

**Presidents Report  
November 3, 2018  
Annual Owners Meeting**

1. The most important item – Tommy Hines is successfully recovering from open heart surgery. Vickie reports that he is a terrible patient but is doing well.
2. We've renewed GLF's contract for another three years. They have raised their rates modestly and we all agree that GLF does a splendid job maintaining the grounds of MP.
3. We had a rocky start with our management company, Chesapeake Bay Management with delayed payments to vendors (not popular) and less than stellar communications with us. Robby Traylor who was scheduled to power wash and paint Building 1 was so disgusted with CBM that he refused to work for us anymore. Nina's idea of a 50% deposit with the acceptance of proposals from selected vendors has convinced him to consider working with us again. Hopefully this has been resolved and building 1 will be painted in 2019.

Evidently the bugs have been worked out regarding payments and I think the new board will need to assess if communications have improved. We considered terminating CBM's contract but the "With Cause" and "Without Cause" provisions each carried their own issues. The two year contract expires in November 2019 and there is a 90 day cancellation clause before it automatically renews for 2 years. I think the new Board will need to make a decision by early next summer whether or not to renew.

4. We have completed our 2018 Reserve Study Update. We anticipate that we will be at the 50% funding threshold at the end of 2018 which is considered "fair." We have a multi year annual "catch up" plan to bring us to the 70% threshold which is considered "strong." To clarify, a 30% or less funding is considered "poor" which means an association may not be able replace its common element components without special assessments. This is not popular with lenders, potential buyers or current owners. A strong threshold means an association should have the cash on hand to replace these components without special assessments. Please remember that most associations do not have a 20 slip dock that will need to be replaced in the future.
5. The budget for 2019 will be finalized at the December Board Meeting.

- Because Building 1 was not painted this year, we have an unusually large amount of monies left over for Reserves. And the new budget will always include a Reserve contribution.
- Because of the excess operational monies in 2018 to move to Reserves (subject to owners vote), we will make a large dent in the "catch up" amount (\$49,000 estimated) which will work favorably in our 2019 dues. In other words, our total catch up amount should be less than the current estimate \$49,000.
- Without making this too complicated, the new board will need to get a final tally on excess operational monies, factor that into the catch up amount, and then factor that into the final 2019 budget.