**Colington Harbour Association**

**Board of Directors Workshop**

**8/4/2015**

The Colington Harbour Board of Directors met on August 4, 2015 at the clubhouse. Frank Hendricks, Hickman Finch, Bill Hentnik, Steve Ornstein, Dennis Donaldson, Sharon Wheless and Bob Burk were present. Karl Kniffin and Emily Lewis were present representing Village Realty. Elisabeth Piff was present as the Association’s attorney.

Mr. Ornstein called the meeting to order at 8:50.

The Board reviewed the following agenda items:

**Conflict of interest policy** – Ms. Piff stated that having a conflict of interest policy is not required by law but those without one are still held to the same rules. The IRS recommends one with every tax exempt business and they would want to see one with a business that it claiming tax exempt status. This is mainly for the Board of Directors. She met with Mr. Donaldson and Mr. Hentnik to review the proposed policy. Mr. Donaldson said that it was in the best interest of the board to adopt the policy. Mr. Burk made a motion to adopt the policy as presented, Ms. Wheless seconded. Motion passed by all in attendance. Ms. Piff suggested that management set a reminder to have the conflict of interest policy signed on an annual basis. Ms. Wheless suggested also having a policy in place for the Colington Harbour employees, and CH Management. Emily Lewis indicated that their own employment policy with Village Realty covers this, and there was discussion as to whether this is included in the management contract. Mr. Hentnik suggested that the section 12 of the Bylaws should be changed to reflect that any compensation needs to be approved before the action.

**D and O Policy**- Mr. Kniffin stated that management is still in the process of getting bids and is waiting for the financial statements for the last fiscal year from the accountant.

**Drainage**-Mr. Kniffin reported that he had met with a second engineer. They were willing to attempt to address the problems but noted that there would be ongoing maintenance required. Management has created a database of problem areas and the Board asked that Mr. Kniffin check the rainfall in those areas next time it rains and continue to monitor the situation. It was noted that the amount of rainfall when the problems occur should also be tracked.

**Thank you letters for grant money**- A list of people who should be thanked for their work on this effort was provided. Management was asked to draft the letter and have the board sign it.

**Heidi Leo Miller Account** – Mr. Kniffin stated that the attorney had informed Ms. Miller that the Board waived the interest and late fees prior to the Board deciding to revisit this decision. The attorney advised that the Association was required to honor the original offer. Ms. Miller was given ten days to pay or all fees would be reinstated. She paid all dues and legal fees and her balance at this time is zero.

Mr. Burk noted that during the meeting with the accountant the previous day it had been noted that there were payments that had been made under the previous management company that had not been credited to individual accounts. Mr. Finch suggested creating a policy of procedures to make sure that this situation doesn’t happen again. Ms. Lewis stated that Village Realty‘s association management software is designed specifically for homeowner’s associations and allows for easy tracking of owners’ accounts. She noted that as a licensed real estate brokerage, Village Realty is overseen by the NC Real Estate Commission which has strict guidelines on financial reporting. These include being able to track each deposit to the owners accounts where the payment is credited. Mr. Burk suggested that a committee be appointed to create a more formal collection policy.

**Mileage reimbursement form-** Mr. Kniffin presented the new mileage form. It was suggested that the form be modified to include all forms of reimbursement rather than just mileage. It was noted that most things that need to be purchased for the Association are obtained through the office. Bob Burk said he would send management a few examples of reimbursement forms from non-profits that he had used in the past.

**Judicial Foreclosure of 302 Kitty Hawk Bay**- Ms. Lewis is meeting with Matt Spencer, a local attorney on Wednesday. Elizabeth stated that the issue was not only livestock but that there were several other violations on the property. She noted chicken coops and an illegal fence as some of the other violations. There was a hearing in the summer of 2014 and fines were instated following the hearing and a grace period for the owners to bring the property into compliance.

**Sign on Lot 76/Possible Exchange of Property**- Ms. Piff advised the Board that as a condition of the sign easement, if the current sign were ever destroyed it would have to be replaced in the same footprint of the old sign. The Board discussed the possibility of exchanging this property for another lot owned by the Association. Ms. Piff suggested that the next step might be to get an appraisal of the association’s lot. She feels that the Board has the authority to sell the property without a vote from the members. She noted that the lot was not purchased, and that if the lot is sold the Board should be able to show that that is the highest and best use. Mr Ornstein said that the Board should act while there is an opportunity. Mr. Burk recommended looking at the capital gains implications, benefits and the highest and best use of the property. Mr. Burk said he would take on researching these issues.

**Covenant Changes and follow up-** Mr. Ornstein requested that management look for a signup sheet for block captains from the annual meeting and also to find a list of the votes on each of the covenant changes to see how the votes went on individual items. It was suggested that people would be more likely to vote for the changes if they were engaged with other people in their neighborhood. Public meetings that were held were to help the public understand the changes. Ms. Wheless suggested that a survey be conducted to find out what is important to the community. Mr. Burk suggested that the Board review the changes to see what the most important ones were and resubmit them. Ms. Wheless stated that a lot of people are looking at the changes and trying to figure what the value for them is. Mr. Finch noted that many people don’t live in the community year round and may not feel that the changes affect them. Elizabeth suggested involving anyone who is interested in helping on this effort be involved. Mr. Burk suggested a Colington Harbour Day to get the community involved and meet the board members, maybe have activities and local harbor vendors meet down in the harbor parking lot.

**Items from Mr. Burk**

**Paving Contract** – Mr. Burk informed the Board that the paving contract had been completed and the bill for the budgeted $81,000 was received. He asked the Board if they would like for him to inform them when large bills were paid and the Board agreed that this was a good idea.

