

CIRCLE BAY YACHT CLUB CONDOMINIUM ASSOCIATION, INC.
MINUTES OF THE BOARD OF DIRECTORS' MEETING

A meeting of the Board of Directors was held on January 17, 2013, in the association clubhouse in Stuart, Florida. The meeting was called to order by President Rawding at 10:00 A.M. The Pledge of Allegiance was recited, followed by a moment of silence honoring those who have served and are now serving in the Armed Forces. The Secretary called the roll. Those present were: Grant Rawding, President, Frank Campbell, Vice President, Ed Hudgins, Treasurer, Sue Vander Naald-Johnson, Secretary, Seth Johnson, Director, Bob Croke, Director, and Kevin Norton, Director.

PRESIDENT'S COMMENTS - GRANT RAWDING

President Rawding began his "State of the Bay" report by remarking that this was the last meeting of the current Board. The terms of Seth Johnson, Sue Vander Naald-Johnson, and Ed Hudgins will end in February, and they were thanked for their extensive service with the many improvements they introduced to Circle Bay operations. The three main objectives this year have been to manage, maintain, and improve Circle Bay, and much has been accomplished. This has been a team effort with the volunteer owners, the employees, and the Board. In the area of finance and administration, we came in under budget for 2012 with a solid budget for 2013 consisting of responsible reserves, professional accounting, strong on-site controls, off site record storage, and auditing by a professional and independent auditor. Thanks to Annette Vander Naald for her generous loan to Circle Bay for seawall financing. We have an experienced and dedicated group of employees – Ed, Josh, Amber, and Bud. The office has greatly improved with greater use of computer systems, a new and improved filing system using scanned documents, greater use of forms, and electronically calendaring events. The updated By Laws were passed, finalized, and recorded with Martin County. The Rules Revision Advisory Group consisting on Barry High, Charlie Denby, Joanne Hooper, and Marie Ferris began the lengthy task of updating our rules. In the area of maintenance, we have accomplished a multiplicity of major projects. The dredging of our water was accomplished thanks to the efforts of Charlie Hooper, Kevin Norton, and a cast of hundreds monitoring the process. Bob Croke has been in charge of both the Pool Seawall Project as well as the South Channel Project. Kevin Norton, Frank Campbell, Ed, and Josh worked on the pool walkway collapse and restoration, which proved that the Pool Seawall was replaced none too early. Buildings were washed and constant plumbing issues were addressed. Elevators and everything electrical, inclusive of grills, and the lift station were under the competent supervision of Jack Hearty. In the area of improvements, in response to complaints of owners on the top floor of buildings, Jim Arnold devised an air conditioner sound suppressor system, which was supervised by Vince Meyer and installed by Ed and Josh. Jim Arnold also worked tirelessly on our landscaping and the front entrance. Some of the people who assisted Jim with the plantings were Dennis Swartwood, Ron Faraci, Johns Pheney, and Seth Johnson. The well and filter systems were researched and implemented by Jim Arnold. Seawall riprap and replacement of water and lighting were also accomplished. Joe Urban and Dennis Robinett worked tirelessly monitoring the TV/Internet systems and the upgrades. The Circle Bay interactive web site was expanded, improved, and maintained by Joe Urban. Suzi Robinett worked continuously

to maintain and keep Channel 43 current. Mary Stewart has been the lead person in working to improve the traffic situation on Palm City Road. Researching methods to save on the cost of heating the pool were attended to by Larry Beachy, Bill Flanigan, Dennis Stewart, and Bernie Beauchemin. Wiring and lights were supervised by Frank Campbell and Kevin Norton. This has been a good year. We've had an active and involved Board, but we could not have done it without the many volunteers who have stepped forward to help. The labor-intensive job of Dock Master has been filled by Charlie Hooper, Mike Hastings, and the current Dock Master, Ed Grimpe. Dennis Robinett and Cliff Christ along with help from Jim Arnold have assisted with this job. The Tides, our monthly newsletter, have been edited for many years by Ginny and Eric Gande. The Welcoming/Screening Group, consisting of Adele Norton and Carol Swartwood, have worked with potential owners and renters to complete Circle Bay forms and welcome the newcomers to Circle Bay. Security has been ably handled by Vince Meyer and now by Allen Blaise. Our social leader and organizer, who works untold hours to bring fun events to all, is Lorrie Markarian. The Building Reps have been organized by Chuck Markarian. Margaret Florenz has maintained and organized the clubhouse library. My apologies to those who were not mentioned and should have been, and thanks to all. I believe it has been a good year, and we approach 2013 with confidence and optimism.

