

**Minutes of the April 27th, 2013 Pilot Point Association of Owners
Annual Meeting
Lewes Yacht Club**

President Ed Kingman called the meeting to order at 10 AM. He introduced the board members, our new attorney, Chad Toms, Esq. and Angela Howell; and later, our auditor Tom Sombar. He also recognized the host staff of the Lewes Yacht Club and Adrian, the Manager.

Proof of Annual Meeting Notice:

Angie Howell reported that the meeting notice and proxies were mailed ahead of the required 20 day notice period. She reported that we had either by proxy or present 40 owners. This was 60% of the owners exceeded the quorum requirement of 24 owners.

Approval of the 2012 Annual Meeting Minutes

The 2012 minutes were distributed prior to the 2013 annual meeting. Mark Gatanas, Secretary, asked for acceptance. A motion was made to approve the minutes. The motion was seconded and the minutes were approved and accepted.

President's Report by Ed Kingman

Ed introduced the new owners present and suggested that the subject of the Walkways would be covered towards the end of the Agenda.

Hurricane Sandy Impacts.

Ed described the damage from Sandy and showed the flooded units and air conditioners. He explained the flood issues and reminded all that our Flood Insurance is on our web page for everyone to read.

Tar issues.

Ed explained the tar issues and tracking problems, to include the efforts we had taken with the vendor and manufacturer. He also reminded everyone how old the pavement is and that eventually we would have to repave. Future repair costs most

likely will equal correcting the present tar problems. This will be taken into consideration.

DUCOIA (Delaware Common Interest Ownership Account)

Ed had Chad Toms give the DUCOIA governance presentation, including the Declaration change process towards the end of the Annual Meeting, after Vince D'Anna's presentation. Chad, who is from the Whiteford/Taylor/Preston, LLC, also gave the Council CD copies of the Delaware Community Association Statutes.

Chad explained DUCOIA and elaborated on common vs. private elements of the community. He discussed the MUSTs vs. the MAYs, the authority regarding what to do, and the fact that with DUCOIA, we can now go with 2/3 or 67% decisions, rather than, unanimous decisions. Section 211 explains how to make changes. He explained the proposed steps to DUCOIA and the three documents necessary to get *there*. *He is currently drafting them.*

Process to Correct Encroachment and Change Issues.

Ed discussed the process to correct encroachment and change issues, as well as, siding replacement issues. The overall exterior continues to be a problem. The Council plans to develop and propose to the ownership a major renovation of the currently failing exterior once the legal issues with the declaration are resolved. Until that happens repairs and painting will continue.

Ed stated that we are not changing the Common Area assessment and that "grandfathered improvements are the responsibility of each owner." The Common Area assessment remains the same and it is at no cost to the owner. He also commented that Pilot Point is aging and old wood is rotting and deteriorating because it had not been pressure treated, etc. He pointed out that owners are responsible for windows, decks, skylights, doors, and replacement of a shingle, should it come off. However, the Council will paint it. Original construction is the responsibility of the Council. Pressure proof lumber is always to be used for any constructions. Ed also pointed to the work already done on the tennis courts and mentioned the problem with rusting tennis court poles.

Ed mentioned the continuing problems with barn swallows that manage to penetrate the current mesh on the roofs in Units 47-60.

Ed mentioned that the 50 years old shingles on roofs of Units 47-53 have been replaced but the skylights are the responsibility of each owner. He also mentioned the failure of the black rubber roofs on the street side of units 33-47 and their replacement with white PDDM. Also, he stated that using white PDDM is costing \$39 K/roof. He reminded all that you need additional structure when you put a room on the deck and mentioned issues of architectural control, etc. Any future structures needed to support an additional room on the decks, if allowed, is the responsibility of the owner

He said that railings in Units 33-46 do not meet the uniform code and showed a photo of the nonconforming railing built by the owner. It turns out that the unit owner had not asked the Council for permission but instead, requested permission from the City of Lewes. Ed stressed that it is the Council that grants permission. Architectural standards are needed for exteriors, color stains and paint colors.

He also mentioned that sliders opened by child can cause a fall but cautioned that we needed a standard for guard rails.

Ed pointed to other nonconforming examples. Owner of Unit 33 has put up an awning and a different color stain on the deck, without requesting Council permission. Ed then raised the question of who would be responsible for wall leaks in this situation and for the need to have standard sizes and colors,

Ed discussed the Walkways and other issues. He indicated that "repair" of the Walkways was on schedule and was underway based on work approved by DENREC. However, work was suspended based on an owner's complaint. DENREC has again approved the project but the unnecessary delay will mean work on only three Walkways (between units 11-12, 18-19, and 32-33). Work will be completed by end of June.

