

Mariners Village Condominium Unit Owners' Association, Inc.
Board of Directors Meeting
October 24, 2004

A scheduled meeting of the Board of Directors (BOD) for the Mariners Village Condominium Unit Owners' Association, Inc. was held on October 24, 2004 at 1019 Mariners Way, Unit 32, Mariners Village. The meeting was called to order at 9:15 AM. Members present: Hugh Shaffer, Mary Jane Mullin and Skip Lowman. Absent: Mike Kirkbride and Auburn Perkins. No other unit members were present.

A quorum was determined and established. Immediately afterwards, upon motion and affirmative vote, the Board adjourned the open meeting and convened an executive session to evaluate a proposed new master casualty insurance policy for the condominium and to receive education and advice for directors and officers, first from an insurance agent and then from legal counsel.

EXECUTIVE SESSION:

Gary Beveridge of Beveridge Insurance Agency, Inc., Roanoke, VA, agent for Nationwide Mutual Insurance Co., is an area specialist in condominium insurance and has many local accounts, including Bernard's Landing. He presented a proposal to replace the association's master casualty policy, which is currently with Eric Insurance Co. He proposed a policy with comparable coverage and deductible for an annual premium of \$9,668.00, which is considerably less than we are currently paying. His policy also includes increased liability coverage of \$2M per occurrence rather than the current \$1M. Based upon a recent assessment, he recommended reducing the coverage per building from \$1.337M to \$1.1M. He advised reducing the deductible from \$2500 to \$1000 per occurrence. He also recommended that we add the following coverage: ordinance and code coverage, water and sewer backup coverage. Mr. Beverage strongly recommended that the association also purchase a stand-alone, broad-coverage liability policy that would better protect the association and individual directors and officers against demands for monetary and, especially, non-monetary damages.

Andrew G. Elmore, principal attorney in the Richmond office and partner of the legal firm Chadwick, Washington, Moriarty, Elmore & Bunn, P.C., is on retainer as the association's legal counsel. As part of his service, he presented a lengthy orientation for the Board of Directors and addressed such issues as the legal basis of the Board's authority, governing statutes and documents, fiduciary responsibilities, decision-making, standards of conduct, liability, duties, and meetings. He talked about the duties and responsibilities of the association officers. He also provided answers and advice regarding questions that we had prepared and sent to him in advance. Mr. Elmore indicated that our bylaws did not require modification to comply with current Virginia statutes. He stated that the bylaws could be amended, if we wished, to permit the Board to write and modify house rules without a general vote and supermajority approval of all unit owners. He also indicated that we could reduce our administrative time and costs by modifying the bylaws to permit the Board to place an accelerated lien simultaneously with the initial lien placement for nonpayment of

dues and assessments. He also suggested that we also consider a bylaws amendment that would specifically authorize the Board to levy fines for non-payment of dues and assessments and, possibly, for violations of bylaws and house rules (following a hearing). Mr. Elmore independently strongly supported Mr. Beverage's recommendation to purchase broad-coverage, stand-alone liability coverage to protect the association, directors, and officers. He emphasized that the association should be a specifically named insured.

Following the executive session, the Board, on motion and second, voted to return to an open meeting.

OPEN MEETING:

- Reading and Approval of Minutes – Deferred. The Secretary was absent but provided a copy of the minutes. Because of time constraints, the Board members will read the minutes individually after the meeting and vote on them at the next meeting.
- Treasurer's Report –
 - Checking account balance (9/30/04) = \$96,357.14
 - Expenses to date during current budget period (5/04-9/04) = \$19,810.57
 - Approximate 3rd quarter 2004 revenues = \$17,820
 - Due to resignation of Linda Honaker from the BOD, a second signature on checking account has been requested to be transferred from Linda Honaker to Mike Kirkbride. Mike and Skip will determine a mutually agreeable time to add Mike to the Checking Account Signature Card.
- Resident Manager's Report – Larry Sedell was not present to give a report.
- Unit Owners' Comment Period – Other than Board members, no owners were present.
- Master Casualty Insurance Policy – The Board unanimously approved a motion to have Gary Beverage provide us with revised insurance proposals to include the following:
 - Maintain the deductible at \$2500, as approved at the last association annual meeting
 - Add ordinance and code coverage
 - Add water and sewer backup coverage
 - Include a broad-form, stand-alone liability policy to insure the association, directors, and officers as named insured parties against demands for monetary and non-monetary damages.

