

BRINY BREEZES, INC.
ANNUAL MEETING OF THE CORPORATION
(STOCKHOLDERS' MEETING)
WEDNESDAY FEBRUARY 26, 2014
9:30 A.M. AUDITORIUM

The Annual Meeting of Briny Breezes Inc. (The Corporation) was called to order on Wednesday February 26, 2014 at 9:30 AM by Board President Joe Coyner. President Coyner announced that the purpose of the meeting was: (1) to elect Directors from District 2 and 3, (2) to vote to determine if the shareholders support the Board recommendation to reduce the funding of Statutory Reserves for 2014-15 and (3) to grant the Board of Directors the power to access Reserve Funds for non-reserves purposes in case of a major emergency. He also advised the stockholders that our Fire Watch Committee was on duty in the building for fire emergencies.

President Coyner confirmed that Proof of Notice for this meeting was posted and sent to all Stockholders of record on January 31, 2014 and signed by the Secretary of the Corporation, Tom Oglesby.

The Pledge of Allegiance was recited and a Moment of Silence was observed.

Director Gallacher called the roll. Directors Coyner, Long, Malchuski, Koplen, Coppola, Stewart and Gallacher were present at the meeting. Director Oglesby attended by phone connection with Michael Gallacher' cell phone. Thus, all eight Directors were in attendance for the meeting.

The minutes of the 2013 Annual Meeting of the Corporation were read by Director Gallacher. *Director Gallacher made a motion to approve the minutes as read.* There were no amendments offered from the directors or stockholders. **The motion received a second and was passed unanimously by voice vote of the Board of Directors.**

Polls Closed for Voting

Following the approval of the minutes, President Coyner announced that the polls were closed.

Communications

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

Reports of Officers

President Coyner, First-Vice President Malchuski, and 2nd Vice President Koplen shared personal observations and comments concerning their service on the 2012-13 Board of Directors.

Treasurer Sally Long commented that, from a financial standpoint, Briny has taken several positive steps forward during the year. These included hiring Hafer & Company

as our auditors, implementing a new booking keeping system (QuickBooks - the Industry standard) and training our Bookkeeper, Cindy Bowling, on the new systems.

The Treasurer then introduced Briny's Auditor, Nicole Johnson, representing Hafer and Company who conducted last year's (2012-13) audit. Ms. Johnson spoke about the Board's close involvement in the audit process and in financial matters of the Corporation. Next, she described the scope of the audit work Hafer & Company had conducted and noted that the Board had followed up on Hafer's recommendation to automate the Corporation's financial work establishing QuickBooks for recording its financial transactions.

After sharing information on her experience in auditing, Ms. Johnson reviewed the results of the 2012-13 Briny Audit beginning by noting that Hafer & Company found no deficiencies in Briny Breezes accounts, that our financial practices were in compliance with the governing Florida State Statute 719 and that Briny received a clean opinion (no material miss-statements or misleading statements in our financials). She pointed out that the Corporation ran a Surplus of over \$11,061 (moved to Briny Improvement Fund) for financial year 2012-13 with a positive Fund Balance of \$236,000. The state of Florida does not allow a Co-op to run a deficit. Other areas of the audit such as Assessments, Pre-paid Insurance, Depreciation (no cash impact on Budget Surplus) and Accounts Payable (\$63,261) were pointed out as being in healthy financial condition. She stated that Briny has no pending litigation. Ms. Johnson also informed that Briny has \$114,307 in its Catastrophic Fund. Then, she read the amounts of cash in Briny's Reserve accounts, and the status of Receivables and Income (unadjusted).

When Ms. Johnson had finished reviewing the 2012-13 Audit results, she answered two questions from stockholder Sue Thaler (Q-207). Ms. Johnson agreed with Stockholder's Thaler's observation that registering corporate bank accounts under multiple social security numbers of check signers in order to extend FDIC Insurance coverage beyond \$250,000 per account was not an acceptable practice. In response to Ms. Thaler's question asking for Ms. Johnson's opinion of the Board spending monies from the Fund Balance account, Ms. Johnson informed that her firm will review these expenditures during their next audit to evaluate whether this spending represents "one-time" costs that can be replaced or whether the expenditures indicate a trend of increased operating costs not adequately covered by income and assessments.

In response to questions from a Stockholder Joel (K-3) concerning the Internal Control Communication with the Board of Governance (formally called Management Representation Letter), Ms. Johnson informed that the letter has been signed by all Board Members and is available to any stockholder who is interested in seeing the letter. Further, she informed that the letter did include recommendations for strengthening internal controls. Addressing follow-up questions from Stockholder Joel, Johnson explained that the audited financial statement explains the transfer of \$97,000 from Reserves and mentioned that a separate company that conducts Reserves Studies would be need to be brought in to estimate the appropriateness of current Reserve levels and future funding.

Ms. Johnson added that the Corporation started the year with a deficit but after FASB-required transfers of funds, the Corporation balance last year was adjusted to show a small surplus for the year.

