

Colington Harbour Association
Annual Meeting
06/11/2016

Prior to the start of the meeting the Volunteer of the Year award was given to Chance DeBoy for constructing and donating the life jacket station by the boat ramp. This was his final project to become an Eagle Scout.

The 2016 Colington Harbour Association annual meeting was called to order at 10:34am by the President, Mr. Frank Hendricks. Due to lack of meeting the quorum requirements, the meeting was delayed from the scheduled 10 AM start time.

Of the 2,413 lots, 248 lot owners were present at the 2016 Colington Harbour annual meeting. Mrs. Wheless stated 245 owners were needed to meet the minimum requirement and a quorum was verified.

Present were Board members, Frank Hendricks President, Steve Ornstein Chairman, Sharon Wheless Secretary, Dennis Donaldson 1st Vice President, Hickman Finch 2nd Vice President, Bill Hentnik Member at Large and Elizabeth Silverthorne (Association Legal Counsel) .Representing Village Realty were Emily Lewis and Karl Kniffin.

A moment of silence was observed.

The outgoing president Mr. Hendricks asked the members for a motion to adopt the agenda as written.

Motion: Mark Rand

Second by Diana Miller

VOTE: Ayes, unanimous.

Mr. Hendricks introduced the Board and management to the members present.

Chairman, Steve Ornstein, read the 2015 annual meeting minutes aloud.

Mr. Hendricks asked for a motion to approve the 2015 Annual Meeting minutes.

Motion: Jean House

Second Reid Henson

VOTE: Ayes, unanimous.

Officer Reports

President Report- Mr. Hendricks stated he is part of the committee that comes up with flood control plan for the county. The new flood maps come out June 20th.

The fire department will be getting a new aerial ladder truck and will be training a lot over the next few weeks. The truck should be in service in the next 30 days.

Dominion Power will be doing a grid system upgrade. New underground lines will go from the transformers outside the gate on Mann Court and up both Colington Drive and Harbour View Drive. Work will start in October and end early spring. At the July 19th meeting Dominion will make a presentation outlining what they will be doing and the benefits of the upgrade to the membership. 1st Vice President –Hickman Finch spoke about dredging concerns. He stated that past the navigational markers is not an area the association is able to dredge. This would need to be done by the state. He recommended contacting the county commissioners and they can put pressure on the state.

2nd Vice President-Dennis Donaldson stated it had been a good year for the Board and they were really able to work well together.

Treasurer-Bob Burke presented a ballot for the following financial items that require a vote by the membership to proceed;

The association was awarded a property through foreclosure. The recommendation was to sell the property and deposit the proceeds into the reserve funds. The lot is assessed at \$44,000. The association paid \$3,700 in past property taxes to acquire the title. Mr. Collins asked how the funds from the property will be accounted for.

Jim Soles questioned how the property was acquired? Mr. Burke stated both county taxes and Colington Harbour dues were owed. The courts awarded the property to the association instead of the county.

Mr. Burke stated 2016 is the final year of the \$85,000 roadway resurfacing will come out of the operating budget instead of the reserve fund. To be properly funded it would be around \$2,757,000 to be part of the reserve. At the end of the fiscal year a decision will need to be made whether to keep it as a line item on the operating budget. This will have a great impact on the budget. If it changes to a reserve item it would require a substantial increase in assessments and also a special assessment to cover the funding for the next thirty years. A new reserve study was just completed. As of the end of May the reserve funds are at \$463,000 of which \$95,000 is committed to the jetty extension. There is a committee of three currently working with Dare County to put together a proposal for a grant, where some of the cost will come back to the association. Last year \$94,615 was received from a grant and put into the reserve fund to go towards the jetties so the work would be able to continue. A three year extension on the permit was filed in December 2015. The goal is to get back to dredging every two years.

A major upcoming project is the replacement of the bulkhead along the interior of the park. The project is currently fully funded in the reserve fund. Bulkhead repair and drainage were the major items that will require an assessment increase of 3.7% or \$9 per lot.

Projected income was accurate, however roughly 7% was underspent on the budget. Three things caused this, one, there was period where there was only one or no maintenance staff, saving on

salaries. There is an emergency contingency fund and that was not spent. And finally, there was a lot less money written off in receivables. This is due to people on payment plans, paying monthly past dues, some that go as far back as 2011. Mr. Collins asked what the current breakdown of assessments to what was owed. Mr. Burke stated of the \$596,000, roughly \$40,000 to \$50,000 was previous debt.

A member asked whether the bad debt on the association's books could be foreclosed on. Mr. Burke stated if a bank forecloses the court will not allow the association to collect the assessments. However only \$17,000 was written off versus the \$30,000 budgeted.

