**MINUTES
COLINGTON HARBOUR**

**BOARD OF DIRECTORS MEETING**

**TUESDAY, FEBRUARY 14, 2017**

**9:00 A.M.**

*Meeting Location: 1000 Colington Drive, Kill Devil Hills, NC 27948*

Attendees: Frank Hendricks, Chairman

Hickman Finch, 1st Vice President (arrived at 9:30)

John Collins, Treasurer

Sharon Wheless, Secretary

Stephen Ornstein, Assistant Secretary

Absent: Bill Hentnik, 2nd Vice President

Other Attendees: Donna Robertson, Accounting Administrator

 Paul Lyttle, Maintenance Lead

 Roy Welch, Security Lead

 Bob Hopkins

 3 Owners

 Elisabeth Silverthorne, Legal Counsel (arriving at 11am)

 **GENERAL SESSION**

1. **Call to Order**

Chairman Frank Hendricks called the meeting to order.

1. **Approval of Agenda**

John Collins asked to add "ACC Discussion" to the New Business. Motion to approve by John Collins, motion seconded by Dennis Donaldson. The motion was unanimously approved.

John Collins announced that we would be having an ACC discussion at 11:00am.

 **3. Approval of Minutes, January 17, 2017**

Motion by John Collins, motion seconded by Dennis Donaldson. The motion was unanimously approved by all Board Members.

**Department Updates**

 **4. Security Department Report**

Roy Welch reported numerous car break-ins on Harbour Road, Colleton Lane,
 Kitty Hawk Bay Drive, Colington Dr., Outrigger, and other
 streets left of the gate, and indicated that the cars were unlocked.

 Roy also reported that the new split ac/heater unit installed at the gate was a major
 improvement to the climate control inside the house. He stated that the new computer
 equipment, and improvements in the Guard House are working great.

 He also added that when he fell and hurt his arm years ago, it was not because of the
 steps. It was the hose outside that caused the fall.

 **5. Maintenance Department Report**

Paul Lyttle presented a list of maintenance projects that have been completed and also a list to be addressed. He asked if it would be okay to use some of the sand from dredging on the west park area and tree. John Collins noted that it would be okay and identified the areas sand would be placed from the dredging. Paul also mentioned the bulkhead in the center of the park is failing, and the walkway to the bathrooms is covered with sand and should be cleared. There is wiring under the walkway, so this will have to be done with care, but will be completed by the Maintenance staff.

One of the maintenance projects is re-mulching the flowerbed areas. Sharon Wheless added that she has suggested that we ask for beatification volunteers and coordinate with
the mulching activity.

Sharon Wheless also complemented the Maintenance Staff about the recent winter cleanup at the front gate.

There was further discussion surrounding the priority list, and Dennis Donaldson noted that one of the priority items is to repair/cover the step at the guard house.

Steve Ornstein requested that gravel be placed in the pothole as you enter the gate, and Sharon Wheless noted that other road entrances have the same issue. The Maintenance Staff will address.

We will need to post the additional maintenance position so we will be ready for the season. Sharon Wheless has already posted the Board approved position description on Indeed.com, but it is "paused" at the moment. Sharon has already provided Donna Hatch the credentials for the Indeed account so she can take over the employment search and indeed account.

(Security & Maintenance exited)

 **6. Finance Report**

 John Collins read an excerpt of an email from Teresa Burgess. TB received a new set of
 numbers from VR(Emily) and there were additional changes, mainly affecting AR and
 AP. The new numbers are showing > $5K more than the numbers used to set up the
 accounts on QB. Accounts that were given to us were out of balance. With that being
 said, John indicated that our opening numbers will change again based on this information. John reported Current Financials reported as follows:

 Cedars Accounts $575,111.00 (reserve account)

 CHYRC Reserve 48,006.94

 MM 10,083.00

 Operating Account 209,328.16

 John indicated that he would delay giving the balance of these numbers and how they
 convert since other issues will impact them later in the meeting.

 Additional financial information was presented as follows:

 Expenses to date since we became self-managed: $ 44,465.00

 Income to date 34,085.00

 We started sending out statements in January, and in the last 2 months have collected

 $12,858.61 on past due accounts.

 Sharon Wheless noted that one of the Board's main duty is to manage money for the

 association, and that it raises flags that we can't get stable numbers. John Collins

 indicated that the Board should discuss a course of action in a closed meeting. John added that he was comfortable that we have most of our money, and are getting closer.

 **7. CHA Manager Report**

Donna Hatch met with several community organizations to gather items for the New Residents' Packet. The packet will contain the governing documents, acc information,

and other visitor's bureau inserts, and Donna presented a prototype for review.