Repairing existing Walkways will be done by removal of boardwalk and the rotting wooden posts in the sand. Dispute of the width of Walkways was clarified by DENREC. Community needs 4'-6' and we chose 5'

Unit 12 roof to the entrance needs to be replaced. Responsibility of the owner.

Ed then raised the issue of what to do with the Sales/Community Building. He said that it would take about \$100 K to repair it. After a lengthy discussion of

what else to do with the building, including its use for training by the Fire Department, a motion was made and adopted. Those owners that were not present at the Annual Meeting would receive a letter to this effect and be given the chance at rebuttal. The building will be torn down and be removed at an estimated cost of \$15-20 K.

Establishment of Building Groups

Ed explained the drawings that were brought to the meeting, of Pilot Point's building groups and urged each Building Group to appoint a leader and for each Group to look at the encroachments and make recommendations regarding new standards. Each Building Group later in the meeting appointed and looked over the drawing for their unit. The idea is to also confirm the drawings, as well as, make recommendations as a Group to the Council, thru their appointed Group Leader.

Nominations and election of PP Council Member

After the reports by Sombar, Campbell, and D'Anna, Ed nominated for eliminate for Campbell to continue as Treasurer. Motion was seconded by Gatanas and the vote was unanimous for Roger Campbell to continue as Treasurer.

Review of 2012 Financial Limited review- Tom Sombar CPA

As required by DUCOIA an audited financial report is required every three years. Change second sentence to read Tom Sombar conducted a limited review or 2012. Pilot Point had an Audit in 2012 Tom Sombar performed a limited review. Tom handed out a copy of his 2012 review and made a presentation stating he had no findings but asserted that our financial picture and fund balance are strong. However, he did emphasize there will be an increase in our cash reserves due to the significant investment of replacing our units' siding.

Review of 2012 Revised Budget, 2013 Budget, Ratification Review of 2012 Actuals; and 2013 and 2014 Budget Ratification

Roger Campbell reviewed results for 2012. He also reviewed a revised 2013 and 2014 budget. Roger said that the revised 2013 budget will take care of what Ed discussed of what needs to be done, e.g., Board Walks, etc. Roger indicated that

the 2013 Budget needs to reflect the work on the Board Walks, that the legal expenses will be higher, and that although general maintenance done has been reflected, more will be needed. -After discussion, Ed called for a motion to ratify the budgets. After a second the budget was ratified.

Legal, City, Zoning, Recycle and Trash Can Issues

Vince reported on recycle and trash can issue, as well as, legal, city, and zoning issues. He discussed modifications and zoning codes. Also, restrictions to rebuilding are taken care of by rezoning area to #5. New zoning code will be addressed at a public hearing and the Council will abide by it, making us legal next month. He stressed that the trash can issue has gotten worse and that he would head a committee to resolve the trash can issue. In the meantime, he stressed the need to respect our neighbors and to bring in the trash cans and/or use the dumpster. Renters need to be reminded that there is no trash pick-up on Saturday. He also reminded everyone that our land lease is good until 2066.

Nominations and Elections of Council Members

See above for vote that continues Roger Campbell as Treasurer.

Old Business

Ed discussed last year's election of the Secretary Mark Gatanas and apologized for not executing the proxies. He praised our previous Secretary for his outstanding work and indicated that he was thrilled with the work of the new Secretary.

New business

No new business was discussed.

Plans for a Memorial Day beach party was not discussed due to lack of time.

Reminder to change batteries for fire alarm systems in your home.

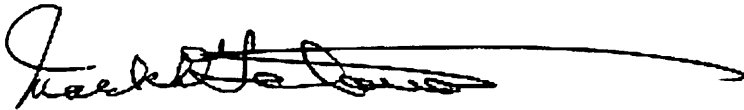
Conclusion;

Pilot Point now needs 2/3 majority or 66% to make changes in our community. Flexibility to run our community exists. We need to pull together as a community and make the process happen for DUCOIA requirements. Written proposals and

required building standards will be available for all to participate and understand what modern communities do. There will be a proposal declaration and condo owners will have a say in the amended process.

Questions and comments were invited from the floor.

The meeting was adjourned at 12:10 and lunch was served.

A handwritten signature in black ink, appearing to read "Jack H. Jones", with a long horizontal flourish extending to the right.