

COLINGTON HARBOUR ASSOCIATION, INC.
Board Meeting Minutes August 18, 2009
1000 Colington Drive 7:00 P.M.

Board Members:

Present: Melissa McAllister, Don Bradey, Frank Hendricks, John Collins, Keith Smaltz, Stephanie Coleman

Absent: Rikki Schuster

Quorum present: Yes

Others Present:

Proceedings:

The Meeting was called to order at 7:PM, by Chair, Keith Smaltz

A moment of silence was observed.

Melissa McAllister made a motion to approve the agenda, Frank Hendricks seconded, and the motion carried.

The Chairman called for a motion to approve the Minutes from the July 21 and July 27 meetings. No minutes were provided. The items were tabled.

Report from ACC:

Pete Turek reported an issue on 275 Outrigger with too much fill for septic being brought in and causing a problem when it came time to put in the driveway. This created a problem with the drop off on the right side of the property. This issue is still being addressed.

Report from Crime Watch:

Jerry Raveling was absent and so this report was tabled until next meeting.

Comments from the floor:

Ken Pagurek announced that the Rockfish Tournament is scheduled for November 14 and he has put together information for the newsletter.

Eric Morrison reported an abandoned in ground swimming pool at 430 Colington Drive that poses a threat to children and pets because there is an open gate. Carol confirmed that she had received his report at the office, but it was the close of business on Friday, and she hadn't looked into it yet. She did say that the bank has foreclosed on this property, and because of a conflict with the bank, there is an issue on the Association's right of entry to correct the problem. Eric wondered if maybe Dare County could be called upon to help with this issue. Carol asked how the Board would like for her to proceed on the matter, and Keith suggested that she start with Dare County and see what options are available to rectify the situation. Pete Turek said that the pool is supposed to have a gate and so it is possible that the Building Department of the county could address it. Carol said there was another issue with a property on the corner of Soundside Road, but access to that pool is restricted. Stephanie asked if the pool could be drained.

Bill Froehlich, of 229 Outrigger, then spoke and thanked Melissa for a great last meeting. He also said that he had reviewed his notes from that meeting and had three questions for the Board:

1. "Obviously, the Board has not been diligent in its efforts to protect itself again conflict of interest and bias charges. First, Bob Stewart, the engineer for the marine projects and my neighbor, walked over to my house one day and asked, 'What is the relationship between Bill Combs and Carol?' I said, 'They're friends, and I can't add anything else.' He said, 'That's funny. I got a strange call from Bill Combs and he says, 'I received a fax of the specs on the bids. They're incomplete.'" Bob says, 'You're a contractor. Why do you have a copy of anything?' I would like to know who on the board thought it was in Colington Harbour's best interest that Bill Combs had a copy before the board even had the final draft?"
2. "Stephanie Coleman still doesn't get it. At the last meeting, when a discussion came up about whether a contractor had to be licensed, she said we needed that extra level of protection. Which was not a true statement, but she doesn't get it. She cannot enter into a discussion by the board on any marine construction project as long as her husband's company is bidding on it and that is past, present, and future."
3. "Bill Combs requested and was granted permission to attend a special meeting when the marina problem bids were awarded. Was this in the best interest of Colington Harbour Association and were the other six bidders awarded the same privilege? If not, this is bias."

Melissa then said that the meeting addressed in question 3 was not a special meeting, but a recessed meeting from July 21 and it was announced and open to anyone who wanted to come. Nobody asked to come. Then she addressed Bill's first question and responded that the Board did not fax plans or specs to anybody.

Bill then said that someone did.

Stephanie Coleman spoke up and said, "Never have I had my hands on any plans, specs, or drawings. Not on anything. Mr. Combs is here. Shall we ask him?"

Melissa reiterated the board's position that no plans had been faxed to anyone.

Bill asked for 15 seconds to read something from the paper about a Supreme Court ruling regarding recusing oneself from a situation in the case of perceived bias. Then Bill ended his statements.

Bill Froehlich then wanted to know who had sent the fax, if a board member didn't do it. Did someone in the office do it? Carol objected to the perceived accusation and referred to the original faxed document which should have the originating fax number attached, and it was not the office's number. Bill said he was simply reporting a conversation with the engineer who had asked him what was going on since the engineer knew Bill Froehlich had been attending the meetings.

Melissa spoke up and said that if any harm was done, it was done to Bill Combs due to incomplete drawings and that the Association had not been harmed.