Follow-up: Hugh Shaffer

- Bylaws Amendments – The Board members unanimously approve authorizing our legal counsel, Andrew Elmore, to write bylaws amendments on three subjects to present to the association members for approval:

- House rules – deleting the requirement for a 2/3 supermajority affirmative vote of all unit owners to modify house rules and to place that authority in the hands of the Board of Directors
- Accelerated liens – modify the bylaws to permit the association to place accelerated liens on property for nonpayment of dues and assessments, which is permitted by Virginia law
- Ability to levy charges for late payments or non-payments of dues and assessments

Follow-up: Hugh Shaffer.

- Registered Agent – The Board unanimously approved making our legal counsel the association’s official Registered Agent with the Virginia State Corporation Commission. Paperwork needs to be completed. Follow-up: Hugh Shaffer.
- Radon Testing and Mitigation – Radon levels above the 4 pCi/L EPA recommended action level have been detected in unit #45, a ground-level unit. At the recorded levels, radon mitigation is advised by various government agencies and has been requested by the owner of this unit. Our legal counsel advised the Board that radon testing should be performed in all units, and radon mitigation, where indicated, should also be done because of the safety and legal risks involve in doing nothing. The Board unanimously voted to authorize our legal counsel to research prior law and determine who has legal responsibility for performing and paying for the testing and mitigation—the unit owner, the association, or the builder/developer. Based on estimates we have obtained from DP Enterprises in Forest, Virginia, the total cost could be as much as \$1500 per unit—and there are as many as 24 ground-level units that might be affected. The legal counsel is limited to billing no more than \$400 of time conducting this research without further authorization from the Board. Follow-up: Hugh Shaffer.
- Budget – The association bylaws (Article 12.1) states that the fiscal year of the condominium shall be a calendar year, beginning January 1st. It also stipulates (Article 12.2) that the Board of Directors shall prepare and adopt a budget on or before December 1 for the upcoming year. No vote of the entire membership is needed. These requirements have never been adopted in the past, but we will make every effort to meet these deadlines this year. The Board of Directors will meet in late November to complete budget preparation and adoption. Follow-up: Skip Lowman.
- Reserves – Our legal counsel provided the Treasurer with the names of several individuals who are qualified to perform the required 5-year study of our reserves and determine the adequacy of our escrow for future repairs, replacements, and restoration of the common elements (buildings and paved areas). Hopefully the study can be completed in time to be reflected in the new budget. Follow-up: Skip Lowman.

- Parking Lot In Front Of Buildings 4, 5, & 6 – One stand of mailboxes has been moved to a new location and a second stand has been added, increasing the number of mailboxes available by 12. Four (4) new, unnumbered parking spaces have been added. Designated parking spaces for golf carts have been added. These projects were all done by the developer.
- Barbecue Grills – M&J Developers has provided electric grills to their rental units. They have also developed two charcoal grill areas with picnic tables on M&J property, one near the beach and the other near the bathroom facility above the boat slips.
- Snow Removal – M&J will continue to coordinate snow removal from the Mariners Village Drive and Mariners Way. They will scrape the right of way but not the parking spaces in front of the units. Snow removal on the sidewalks fronting the parking lot and the unit stairways will be the responsibility of the Trinity Property Services. Porches and decks of individual units will not be scraped or swept of snow at the expense of the association.
- Mariners Village Drive Ownership – M&J had previously deeded ownership of Mariners Village Drive to the Association. Our legal counsel indicated that we have no choice but to accept this property and maintain it.
- Newsletter and Website – Hugh Shaffer announced that Mike Kirkbride requests approval to develop a newsletter and a website for the Condominium. Those Board members present gave unanimous support to that effort. Already, Mike has a rough website in operation. He is supporting the cost of the webmaster and the web hosting. In line with the recommendations of our legal counsel to comply with state statutes, we can use the website for posting announcements of the time and place of future Board meetings, as well as other information, as long as we advertise the URL of this site to all unit owners. This will save the time and cost of writing letters, posting notices on public bulletin boards, etc. to comply with state statutes regarding notification of owners of all meetings. Follow-up: Mike Kirkbride.
- The next meeting of the Board of Directors is set for 10:00 AM on Sunday, November 21, 2004, location to be determined. The major focus will be on budget preparation and adoption, bylaws amendments, and radon management.

Meeting was adjourned at 2:20 PM.

Respectively submitted,

Hubert A. Shaffer, Jr.
President and Acting Secretary