SECRETARY'S REPORT – SUE VANDER NAALD-JOHNSON

First, an apology was extended to Barry High for misspelling his name on the Second Notice of Annual Meeting. Second, the Circle Bay Phone Directories will be distributed at the Annual Meeting on February 5, 2013. Since less than half of the owners gave permission for their e-mail addresses to be published, we elected to exclude them from the directory at this time; however, we have the capability to do so in the future if the number of owners permitting the printing of their e-mail addresses warrants this action. Only one directory will be provided for each unit, and the owner will need to sign a receipt for the directory. The Secretary extended her thanks to Amber for typing and organizing the phone directory; however, the Secretary, as the sole proofreader, apologized in advance and accepted full responsibility for any errors that occurred. Finally, the Secretary made a motion to dispense with the reading of the minutes of the meeting held on November 15, 2012, and that they be accepted as posted. Kevin Norton seconded the motion, which was unanimously passed.

TREASURER'S REPORT – ED HUDGINS

It is important to note that this is a preliminary year-end 2012 report. The total revenue on December 31st was \$5,995 higher than budget, and operating expenses of \$789,827 were below budget by \$68,056. Most of this underrun occurred in commercial insurance, grounds maintenance, employee health insurance, and water/sewage. As of December 31st, operating cash totaled \$219,035 with 28% (\$62,031) in interest-bearing money market accounts. The remaining \$156,605 was in checking, which included \$95,452 of prepaid owner quarterly maintenance fees. Total reserves on December 31st were \$1,897,827, of which \$856,000 was in two-year CD's earning just over 1%. The balance of reserves (\$1,041,274) remains in short-term money market accounts. The total amount paid in 2012 for the South Basin seawall work was \$397,000. We paid

\$368,940 to WilCo including a check issued on January 5, 2013. Of the \$369,000, about \$45,000 was incurred for dock removal and replacement. The balance due on the original \$440,000 WilCo contract is \$86,030. The total cost for this project also includes Mathers Engineering at \$17,236, plus all other miscellaneous expenses of \$10,638, which includes permits, surveying, and loan interest. As of December 31st, we had borrowed \$250,000 against the private seawall loan commitment from a long term resident and paid \$1,857 in interest at a rate of 3% per year. There is \$10,000 remaining on the commitment, if needed. All bank reconciliations for 2012 have been reviewed, and there are no discrepancies. A foreclosure sale was completed on October 25th for the unit in Circle Bay that had been in foreclosure proceedings for almost four years. As of December 31st, we were still waiting for a bank settlement. Additionally, there was one significantly late payer at year-end, who has been referred to our attorney for collection. We are fully reserved against bad debts.

WELCOMING/SCREENING – ADELE NORTON AND CAROL SWARTWOOD

For the month of January the statistics are as follows: no sales, two annual lease renewals, one annual lease, eight seasonal leases, and one seasonal renewal.

SOCIAL – LORRIE MARKARIAN

The New Year's Eve Party in the clubhouse was attended by approximately fifty people. The food was delicious, and the champagne brought in the New Year. Thank you to all who came in on a Sunday to help take down the Christmas decorations. Lorrie was unable to be there due to being unexpectedly called to go out of town. The Ladies' Luncheon will be today at La Forchetta. The Hail and Farewell Party, which is held in honor of both the outgoing and incoming Boards, will be held on February 8 during the Friday Happy Hour. There are only a few remaining Enjoyment Books to be purchased, but more can be purchased if necessary. There are four Circle Bay DVD's that may be purchased from the Social Director. Please call if you would like to purchase one. Thank you to Building 14 for hosting the January Friday nights, and Buildings 1 and 2 will be the hosts for February.

