement costs for Briny assets if the Park were completely destroyed would be about \$20 million dollars. She added that the Corporation's current approach to segmenting accounting duties (i.e. signing checks, entering invoices, etc.) was acceptable.

After Ms. Johnson had finished reviewing the FY 2013-14 Audit results, she answered questions from stockholders.

Stockholder Ken Gross (N-203) asked Ms. Johnson to explain the changes in how the Corporation is handling Club expenses. She answered that if Clubs or Committees use the Corporation EIN number, their accounts are required to be recorded on the Corporation's financial statement. She stressed that these clubs should be included under the Corporation's insurance to protect Briny from any lawsuits related to club activities. She ended by stating that no change in procedure by the clubs is required, but taxable income must be recorded on the corporate books at the end of the fiscal year.

Stockholder Paul Ruopp (N-210) reminded the audience that a copy of the entire audit report is available in the office for review by the Stockholders.

Stockholder Anita Stewart (L-32) informed that if club income equals expense for any year, the net effect is such that no taxable income was generated.

After Ms. Johnson's presentation, President Gallacher reminded the Stockholders that the Board has previously approved the Audit at a prior Board Meeting so no approval is necessary during the Annual Meeting this year.

Committees Reports

CABLE TV AD HOC COMMITTEE: Board Liaison Ted Gross reported that the next meeting for his Ad Hoc Committee would be on Wednesday March 4th in the Community Center. The objective of this meeting is to agree on the Committee's recommendation to the Board for the Bulk TV vendor proposal that best serves the interest of the stockholders in Briny and the need for provisions for internet access.

CORPORATE VS CLUB EXP. POLICY AD HOC COMMITTEE OF THE BOARD: Chair, Director Brannen, mentioned that she has met with 14 clubs so far to explain the purpose of reporting end of fiscal year club balances filed under the Corporation's EIN numbers. Most Clubs have informed the Director as to whether or not they were reporting income to the IRS using the Corporation EIN. The Director hopes to be able to report the feedback she has received from the clubs at the March 11, 2015 Regular Board Meeting.

BULKHEAD/SEAWALL AND DRAINAGE: Director Oglesby, Board Liaison of the Bulkhead/Seawall and Flooding Committee, informed the Board and Stockholders that that the storm drains in District 1 & 2 have been cleaned out and appear to be working to some degree. However, more improvements are being considered for the storm drainage systems on Briny Breezes Blvd and Cordova and possibly Ruthmary. He added that the Committee will meet this Friday at 1:30pm in the Community Center to (1) continue to discuss and plan for the District 1 & 2 drainage system improvements and to (2) document the improvements necessary to mitigate tidal flooding on Bay Drive in preparation to request a cost estimate from Qualmann to subsequently bring to the Board for approval to initiate the project.

Unfinished Business

There was no unfinished business for the Board to consider.

Recess

At 10:41am, the President called a thirty minute recess to allow the voting officials to complete the work of counting and totaling the votes on the ballots for the resolutions and contested Director positions. At 11:25am, the President reconvened the 2015 Annual Stockholder Meeting and invited

Stockholders to ask any question, comment or concern they wish share with the Board and Stockholders.

Stockholder Ray Oldis (CD-6) asked if there was a time line on the decision for approving a vendor for bulk cable services for Briny. The President informed that the Board will make its decision at the March 11 Regular Board Meeting.

Stockholder Barbara Molina (J-12) reported on a safety issue regarding golf carts travelling at excessive speeds and violating one-way traffic controls in areas frequented by elderly residents entering the roadway from areas with limited visibility (especially District 5 sidewalk exiting to A1A sidewalk). The President acknowledged his awareness of this safety issue noting that golf carts routinely travel in the Park at speeds that exceed that of automobiles and the posted speed limits.

Stockholder Paul Sullivan (F-16) commented that having eight resolutions on the Ballot creates a problem and asked the Board to take that into consideration for future Ballots for resolutions. Also, he asked the Board to consider expanding the ways it communicates to the Stockholder. Finally, he asked the Board to reconsider Saturday mail deliveries and the removal and re-installation of the ocean ropes.

Stockholder James McCormick (I-22) also asked that the Board reconsider its decision to remove the ropes at the beach and was planning to start a petition to call for a stockholder vote on replacing the ropes.

Stockholder Jerry Lower (A-203) announced that the Futures Committee will be meeting in early March.

Stockholder Nancy Boczon (F-4) asked the Office, when issuing Guest Passes, to provide guests a brief summary of Briny Rules governing the use of Golf Carts, Bicycles, and Skate Boarding (not allowed in Briny). The President voiced his support for Ms. Boson's suggestion.