**Underpayment of payroll taxes** - Mr. Burk noted that there was an underpayment by Cape Management of the payroll taxes from the 3rd quarter of 2014 and the 1st quarter of 2015. These have been paid and the Board asked that Cape Management be billed for the costs of these

**Meeting with Accountant** – Mr. Burk noted that he, Emily Lewis and Karl Kniffin had met with Teresa Burgess, the association’s accountant on Monday. Ms. Burgess noted that the “missing” $24,000 was the result of an incorrect journal entry in 2013 where the funds were never transferred from one account to another.

**Items from Management**

**Employee Salary and Benefits** - CH Manager suggested that the BOD consider a wage increase for the Gate Attendants. The Board discussed current salary and benefit status for Association employees, and the different benefits based on job role. The BOD should address benefits availability in the near future. Management will supply a list of current employees, salaries, benefits, and start dates for review at the next workshop.

**Collections**- Mr. Kniffin stated that there are 14 pages of current owners whose accounts have been turned over to Jordan Price for collection. Management needs direction on how the Board wants to proceed with the individual cases and whether there is a policy in place. Ms. Piff questioned the current cost section included, and if it included only legal fees or everything owed by the person in question. Mr. Finch agreed that a policy is needed for handling collections. Ms. Wheless also suggested coming up with a policy for the office staff on accepting money for late fees in the office.

**Items from Ms. Wheless**

**E-Mail** - Ms. Wheless stated that she feels that all email correspondence from the Association should come from the Colington Harbour email address and not a Village Realty address. Ms. Lewis noted that Mr. Kniffin will be using the Colington Harbour address for all official Colington Harbour correspondence,

**Bylaw Compliance**- Ms. Wheless noted that the by-laws have specific guidelines as to how long officers can serve in their positions. She asked how long have certain members have served on the board noting that she wanted to make sure they were in compliance with their documents. The Bylaws state that no member should serve more than 2 successive terms in one position during their 3 year term on the board. Mr. Hendricks stated that this is his last year on the board and Mr. Ornstein has two more remaining.

Ms. Wheless noted a concern over wording in the by-laws that states that the manager is an employee of the Association. Karl Kniffin is an employee of Village Realty rather than Colington Harbour. Ms. Piff stated that the Board has the ability to contract management as long as the managing company still acts at the direction of the Board.

**Value of monthly meeting**- Ms. Wheless questioned why the Board doesn’t just do a monthly workshop and do the board meetings quarterly. She noted that most business is conducted in the workshop. Mr. Hendricks stated that the workshops were created because things were not getting done in between meetings and that the meeting agendas were becoming unmanageable. Ms. Wheless asked why most business is done at workshops and if residents are permitted to attend the workshops. Ms. Piff stated that a workshop gives the opportunity for the Board to have a candid discussion about business. She suggested that the Board consider doing more of the business at the monthly meetings rather than the workshops. It was noted that owners were allowed to attend the workshops, but would not be allowed to speak. If an executive session was needed, such as for the discussion on legal matters or employee wages, the owners would be asked to leave. Mr. Finch stated that the elected members are there to make decisions on the community’s behalf.

**ACC new committee and BOD representation**- Ms. Wheless expressed concern that the ACC is not enforcing compliance issues. Mr. Hentnik stated that the ACC guidelines are not readily available. Ms. Piff stated that the by-laws give the Board oversight of the ACC. A discussion ensued regarding the makeup of the ACC and the lack of minutes from ACC meetings. It was noted that it was important that accurate records be kept of ACC activities and ongoing issues. It was also noted that the ACC should inspect completed projects to ensure that they were done according to the specifications on the application. Ms. Wheless volunteered to sit in on the ACC meetings as an ex-officio member and report to the Board on their activities.

**Minutes-** Ms. Wheless stated that all motions should be included in the meeting minutes even if they did not pass.

It was noted that an owner from 516 Harbour View wanted to copy minutes from 2007- Present Elizabeth stated that she can inspect and copy the minutes, but she must give notice and provide a reason.

**100 Inlet Ct** – Ms. Wheless noted a condemned home at this address and asked that management follow up and check for covenant violations and to institute a fee schedule if violations are in place.

**611 Colington Rd/ Bank Ct**- Ms. Wheless asked that management send a letter about everything in the yard.

**Items from Mr. Hentnik**

**Bilge Pumping** - Mr. Hentnik has received complaints that boaters are coming in an empting out their bilge pumps in the canals. He asked if the Board was interested in creating a common bilge pumping stations. The Board was not in favor of this and noted that emptying the bilge in the canals constituted a Health Violation. Violators should be reported to Marine Patrol.

**Tree Pruning** - Mr. Hentnik noted that many trees have grown over the road to a point that a vehicle cannot pass under them without scraping the top. Management was asked to get an estimate on tree pruning.

**Signs-** Mr. Hentnik asked about the policy for sign placement. It was noted that all signs must be behind the setback line and parallel to the road.

**Verbal harassment**- Mr. Hentnik described an altercation between his wife and another Board Member. Elizabeth suggested a code of conduct policy for the board members.

**High Cotton BBQ-** Mr. Hentnik asked if the Board would like to continue High Cotton’s bbq’s in the parking lot. It was noted that High Cotton donates a portion of their proceeds for the upkeep of the Harbour playground. Ms. Piff asked if there was an agreed upon amount. Mr. Hendricks stated that there was not a set amount. The owner of High Cotton would like to get approval for more dates. Mr. Hentnik will get a list of dates to present to the Board.

On a motion by Mr. Hendricks and a second by Mr. Finch the workshop was adjourned.

Respectfully Submitted,

Karl Kniffin

Association Manager