NEIGHBORHOOD WATCH – ALLEN BLAISE

During Allen's time in this position, seven incidents have been reported. Only two of these were handled by Security, while the other five were handled by members. The motto "See something; say something" is working at Circle Bay. Two people have even questioned/reported Allen Blaise! Continue to be alert and report suspicious activities.

BUILDING REPS – CHUCK MARKARIAN

Thanks to all the reps who do the job when they are needed. Thanks, too, to Lorrie for all her work as the Social Director.

MAINTENANCE AND GROUNDS – KEVIN NORTON

Since Grant already commented about much of what was in this report, Kevin stated that photos were available in the lobby depicting the work on some of the projects. Electrical issues by the pool with regard to lights, fixtures, electrical connections, and boxes have gone out for bids. There will be more information about this issue in the future.

LANDSCAPING – JIM ARNOLD

The grass and hibiscus will return after the seawall project is completed. The problem with some of the hedges has resulted in samples being sent to a laboratory to determine possible causes and resolutions.

DOCK MASTER – ED GRIMPE

Thanks to Mike Hastings for his help in the transition as well as to Linda Grimpe for assisting with e-mails and computer records. There are only one or two available slips in the South Channel, and in the North Channel there are approximately thirteen unassigned slips. There was one new assignment. Florida law requires that vessels in Florida for more than ninety days must be registered in Florida. It is possible to have a dual registration – registration in two separate states. Only two remaining vessels have yet to comply with the Florida registration, and they will come into compliance in the near future when they return to Circle Bay. It is noteworthy that while a vessel in Circle Bay may display another state's registration, that vessel also possesses a Florida registration. Dock Assignment Renewal Forms have been distributed with about fifty-five of the seventy being returned. The biggest problem is failure to complete all information on the form. Please thoroughly complete all information that is required on the form. Vessel Safety Inspections will be conducted on February 2, 2013, at 9:00 A.M. by the Coast Guard Auxiliary. The most common reason for failure is expired flares and uncovered positive battery cables.

INSURANCE – GRANT RAWDING

We will be meeting shortly to review the tentative costs of the many policies Circle Bay maintains, which are negotiated throughout the year. Citizens is the only company that will issue property insurance to us, and their premiums continually increase.

TV/INTERNET – JOE URBAN

The systems are continuing to operate well. With the return of our seasonal residents, we now have almost 190 active internet users. On January 7th, we completed the capacity upgrade of our system. Overnight, the average usage of our system jumped 35% after the upgrade. Software upgrades were also completed to two of the servers that manage and monitor our system. Residents are reminded that in approximately forty days, we will shut down the e-mail address at circlebay.tv. Please contact Joe Urban if you need a copy of the instructions detailing how to obtain and use a new e-mail address. Professional help is also available for a reasonable fixed fee by contacting Joe for the referral. In the past, some of our internet connections were not correctly installed. This can create issues for all users due to improper signal levels from the modems. If your unit is located in Phase I, your modem should be connected to the cable system on the water side of the condo. If your unit is located in Phases II or III, your modem should be connected on the front bedroom/parking side of the condo. Please put in a Work Order if you need to have the modem moved. There will be additional maintenance on the cable system to replace amplifier modules. The maintenance will cause the loss of both TV and Internet service for a short time on a building by building basis. These maintenance times will be announced on Channel 43.

POOL STUDY – LARRY BEACHY

All methods were considered to save energy and the associated costs for heating the pool. The conclusion of this advisory group consisting of Bill Flanigan, Dennis Stewart, and Grant Rawding was that heat pumps for the pool were the best solution. We await the return of the bid proposals that have been sent out for review by the Board. There is money for this in the Pool Reserves as well as Major Repairs for Phase IV. We spend approximately \$23,000 per year to heat the pool, and it is estimated that the use of heat pumps would reduce this by approximately 70%. Thanks to all who served on this group.

