**Blue Water Condominium and Marina Board Meeting**

**November 18, 2015**

PRESENT: BOARD OF DIRECTORS:

 Chris Burba, Director

 John Hatfield, Treasurer

 Dan Rozko, Interim President and Secretary

 Mike Troncin, Director

Tom Wylie, Director

Dave Zielinski, Vice President

**Call To Order:**

The Teleconference Board Meeting was called to order at 7:00 PM by Interim President Rozko. Rozko confirmed all present and called this meeting to discuss the changes in the Board since Dave Truett’s resignation effective 11-13-15.

**New Business:**

A motion to approve the Minutes of the Board meetings held October 3, 2015 and October 26, 2015 had been made by Wylie and seconded by Troncin, and had been unanimously via email. At this teleconference, that vote was reconfirmed unanimously as well.

Rozko, as Secretary of the Blue Water (BW) Board, under Article V, Section 5 (b) of the BW By-laws, acted as Interim President of the Board, reviewed actions he took following Truett’s resignation, as follows:

1. Discussed the resignation with Steve Ott, BW Board counsel on 11-13-15.
2. Contacted Marblehead Bank removing Truett as signatory from any and all authority with the Bank on behalf of the BW Board. Confirming email 11-16-15. (Attachment 1).
3. Contacted all Board members and Kelli Wilson at Northcoast Property Management (NCP) via memo on 11-15-15.
4. Notified all BW owners of Truett’s resignation and the change in Board membership.

Zielinski asked about filling the vacant Board position. Rozko explained that if the Board chose not to have him serve as interim president, he would serve in that capacity until a 7th board member was confirmed, at which time the Board would elect a new interim president. Following discussion, the Board unanimously confirmed Rozko should serve as Interim President until the 2016 annual meeting.

The Board then acknowledged that Hatfield is the only Board member signatory at the Marblehead Bank. Burba said it was wise to have more than one person as signatory and that a full time resident would be helpful. Hatfield confirmed his work with Marblehead Bank has all been electronically. Burba reminded all on the conference call that all invoices were set up to be reviewed by both Truett and Hatfield. As a practical matter, Hatfield was the person reviewing the invoices. Burba reminded everyone that the person should be bonded through John Madison at Frederick Insurance. Hatfield said the next signatory would have to be physically present to sign the Bank’s paperwork. The Board agreed Zielinski become the second signatory, as he is a full time resident and that Rozko won’t be returning to BW until May 2016.

**Hatfield made a motion naming Zielinski as signatory for BW at Marblehead Bank. Burba seconded. The motion passed unanimously.**

Hatfield will contact the Bank, make all arrangements for Zielinski’s paperwork, and email the Board with all of the Bank’s requirements to complete this action.

* Nominating Committee – Hatfield

Hatfield reported he hasn’t convened the Nominating Committee as he has been working on the BW budget. He did confirm working on finding a candidate(s) to fill the open Board vacancy. He asked that any Board members with ideas to fil that vacancy talk with him for follow-up.

* Financial disclosure - Hatfield

How to respond to owner requests for detailed financial information was discussed. Karen Gresh at NCP who works on BW financials confirmed to Rozko that a reconciled balance sheet and income statement are what other NCP client boards provide their owners. Wylie recalled his understanding from a similar discussion, encouraging NCP to provide a reconciled balance sheet and income statement when requested. He suggested a 24 hour response is unreasonable given the amount of work NCP does. Hatfield concurred with Wylie’s comment. Burba stated we should provide that information as stated in Gresh’s email. Hatfield added that any questions beyond providing the reconciled balance sheet and income statement should be directed to him to address.

The discussion then turned to questions posed in an email to the Board about auditing the financial records. It is the opinion of the Board that BW is on a cycle with Schwartz and Associates, CPAs, for an audit of the records one year followed by a review the next year. As the last audit was completed as of December 31, 2014, this year should be a review of the books by Schwartz and Associates. The Board confirmed that is the cycle we are to pursue, that full audits are expensive, and elected not to have another full audit presently.

* Reserve Waiver – Hatfield

Hatfield reviewed Wilson’s email 11-16-15 about the necessity under Ohio law to advise BW owners that the Association operate with reserves “…adequate to repair and replace major capital items in the normal course of operations, without the necessity of special assessments…unless the reserve requirement is waived annually by the unit owners exercising not less than a majority of the voting power of the Association.” Hatfield said $89K of reserves has been spent, but only $60K will be put into the reserves this year.

