

(1) Nov 7, 2023

Dear Tiburon Owner,

Attached is a letter detailing the background of the current roof project and the funding for that effort. We would like to apologize as our plan was for this letter to accompany the information distributed last week by Mann related to the logistics of the project. We fell short in the coordination of that timing of distribution but wanted to make sure you had the background you need so are distributing it now.

As stated in the attached, we plan to hold an owners' meeting in early 2024 and look forward to discussing all the developments in the community since our annual owners meeting.

Thanks,

Amy Wasko

President Tiburon Board of Directors

Attached letter

Dear Owners,

It has been a busy Summer and Fall. In July, to comply with the new Maryland Statute HB107 that requires every HOA and condo association to conduct a reserve study every five years and fund the reserves accordingly, we hired our engineering firm to update our 2018 reserve study. This study, currently in draft, will be finalized shortly and posted on our website. The study examines Tiburon's major capital assets, e.g., roofs, balconies, pool, tennis courts, etc, describes their condition, estimates remaining useful life, and identifies reserve requirements to cover costs to replace the asset when its estimated useful life is up. HB 107 has been posted on our website and shortly the final reserve study will also be available for all to read. During this study, our roofs were estimated to have 3-years of useful life left, which led us to believe no immediate action was required. However, our mgmt. company informed us that our insurance agent would NOT be offering a renewal for 2024, if the roof on 13907 Bldg A (which was 30 years old) was not replaced prior to the 12/5/2023 renewal date.

This caused us to take immediate action to complete that replacement. Because Insurance is required by the terms of our by-laws, the board had to take immediate action to meet the December 5 insurance renewal date and solicited bids from 3 companies to replace the one roof segment. Tecta, our current roof preventive maintenance contractor, won the bid and was awarded the contract to begin early November. The cost for the replacement was estimated to cost \$145,000, to include project oversight. The BOD agreed to use existing reserve funds to finance the replacement and to discuss the replenishment and build-up of the reserves during our Fall budget deliberations. The HB107 statute allows condos and HOAs to fund the reserves as necessary without needing to comply with the standard approval requirements contained in many bylaws. This interpretation has been supported by Tiburon's legal counsel.

Once we have received the final reserve study, the board will devise a strategy to fund the required capital replacement projects with required timelines and fund the reserve account as necessary going forward. More information will be forthcoming and an owners meeting will be called in early 2024 to share the strategy going forward. Final approval of our 2024 budget will occur by end of November so stay tuned for specifics, particularly as it relates to new contracts, new cost estimates for existing services, and levels of dues payments for 2024.

Finally, in October, Buck of Mann Properties, our management company, informed us he will not be renewing their annual contract for Tiburon. Buck has provided first class service to our community for the last 30 years and I think I speak for all of us, we count ourselves as fortunate and remain especially grateful. With the demands of a community our size and age, however, this arrangement was no longer profitable for them and a business decision was made. We are sad to see Buck go as they have been a staple here at Tiburon for as long as many of us have owned. We have begun a search for their replacement and will keep you posted on our progress and the transition. Further, I ask that we all remain patient as we proceed through what will undoubtedly be a difficult transition.

Amy Wasko

(2) Dec 13, 2023

Dear Owners:

Wanted to provide you with an update on the actions taken by your Board. These changes include:

1. ROOFS--Replacing the oldest section of one of our roofs in 2023 and enacting a special assessment to fund the replacement of Tiburon's other aging roofsto ensure renewal of our multiperil association insurance in 2024 for 2025.
2. BUDGET--The need to raise operating budget to pay for the significant increase in insurance premiums and common area contracts.
3. NEW MANAGEMENT COMPANY--Finding and hiring a new management company.

Roofs

Tiburon was informed that we would not be renewed in our multiperil insurance coverage unless we replaced the roof section in 13907A, a section more than 25 years old. To maintain our insurance, the Board voted to replace that section of roof before the December 5th insurance renewal date. After competing 3 companies, we selected Tecta for the job, at a cost of approximately \$145,000, funded from existing capital reserves.

Our roofing replacement project was completed on Dec 1st. It was completed on time and on budget. Final inspections were scheduled and done on 12/5 and we have received confirmation there were not any issues noted from Kirk Parsons our engineer who provided oversight for the

project. Be sure and see our website for pictures of our new roof! Owners located in 13907A please notify Mann Property immediately if you are experiencing any issues with your HVAC since the roof replacement.

Our insurance for 2024 was renewed on 12/5 with a significant increase in the premiums. Details are available in the budget document on the website and reflect nearly a 100% increase in premiums over a two-year period, i.e., from \$55,000 to \$109,000. We received confirmation from our insurance agent that the age of the roof is definitely one of the underwriting considerations/requirements taken into account during the renewal review and that our underwriter Arch Ins Co is in compliance with their filings with the Maryland Insurance Commissioner with regard to this requirement.

With this confirmation, we believe it is necessary to replace the remaining roofs prior to the 2025 renewal in Dec 2024 to ensure we will continue to be insurable. Based on estimates from the reserve study, we approved a capital assessment in the amount of \$950,000 to cover this project at our November 19th meeting. This assessment will be distributed among the owners in accordance with the percentages outlined in our by-laws and will be payable in two installments in 2024 on 6/1 and 9/1. This was a tough one for the board as we too are owners and not looking forward to the additional expense, particularly given the Reserve study estimates of 2-4 years of remaining useful life on our other roofs. It is however imperative to renew our insurance and protect our investment and the Board believed it had no other options. We can discuss further in March at our owner's meeting.

Budget Increases

Based on significant increases in insurance and all our operating contracts, our 2024 budget was approved at \$419,498, a 16% increase over the 2023 level. For more detail on each line item and a comparison over the past 5 years, go to our website under Documents, Budget and Reserves.

Management Company Change

We mentioned in last month's email that Mann Properties has informed us that they will not be continuing their contract with us as of January 1, 2024. We have had this contract since 1993 and over the past 30 years have enjoyed our cooperative relationship with Buck Mann and his staff. In November, Buck informed us that he is reducing his role in managing the number of associations in Ocean City and due to our size, complexity and required workload, he was making the business decision to terminate our contract.

At this juncture, we are pleased to report we have successfully completed the search for a new management company. After numerous calls, detailed comparisons of services of 3 candidates and a lengthy interview by the board, we have signed on with Coastal Property Management of Ocean City. They are located on 77th street and service several communities comparable in size to Tiburon. They bring a wealth of experience in the industry and appear to offer what we need as core services at Tiburon.

We would like to thank Janice Small for her effort in helping us to complete this effort. We are very excited to start the transition and expect to have them fully up and running over the next month or so. We understand they offer a few new perks for our owners with electronic payment options and online general ledger services for the Board. We hope to have them attend our owners meeting on March 9, 2024 so you will have a chance to hear first-hand how they will be servicing our community.

Finally, the board wishes to extend everyone a Happy and Safe Holiday season and look forward to seeing you at the March meeting.

Regards,

Amy Wasko

President, Tiburon Board of Directors