Excess funds from 2015/2016 are to be voted on to go back into the reserve fund. Mr. Collins asked where the overage from the 2014/ 2015 fiscal year was deposited. Mr. Burke stated the normal \$50,000 contribution was deposited. Mr. Hendricks stated the overage from the previous year would be looked into.

Also to be voted on is the proposed budget. The budget increase of roughly \$22,000 can be contributed to the increase in need for drainage, security cameras, office equipment and infrastructure updates needed.

The final item to vote on was the fiscal year change. The convents state the assessments have to be billed on May 1st. Currently, the annual budget is passed after the assessments are billed, which is reverse of what it should be. The Board is recommending changing the annual meeting to the second Saturday in April and to have a budget by the end of April. The new fiscal year would start on May 1st and go to April 30th.

Secretary Report

Mrs. Wheless stated as the community grows there are a lot of updates that are needed for the Harbour. Some of the main areas are; security, record retention, software updates for the guard gate, and standardize policies and procedures so the bylaws and covenants can be enforced. A survey was distributed for feedback from the membership. Mrs. Wheless then announced the newly elected officers. They were John Collins, Frank Hendricks and Bill Hentnik.

Bill Hentnik- Nothing to report

Jetty Committee Report- Mr. Collins stated the contact person in Raleigh said there was money in the dredging budget for this year. If the association applied for the grant they would probably receive the funds. In September there will be a new state budget, if the proposal for the jetty extension can be put together and submitted there is a good chance for a 50% grant from the state. This would make the project only \$47,500. Mrs. Jones, our contact with Dare County, will be retiring this year so it would be good to get it to her before she leaves.

Mr. Soles asked how far the Harbour is allowed to dredge? Mr. Collins stated the permit only allows up to 400 feet, past that would have to be dredged by the army corps of engineers. Mr. Collins stated he would look further in to possibly having Dare County dredge the remaining amount.

Mrs. Wheless asked for the members to vote so the votes and surveys could be tallied by the end of the meeting.

New Business

Water Exit Ladders

Mr. Hentnik stated, Article 3, Construction Regulations, section 4; lots bordering on water, states every pier, dock and swim platform require a water exit ladder. Exterior pilings are required to have red and yellow reflectors not less than 2.5 inches in diameter and not less than two feet above the high water mark. This is a safety issue and it is in the covenants.

Oath of New Directors

Mrs. Wheless swore in the new officers.

Mr. Hendricks thanked the members and the Board for the work they did through the year.

Mr. Ornstein addressed some concerns about the Board meetings. In the Bylaws, article 5 , section 7, meeting of the Board of Directors, this states the Board shall meet at least quarterly. Previous Boards met monthly and it was decided earlier in the year to be changed to 6 times per year.

Other Items from Members

Dredging

Bill Combs questioned whether the association would be dredging this year? Mr. Ornstein stated dredging is in the budget. Mr. Collins stated an emergency dredge permit may be able to be obtained if the channel needs to be dredged before February.

Sidewalks in the community

There was a question of if there was money budgeted for sidewalks in the community? Mr. Collins stated sidewalks had been considered before but due to the backlash from the homeowners that would be affected, sidewalks were dropped from consideration.

Management Not Employed by the Harbour

Todd Wheless asked the Board why there is a management company contracted if the documents state the property manager will be employed by the Harbour? Mr. Hendricks stated the Board will take the concern under consideration. Mr. Soles explained the benefit of an employee vs. a contracted manager.

Storm water drainage

Mr. Soles is concerned with the amount of fill that is being allowed to be put on the lots to be built. He also stated the new flood maps are preliminary and still need to be voted on. Mr. Soles recommended not having a new survey done until the maps are fully approved.

Moving annual meeting date

Mrs. Collins asked whether changing the annual meeting date would require an amendment covenant change. It does not because it is in the bylaws and not referenced in the covenants.

Budget to Actual Report

Denise Collins asked to have a current budget to actual comparison available within 75 days of the end of the fiscal year.

Status of 501 Harbour View

Bobby Wallace wanted to know the status of 501 Harbour View. This is an abandoned house owned by Bank of America. Currently unmaintained, the bank is not declaring ownership. Management has been working on trying to get maintenance done on this property. The Harbour does not own the property.

Harbour Headlines

Ryan Hatch asked why so much was being wasted on the printing of the Harbour Headlines. Currently it is costing the association roughly \$1,700 per issue. Mr. Burke stated the advertising is offsetting some of the costs but the Board will look at how this cost could be reduced.

Adjournment of the Colington Harbour annual meeting.

Motion: Diana Miller

Second by Debbie Krout VOTE: Ayes, unanimous.

Adjourned 11:55 Am

Respectfully submitted,

Karl Kniffin

Property Manager

Village Realty & Management Services, Inc.