Burba stated advising owners has been done a couple of times in the past. If 10% of the reserve isn’t set aside, the requirement to waive must be put to a vote of the owners. Hatfield assured the Board he monitors the reserves continually, and BW is in good financial shape. A letter will be drafted and sent to the BW owners about the current state of our reserves. Wylie said he had not seen the reserve situation we are in at any earlier time, suggesting caution when the letter to owners is written.

Zielinski asked about the content of the letter; whether it would explain the shortage and where the monies were spent, and the future recovery of the reserves. Hatfield said a modified reserve study with the latest updated numbers could be attached to the letter for explanation. Zielinski offered that what was spent, i.e. the chemical controller for the pool, two storm cleanups, illuminating the front sign, the FEMA requirement for flood insurance, and the county requirement to install the backflow prevention system be included with the letter. Wylie thought the current reserve situation appeared to be a one year dip that will be recovered next year. Hatfield will continue to send Reserve Study updates to Wilson at NCP.

Burba suggested the communication include what is not in the Reserve Study. Wylie questioned whether flood insurance is considered operating expense or reserves. Keeping dues the same next year would put $50K in reserves and $10K in operating expense. Discussion followed. Hatfield confirmed that projecting a loss for this year, the loss would come out of reserves.

Rozko suggested that Hatfield write the letter and that Wylie and Zielienski review it for clarity before it is sent to BW owners,

* President’s Year end letter – Rozko

Discussion followed about what to include in this year’s President’s Letter and when to send out that letter. Rozko asked for input from all Board members, and said he would begin drafting the letter.

**Old Business:**

Discussion included the current flood insurance issue. Hatfield provided an overview of this situation. Burba said Madison should address the owners at the 2016 annual meeting in May to fully explain this complicated and complex issue, and also with the Board before the annual meeting. Burba has been working closely with Madison on this, and will talk with him about meeting with the Board and presenting information at the annual meeting.

Rozko commented about the banking involvement that prompted this situation for BW. Burba reiterated BW owns the buildings, noting the bank was responding to the FEMA remapping. Wylie asked if we are required to have flood insurance according to the By-laws.

* 2015 BW Christmas Party

Zielienski asked about arrangements for the BW Christmas party. It will be held December 5th at Gravel Bar Club House. Invitations were sent out to BW owners. NCP is verifying the mailing as several owners said they hadn’t received their mailer.

* 2016 Annual Meeting and Miscellaneous

Zielinski then asked about plans for the annual meeting in May. The venue we choose is usually very nice. Burba said he was going to NCP to inventory what Truett left with them, that he would get the Zimmerman contract for siding repair for Zielinski, and that he would ask NCP about venues for the annual meeting and advise the Board on the next teleconference December 3rd. Zielinski is of the opinion the Ritzke’s restaurant is closed for good.

* Siding

$9,100 has been committed for siding repair, one-half of which has already been paid out to Zimmerman construction. Truett submitted class action claims for some initial buildings. Burba said he is working with Ott on the warranty claims and they will dovetail with the class action suit.

* Swimming Pool

Burba said that the county had threatened to turn off water to BW if back flow preventers weren’t installed. That was done, and Brian Baugh (Co-owner for NCP) was asked to get a letter from the county confirming the work was done. Zielienski will follow up with Baugh for a copy of that letter.

* Water line

The water line at the front entrance is not finished. Burba asked how to protect what work has been done to date. Zielinski will look into this.

* Tennis Court

Because Holcomb Construction didn’t respond to NCP’s letter, Zielinski suggested a letter from the Board’s attorney be written. Burba said Wilson confirmed Baugh knows Holcomb, and that Holcomb acknowledged he needs to complete the work with the tennis court net. Zielinski reminded Burba it’s important Holcomb contact him (Zielinski) about finalizing the work. If he hasn’t heard from Holcomb within two weeks, he would like a lawyer to send Holcomb a letter.

**Next Meeting**

The next Board meeting will be via teleconference at 7:00PM December 3, 2015.

**Adjournment**

**Zielinski made a motion to adjourn. Burba seconded. The motion passed unanimously.**

The meeting was adjourned at 8:38 PM.

Submitted By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

File: BW Board Mtg. Minutes 11-18-15 (Final)