Stockholder Frank Coppola (C-212) suggested that the Corporation issue new golf cart stickers annually to insure compliance with the Rule that golf carts must carry liability insurance.

Stockholder Joanne Long (L-201) asked what the Corporation planned for use of the A1A corridor and District 5, urged the Board to initiate action to generate income, and suggested that the Board form a committee to develop short range plans on this matter.

Stockholder Dan Statt (V-205) asked that the statutes governing the approval of bulk cable services be read into the record. Director Oglesby read the first three paragraphs of the Florida Statutes governing bulk cable service as a common expense as follows:

719.107 Common expenses; assessment.—

(1)(a) Common expenses include the expenses of the operation, maintenance, repair, or replacement of the cooperative property; costs of carrying out the powers and duties of the association; and any other expense, whether or not included in this paragraph, designated as common expense by this chapter or the cooperative documents.

(b) If so provided in the bylaws, the cost of a master antenna television system or duly franchised cable television service obtained pursuant to a bulk contract shall be deemed a common expense, and if not obtained pursuant to a bulk contract, such cost shall be considered common expense if it is designated as such in a written contract between the board of administration and the company

providing the master television antenna system or the cable television service. The contract shall be for a term of not less than 2 years.

1. Any contract made by the board after April 2, 1992, for a community antenna system or duly franchised cable television service may be canceled by a majority of the voting interests present at the next regular or special meeting of the association. Any member may make a motion to cancel the contract, but if no motion is made or if such motion fails to obtain the required majority at the next regular or special meeting, whichever is sooner, following the making of the contract, then such contract shall be deemed ratified for the term therein expressed.

Director Gross thanked the volunteers in Briny for the contributions they make.

Stockholder Nancy Boczon (F-4) pointed out that there is a puddle (about 1" deep) in the area of G-9 and G-10 on Ruthmary that does not drain properly after rains. Director Oglesby stated that he was aware of this situation and that it would be discussed at the Bulkhead/Seawall and Drainage meeting on Friday.

Director Coyner commented on how thankful he was to serve on the Board and live in Briny.

Stockholder Sue Alter (Q-210) suggested restricting access to the office for Stockholder and Board Members except under special circumstances in order to protect Stockholder's private information.

New Business – Ballot Voting Results and Election of Directors

President Gallacher thanked the Voting Officials for their work to certify and tabulate the votes adding his thanks for the volunteers who prepared the Annual Meeting Notices and Ballots.

Then, Director Oglesby read each Ballot Item in sequence followed by President Gallacher announcing the results of that Ballot Item. The results are listed below and on Attachment 5 of this document.

<u>Ballot Item 1: Passed</u>	Yes Votes: 9938	No Votes: 573	Votes Needed to Pass: 7852
<u>Ballot Item 2: Passed</u>	Yes Votes: 9944	No Votes: 660	Votes Needed to Pass: 7852
<u>Ballot Item 3: Failed</u>	Yes Votes: 8537	No Votes: 1748	Votes Needed to Pass: 10469
<u>Ballot Item 4: Passed</u>	Yes Votes: 10271	No Votes: 1224	Votes Needed to Pass: 8009
<u>Ballot Item 5: Failed</u>	Yes Votes: 7897	No Votes: 2324	Votes Needed to Pass: 8009
<u>Ballot Item 6: Passed</u>	Yes Votes: 9252	No Votes: 1306	Votes Needed to Pass: 8009
<u>Ballot Item 7: Passed</u>	Yes Votes: 9331	No Votes: 1068	Votes Needed to Pass: 8009
<u>Ballot Item 8: Passed</u>	Yes Votes: 8653	No Votes: 1587	Votes Needed to Pass: 8009

Next, The President announced the results of the election of Directors for Districts 2, 3 and 4. He began by repeating that in District 4, Tom Oglesby was elected Director of District 4 for another three year term, by default.

Next, President Gallacher announced the results of the vote for Directors of District 2 and District 3. The results are summarized below and on Attachment 5.

District 2: Marcia Malchuski: 561 votes Paul Stewart: 1273 votes Winner: Paul Stewart
District 3: Joe Coyner: 2298 votes Lynne Weiner: 659 votes Winner : Joe Coyner

More than the required minimum of 20% of outstanding shares voted in both Director elections.

The Directors from District 2 and 3 were congratulated.

Adjournment

Director Oglesby moved to adjourn the Annual Meeting. The motion received a second and was passed unanimously (8-0) by the Board by voice vote. President Gallacher adjourned the meeting at approximately 12:00 pm

Respectfully Submitted,

Tom Oglesby

Secretary, Board of Directors, Briny Breezes, Inc.

Approval Date: **February 24, 2016 (2016 Annual Meeting)**