RULES – BARRY HIGH

This group has been meeting since June and has consisted of Marie Ferris, Charlie Denby, and Joanne Hooper. We have worked on the rules pertaining to pets, leases, occupancy, and vehicles, which are in various stages of completion. It is recommended that a permanent Rules Advisory Group be established to annually monitor our rules with regard to changes in the law to determine if they continue to be enforceable. Thanks to this group for their dedicated efforts.

OLD BUSINESS

SEAWALLS – BOB CROKE

The anticipated completion date of late December did not occur due to issues with weather, such as the elevated water levels with Hurricane Sandy, equipment failures, and the movement of teams of workers. It is now estimated that the seawall reconstruction project in the South Channel near Buildings 2, 3, and 4 will be completed in approximately one month, as they progress as quickly as possible. Sod near the seawall in front of Building 8 collapsed due to a compaction problem with the three inches between the old and new seawalls. This is now being filled with aggregate and compacted, which will tighten the seams of the seawalls. Hurricane Sandy exacerbated this situation. This is being accomplished at no cost to Circle Bay, and the sod will remain unlaid while this situation is being monitored.

PET RULE

Grant Rawding commented that the revised Pet Rule has been discussed at several prior meetings and posted on the buildings' bulletin boards. Since a rule change was going to come to a vote at this meeting, all conditions of Florida Statute 718 were followed with regard to notices, agendas, etc. Sue Vander Naald-Johnson made a motion to accept the revised Pet Rule dated December 21st, 2012, that the effective date shall be the acceptance date of January 17, 2013, that the total compliance with this Pet Rule this year shall be March 18, 2013, and that every year thereafter, the annual renewal of complete compliance with this Pet Rule shall be March 15th. Kevin Norton seconded the motion. Bob Croke added that several Board members are dissatisfied that this rule, which, in essence, rewards the unacceptable behavior of people who knowingly broke the No Pet Rule, having a pet in clear violation of the rule; however, it is the pragmatic thing to do to accept the rule and grandfather the illegal pets. As our legal experts have advised us, in accepting this Pet Rule, we now have the capability to enforce the Pet Rule. This

increasing problem of owners who believe they are entitled to violate rules undermines the quality of living for all of us. This has been evidenced in such things as underage leasing, seeking to be the exception to the rule, not completing information on required forms, etc. Since we live in a condo community, we must voluntarily abide by the rules without scams or skirting around the rules. We only own what is inside the actual unit – the rest is owned in common by all owners. It is disappointing that a small group takes things into their own hands and only acts for their own personal gain. A discussion followed in which the question arose whether an animal could use the elevator, and the answer was given that animals could not be on the common element of the elevators. Attorney Poliakoff's example of a woman living in a No Pet condominium who entered the elevator and, unbeknownst to the woman who had a fear of dogs, was lunged at by the dog causing a heart attack from which she died the next day. We must enforce our Pet Rule to avoid legal exposure to this type of situation. Further comments were made about the number of illegal pets and the need for owners to completely clean and sanitize any area used by pets. Please see the Pet Rule on the buildings' bulletin boards for the requirements for total compliance by owners of dogs and cats with all requisite paperwork that must be in the Circle Bay office no later than noon on March 18, 2013. Animal's owners need to have a plan for care of the animal in case of an emergency experienced by the owner. Owners must be a pivotal piece in the enforcement of this rule and all other rules. Vice President Campbell reinforced the need for compliance with the rules citing that he had to give up his truck, his dog, and his motorcycle to live here. President Rawding stated that a sale of a condominium and a rental was stopped when a dog was heard barking in the complex. All of us will lose approximately 10% to 15% of the value of our condominium the Pet Rule is not enforced. The old rule was unenforceable. The vote was called and was unanimously approved.

RESIDENTS' COMMENTS

There will be an excellent speaker at tonight's Yacht and Sail Club meeting. It was explained that the Circle Bay Marina Rules require vessels be registered in Florida and that the State of Florida also requires vessels that will be in Florida for ninety (90) days to register in Florida.

Bob Croke made a motion to adjourn the meeting, which was seconded by Seth Johnson. The motion was unanimously approved, and the meeting adjourned at 11:31 P.M.

Respectfully submitted,

Sue Vander Naald-Johnson, Secretary of the Circle Bay Board of Directors