BAYBRIDGE HOMEOWNER ASSOCIATION, INC.
Annual and Budget Meeting
January 26, 2013

Effective February 1st, the monthly dues have increased to $500.

There is a special assessment of $2,000 due March 1, 2013.

If you have previously sent the former amount of $454 for February, please now send your check for $46 or make your March payment $2,546.

CALL TO ORDER

Michael Driscoll, President, called the meeting to order at 9:35a.m. The roll was called and proxies certified. There were 22 owners present and 13 proxies, for a total of 35 units represented. A quorum was established for the meeting. Ray Etheridge produced a signed affidavit that he had mailed notice of this meeting to all owners.

ROOFING LITIGATION AND REPAIRS

Introduced were Chuck Young with Emmanuel Sheppard & Condon, the association's attorney in the lawsuit with Paramount Insurance Repair Services and other defendants, and Todd Alford (Arcadia ICR Group), who is assisting the association with analysis and with obtaining estimates and bids for repairs of the damage caused by leaks in the garage roofs after improper repairs following Hurricanes Ivan and Dennis.

Mr. Young stated that needed work has been long delayed because any repair work the association would have done on these garage areas would have voided the warranty, which the association obtained at time of the initial repairs. He further stated that the association is now endeavoring to proceed with repairs and has given the defendants adequate time to investigate the problems before they are concealed by repairs. Recently it was learned that Quest Construction Products is the successor to Hydro-Stop, the company which gave the warranty. Quest will be sent a letter giving them 30 days to make any inspections, at which time the association could proceed with repairs. There are 29 units with garages, half of which are leaking at this time. Mr. Alford stated that it is only a question of time until they all leak, that the flashing is not done properly, and that at some point those that are not leaking now will leak.

The lowest of the three bids Mr. Alford has been able to obtain is $500,000. A question was raised, can only some of the garages be repaired now and some later? This would obviously change the estimate and it may cost somewhat more to have them repaired by this method. However, Mr. Alford was asked to get an estimate to do this, which would probably take two weeks. Both Mr. Young and Mr. Alford answered several questions from owners present regarding repairs and the probabilities of litigation recoveries and the time frames for them. After lengthy discussion concerning these garage leaks and legal process both Mr. Young and Mr. Alford left the meeting. Decisions were deferred until more information was available.

APPROVAL OF THE MINUTES

Dick Baker made a motion to approve the minutes of the 2012 Annual meeting. Tom Belger seconded this motion, which passed unanimously.

ANNOUNCEMENT OF DIRECTORS

Michael Driscoll announced that seven owners had made application to serve on the board for 2013. Those seven are Dick Baker, Tom Belger, Doug Caddell, Laura Ford, Norma Juneau, Gale Larkin, and Clay Jennings. Due to the statutorily required notice period of 60 days, an arbitrary election meeting is scheduled for February 9, 2013. It was announced that because there will not be an actual election at this meeting, that these seven will then be the new board. It is not mandatory that owners attend this meeting on February 9, 2013. Ray will attend the meeting, call to order, announce that there will be no election, because only seven owners submitted applications, and adjourn the meeting. That meeting is scheduled for 9:30 am on February 9, 2013 at the Gulf Breeze Library, but again, it will not be necessary for owners to attend.

FINANCIALS

Dick Baker discussed the financial statement for 2012 and the proposed budget for 2013 which was approved. The dues are increased to $500.00 per month effective February 1, 2013. Also Dick was suggesting a special assessment of $11,900 to pay off the remaining FEMA/SBA loans balances, to partially fund our operating funds and reserves, to settle a smaller lawsuit, and to make the garage roof repairs to all affected units (while continuing the lawsuit). The question was asked if the SBA would discount the loan if it was paid off now, and Dick stated that he would write a letter to SBA in this regard. There was not a consensus for this assessment.

Also as part of the discussion, questions were asked regarding the last time the Association had an audit. It has been several years. In most years the association has voted to waive the audit and have a compilation which is cheaper. Chapter 718 of the Florida Statutes, based on the size of Baybridge revenues, requires a review be done annually; again the association owners have a right to waive this for not more than three (3) years.

There was also a question that arose regarding getting an audit of the SBA Funds. Dick stated to the owners that there are two (2) units that have not paid the association in full. One of these went through a foreclosure process, and we fortunately collected several thousand more than we could legally require per Florida Statutes as relate to condominium mortgage foreclosures. The other unit owed more money than was collected at the time of the sale over 6 years ago. Between the two units, there was approximately $7,500 in loss. The association owes the SBA, at this time, approximately, $73,000. This is because, as units paid, the entire collected amounts were not then sent to SBA as it invoiced smaller monthly amounts to us. The excess collections were retained in the association's accounts. Thus the money is in the association's account with which to pay off the SBA loan and the suggested special assessment would be partially to fund the operating account and set up funds in the reserve account after payments.

Frank Rainey made a motion to pay off the SBA loan using existing association funds. This motion was seconded by Paul Butler, and passed with 16 owners voting in favor, and 5 voting against.

Michael Driscoll made a motion for a special assessment of each unit the amount of $2,000, with $40,000 to be used to fund the operating accounts and the balance of $54,000 to be used to fund the reserves account. This motion was seconded and approved.

Clay Jennings made a motion to approve that proposed budget for 2013, with the assessment being $500.00 per month to begin February 1, 2013. This motion was seconded by Joe Sharit and was passed unanimously.

The owners discussed and the decision was made to get an audit of the 2012 financials. Dick Baker informed the owners that the independent accountant estimated an audit would cost additionally approximately $2,500, beyond our usual services of reviewed financials and tax returns preparation in the budget for $750. It was also requested that an estimate be obtained of the cost to audit the data related to the special assessments for the hurricane loans from the SBA … 2005 – 2012, and to present that estimate of costs to the board.

Dick Baker informed the owners that Marty Esposito's contract is now with Etheridge Property Management, and not with the association. Frequent inspections by EPM and needed work orders are thus made. The owners are asked not to call Marty, or not to ask Marty to make repairs, but rather to call the Etheridge office (850-484-2611) and make the request, suggestion or inquiry with a secretary who will relay it to Ray Etheridge or Bob Guenthner. Ray or Bob will then pass the appropriate work orders on to Marty for repairs. This procedure will let Ray monitor maintenance and repairs closely and follow up to make sure that all work orders are completed timely

ADJOURNMENT

There was no further business, and the meeting adjourned at 1:00 p.m.

Respectfully Submitted,

Ray O. Etheridge
Association Manager