Donna presented an idea about offering community events in the clubhouse, but John Collins indicated that was against the lease with the CHYRC and that Donna should be careful about crossing that line. Donna Hatch indicated that she would work with the CHYRC if these events are desired.

There are 3 Donnas in the Office, so Donna Hatch as ordered name tags for all the office personnel.

Donna is also working to find a master Plat for the Community so we can look up setbacks, etc.

After a question from the floor about when she could speak, John explained to the visiting owners that this was a closed board meeting, and the open meeting was on March 14.

The office staff has found many boat slips that were rented to non-owners. This has been rectified, and a policy established going forward. Donna H recommended that we require a Coast Guard Safety Inspection for each boat leasing a slip. We are trying to determine where the Boat Slip Income was posted in our books.

**New Business**

 **8. Expansion of Storage for CYC**

John Collins was approached by the Commodore of the CYC to request approval to expand their storage shed by 8' to accommodate more boats. They have >20 students in their boating program. This program is open to all students. John provided a drawing of the changes, and noted that this is a great program. Sharon Wheless made a motion to allow the 8' expansion for the CYC, and it was seconded by Frank Hendricks. The motion was carried unanimously.

 **9. Schedule of Fines**

Steve Ornstein discussed the previously distributed Schedule of Fines, and we have recently added the "red light violation" to the list. The members should review this list and make any suggestions.

John Collins is interested in adding some fine to the list for "not following Stop Work Order" and continuing work John Collins made a motion to adding a $50 fine for each day a stop work order is ignored. The motion was seconded by Frank Hendricks and passed by unanimous vote.

 **10. Taking Credit Cards**

There was discussion about whether we can legally accept credit cards. Per counsel, we can charge a "convenience fee", but the amount cannot be added to the assessment. Donna Hatch will research options available for implementing such a program.

 **11. CHA Policies**

Donna Hatch is working to identify other CH Policies needed to reduce ambiguity. They are for the Boat Slips, Issuing barcodes to visitors, rentals, admin duties from CHYRC. She has distributed this packet to the Board and it will be put on a future agenda for discussion/approval.

In the absence of CH Policies, any clarification will be made by the President of the Association, since that position is responsible for Daily Operations.

 **12. ACC Discussion**

Dennis Donaldson raised an issue about work being started prior to a ACC permit being

 granted, and indicated that we are finding out residents/contractors are proceeding with work with a verbal approval. There is some confusion about when a job can begin. Dennis indicated that a job cannot begin until a written permit is issued and displayed on the location.

 John Collins added to that by saying that the Covenant Enforcement duties should be

 clearly identified as they relate to the ACC. Sharon Wheless previously provided a

 copy of the Board approved job description to Pat, but will resend to the board for an additional review.

 John added his opinion about the lack of communication between the contractor/office/ACC. The Lot Modification is the first step in construction.

 Bob Hopkins stated that the Lot Modification is new, but in fact it is in the Covenants.

 In each step of the process, the office should be notified so will be the true source of information. The recommendation is some type of master spreadsheet to be shared between the gate, office, acc and Board.

 When a Stop Work order is issued:

 1) Issue Stop Work Order

 2) Owner should receive a follow up letter stating that if work continues, fines will occur

 3) Provide the information to the guards, so if a contractor comes in to work on a said property, then they should not be allowed into the Harbour.

 Hickman suggested that there should be some type of confirmation from the gate. Sharon Wheless added that this is a methodology to be determined by the Operations Manager.

**Unfinished Business**

 **13. Tree- 2237 Colington Road**

Donna Hatch provided 4 quotes: each quote includes cutting tree, hauling away.

 The quotes ranged between $500-$650. One quote for $600 would additionally clear brush from lot, and cut a limb that is close to damaging the CH building. Donna Hatch confirmed with the adjoining homeowner that the contractor can use his property to enter the lot.

 Sharon Wheless made a motion to move forward with the $600 bid that would cut the tree, haul away, clear brush and remove a limb that could damage the CH property. The motion was seconded by John Collins. John Collins stressed the importance of this motion due to the protection of common property. The motion was carried unanimously.

 **14. Land Purchase, 202 Sir Richard East Update**

Sharon Wheless reported that we are waiting for PNC Bank to respond to our Offer in Compromise to settle the lien on the property. Charles Evans is working with PNC Legal Department on our behalf. There is no current sales agreement with the Meades, since it expired on January 14.

 **15. Annual Meeting Update and Mock Mailing**

Sharon Wheless had prepared a Mock mailing packet for the Board's feedback. Each envelope is labeled and clarification instructions provided. There will be one mailing envelope per lot. If a person owns 3 lots, they will receive 3 envelopes. Donna Hatch will look into the possibility of getting colored envelopes, but this will depend on cost.