After Ms. Johnson had answered all Stockholder questions, *Director Gallacher made a motion to accept the Financial Audit performed by Hafer & Company for FY 2012-13.*

Director Gallacher's motion received a second by Director Long and was unanimously approved by the Board of Directors.

Report of Standing Committees

Director and Chairman of the Bulkhead/Seawall and Flooding Committee, Frank Coppola, provided an update on his Committee's activities. This update included the plans for repairs and improvements to the Dock Drive seawall and marginal dock (boardwalk). He also mentioned that the installation of the Auditorium kitchen fire suppression system that Director Coppola was instrumental in progressing was approved by the Board and would begin directly.

President Coyner recited the positive initiatives to beautify Briny that his Landscaping/Pest Control Committee has been instituting.

There were no further reports from Standing Committees.

Report of Special Committees

There were no reports from Special Committees.

Unfinished Business

There was no unfinished business for the Board to consider.

New Business – Proposals to Stockholders

Director Gallacher read the proposals made to the stockholders by the Board of Directors on the Ballots sent to the Stockholders with the 2nd Notice of the Annual Meeting on January 31, 2014.

The first proposal read "*Should the reserves required by Section 719.106(1)(j)(2), Florida Statutes, be reduced for the 2014 fiscal/calendar year to an amount determined by the Board of Directors?*" **Director Gallacher announced that the above proposal was approved by a majority of the stockholders by a vote of 8233 shares in favor and 1591 opposed of the 9824 shares voted of the 15,703 shares outstanding. Those in favor represented a 52.4% majority of Stockholder Shares so the proposal was approved by the Stockholders.**

Next, Director Gallacher read the second proposal on the Ballot: "*Should the Board of Directors have the authority to use reserve funds (or interest thereon) for non-reserve purposes in the event of a major emergency?*" **Director Gallacher informed that the results of the vote on the second proposal were 6939 shares in favor and 2666 shares opposed for a total of 9605 shares voted. Since the measure did not**

receive a yes vote by the majority of the (15703) shares outstanding, the proposal failed. Those in favor represented a 44.2% of Stockholder Shares, less than the majority (7852 shares) needed for passage.

Before turning to the election of Directors, President Coyner asked if there were any questions from the Stockholders.

Stockholder Paul Ruopp (N-210) asked that the new Board and its Technology Committee commit to continuing the work necessary to identify and contract with a new television service provider for the Park. He also reminded stockholders that a complete Audit statement is available to stockholders by request.

Stockholder Joel (K-3) asked that the Board negotiate a bulk rate contract for HD TV with internet access possible. Director and Technology Committee Chair Stewart explained that the current cost for AM3 TV is \$27/month per unit and that ATT U-verse is not interested in bidding for Briny's corporate account. Stewart reminded the Stockholders that the AM3 contract expires Oct. 1, 2015 so we have adequate time to get this project done properly.

Stockholder Harold "Doc" Burton (U-203) recommended that Directors hold monthly meetings with their constituents to hear their questions and try to provide answers.

Stockholder Candy Celene-Alexandra (B-5) asked to return to the process when stockholders voted on what channels they received from the cable providers.

Director Gallacher thanked departing Directors Coppola, Koplen, and Malchuski for their service to the community. President Coyner underscored Gallacher's comments and mentioned that the Board has identified a large number of projects and activities for the next Board to consider.

Stockholder Dan Statt (V-205) stated that any new contract with a cable provider must be voted on.

New Business - Election of Directors

After a brief recess, *President Coyner announced the results of the vote for Directors from District 2 and District 3.*

Susan J. Brannen won the election for the open position as District 2 Director with a vote of 1474 shares. Thomas J Goudreau received votes from 992 shares.

In District 3, Gail Lynn Elble was elected Director. Ms. Elble received 1711 votes. Hansl Vold received 1210 votes.

No candidates for the open District 1 Directorship had filed to run for the position before the statutory deadline. The Board may appoint someone from District 1 to fill this position per Florida Statute 719.

The new Directors from District 2 and 3 were congratulated and then seated on the Board.

Adjournment

*Director Gallacher moved to adjourn the Annual Meeting. **The motion received a second and was passed unanimously by the Board by voice vote.*** President Coyner adjourned the meeting at approximately 10:59 A.M

Respectfully Submitted,

Tom Oglesby

Secretary, Board of Directors, Briny Breezes, Inc.

Approval Date: **February 25, 2015 (2015 Annual Meeting)**

Attachment 1

AGENDA

**Briny Breezes Inc. Annual Stockholders Meeting
Wednesday, February 26, 2014
9:30 A.M. Auditorium**

1. Roll Call.
2. Reading of Minutes of Last Meeting.
3. Reading of Communications.
4. Report of Officers.
5. Report of Standing Committees.
6. Reports of Special Committees.
7. Unfinished Business.
8. New Business: Vote to reduce the funding of statutory reserves;
Vote to grant the Board authority to use reserve funds (or interest thereon) for non-reserve purposes in the event of a major emergency
9. Election of Directors.
10. Adjournment.

Posted with 2ND Notice of Annual Meeting dated January 31, 2014, signed by Tom Oglesby, Board Secretary and sent to all stockholders of record