 **16. Bulkhead, Jetty, Dredging Projects Update**

John Collins reported that Ivan Sawyer called him in the past couple of days after he completed dredging the 1000 yards out from the current end of the North Jetty - 100 feet, even with the new jetty (where the additional jetty extension will go in) and approx 20 feet off to the North side and then as far South as the middle of the channel. Sawyer expressed to John Collins that as soon as they stopped dredging out at the 100 ft (where the new Jetty will be), it shoals up again. The contractor suggested that we dredge another 1000 yds. We have already spent our budgeted amount for dredging. Last year we dredged 1000 yards and two weeks later we had a storm which filled back the area. At that time, we were able to receive an emergency dredging permit to remove 1000 yards.

 John indicated that we have the same situation that occurred from the storm last year. If

 we do not dredge additionally, we will have a shallow point where the new bulkhead will end to the outer mark. The question John posed is that we do not have the additional $30K budgeted to complete this work. On top of that, we have a 10 month fiscal year and will have to return some money to owners. He further states that we are dangerously close to not having the funds. He still does not have starting numbers for our accounts, so he is shooting from the hip on the balances, and cannot guarantee that we will not exceed the 15% spend limitation of the board. This is a problem because that would be a direct violation of the fiduciary duty.

 John also added that tomorrow is the 15th of the month, and if we are going to do additional dredging, we have to do it now. (today or tomorrow) The barge is still here, and we can either tell him to go to work or tell him we don't want additional dredging.

 Sharon Wheless asked for clarification on how far we need to dredge, and whether we could get an expert opinion on how to proceed.

 Steve Ornstein asked for clarification that we are asking for dredging 100 ft past where the new jetty will be and to the outer marker. John Collins confirmed that was true. Steve expressed concern about whether we could protect that area from shoaling, and whether the dredge would be helpful.

 John explained that the decision to realign the jetties would materialize a scouring action. He indicated that when he did the last sounding on the Hudson boat, he wrote them in on the same sounding from last year. It appears the jetty concept is working.

 John indicated that the situation was urgent and a decision must be made today.

 Funding discussion:

 $445,262 Reserve dedicated CH reserve

 48,000 YRC Reserve

 12,000 YRC CD

 $505,269 is the current Reserve controlled by the CHA

 There is currently a contract balance of $138,000 (approx) for jetty construction. That would leave $367,000 in cap reserve. When we complete the jetties and bulkhead, we should have this amount. It includes the additional $5K already approved. With the additional $5k approved, the jetty cost is $117,000. The park bulkhead was $118K, and it cost $79K, so there is a savings.

 $505,269-$137,000 = $367,900 back in the reserve account

 A fully funded reserve account = $ 469,048 (100%) We were 96% funded at the last annual meeting. After paying the AP from the current contract, our reserve will be funded at $368,000 and we will be 78.5% funded. Anything over 70% funded is considered strong.

 John reiterated that these are estimated numbers since we do not have opening numbers.

 Jetty comes from Cap reserve, and dredging comes from Operating Expenses.

 Sharon Wheless expressed concern about dipping into the reserve without having an expert opinion about the additional dredging, and asked if we could get an engineer to review prior to making a decision. Steve Ornstein agreed this is a boating community but was concerned that something we do today could be a wasted effort after the jetty is built. He also asked if it was a possibility to get an extension for dredging until after the jetty completed. John indicated that was not going to happen since this is a special permit.

 Sharon Wheless asked to go on record that this decision is not financially responsible without a professional engineer's opinion and pursing extension options with CAMA.

 Dennis Donaldson suggested that maybe we should entertain a lesser distance, and reduce our cost. The contractor has told John that this is what we need.

 We are relying the opinion of Teresa Burgess for our budget figures.

 Frank Hendricks made a motion that we move forward with the extra dredging. The motion was seconded by Dennis Donaldson. The motion carried with Sharon Wheless opposing.

 Motion was amended by John Collins to indicate that the contractor has been approved to remove an additional 1000 yards at a cost of $30K to be taken from the Operating Funds.

 Frank Hendricks seconded, and the motion carried with Sharon Wheless in opposition.

 **17. Addressing Contractor Refusing to Stop Work**

 Dennis Donaldson indicated that we have contractors that are ignoring our Stop Work orders and littering our community with their marketing signs. This is against our covenants. There was further discussion about how to enforce as well as what the process

 will be.

 Misc:

 Elisabeth indicated that there was one person on the foreclosure list that is recently deceased and should be taken off the list and forwarded to the Estate.

 Donna Hatch asked Counsel about being able to remove boats from slips after lease expiration. Elisabeth recommended that we document all actions, and work to create a process for enforcement.

 Frank Hendricks motioned for adjournment, Dennis Donaldson seconded, and the meeting was adjourned.