Bill Froehlich reminded the Board how serious this issue of bias is, when levied toward a sitting board, and the discussion ended.

Accountant's Report:

At the request of John Collins, Theresa Burgess has done a review of the books for the past couple of years due to rumors regarding missing funds and other discrepancies. She looked at back reconciliations and Quick Book entries; she also traced funds from one investment account to another, as well as tracing the various original bank statements. Basically, she found no discrepancies, although there were a few things found in Quick Books that could have raised some issues. All of the funds are accounted for; reserve funds are reconciled and show the increase from last year to this year. She also nailed down what portion is from interest and what portion is transferred from operating funds. No final numbers are available because the process is not complete. There were problems with beginning balances in the account, because the files had been condensed and became difficult to locate. The large closing entry for 2007 was voided. Therefore, all forward entries did not make sense and were hard to reconcile until the entries were restored. At that point, it became easier to understand. Clean-up work is necessary in accounts receivable, but procedures will be rectified. One thing to do to safeguard for the future is to put in a closing date and put a password on that, so that someone would have to be very aware of what they were doing if they were going to change a number that should stay closed. Theresa Burgess said, "You could not look at QuickBooks in the condition the books were in over the past few months because once these entries came out, they affected everything. Your books were not useable and they did not make sense."

At this point, several questions were asked and answered. Theresa did advise that in the default setup of quick books, you always pull an accrual-based financial statement because Quick Books doesn't handle cash basis inputs very well. Theresa did not recommend using balance sheets for cash basis items, but suggested that we use accrual-based balance sheets. More questions were asked and answered.

Bill Froehlich asked if the Association treasurer was comfortable with how things are looking, and John Collins answered in the affirmative. John said we now have a set of operating books so that we can move forward. Stephanie asked how far off an audit could be in light of our new position. Theresa said there are issues that still need to be addressed and she needs to go over procedural changes with the bookkeeper in the office. Questions were then asked and answered regarding the financial software. Eve Turek then gave a historical perspective as a previous community manager regarding collection rates and the need to err on the conservative side when it comes to planning a budget. There was a record kept, she said, from 1993-1999 of copied checks and cash receipts so that a recreation of proof of payment could be laboriously obtained, if necessary. If concerns persist to verify payments, there is always the old-fashioned way of assessment record keeping. Pete Turek said that historical records are also kept at the maintenance yard. There were no more questions for Theresa and she was dismissed.

Covenants Committee:

Melissa moved to appoint Carol Hopkins to the covenants committee, formed to update the covenants, ACC, bylaws, and ordinances. Stephanie seconded and the motion was opened for discussion. John asked who was on the committee and that committee consists of: Pete Turek, Jerry Raveling, and Mary Ann Johnson. The motion carried unanimously with John abstaining.

that the manager could take someone from this committee as a witness and support. Carol said her understanding of the manager's role, specifically citing former manager, Eve Turek, was that Eve was the final step in the investigative process. Mary Ann said that Eve would confirm the complaint before sending a letter. Mention was made that a beautification committee was being revived in honor of Gloria Copeland.

Managers Report:

Carol asked the status on signs for the No Wake zone in each of the canals. DMF told Carol that they would make the signs at their cost and asked the Board to authorize the making of the signs. Keith was volunteered to head up this project.

Melissa wanted to know what the cost of the signs would be, even though DMF had offered to make them at cost.

Carol then asked how the Board suggested the Association represent uncollectible money due to foreclosures.

Eric Morrison then went back to the No Wake zone issues and said that the Marine Fisheries people were the worst offenders of the No Wake zone. He said the name of the officer he had spoken to about this was Skip. Keith asked why they use our waterways. Pete Turek then said that Colington Harbour had been allowing the Coast Guard, the Auxiliary, the fire department, and others to use our waterways, because that allowed for 80% of money from the government for our dredging projects. Melissa said that the best way to alleviate the concerns over Marine Fisheries violations of No Wake zones was to document and report the bad apple to his supervisor and have a letter written from the Association voicing complaints. Carol asked Eric if he had any documentation, and he said no. Keith stated that on the date of a particular sailboat race, there had been a clear infringement. He would get the date and give it to Carol.

Mary Ann Johnson asked about ropes for the swim area and Melissa said that the Board had requested that Carol go ahead and purchase ropes and a buoy at the last meeting. The Board, because of confusion concerning authorization, authorized Carol at this point to purchase 200 feet of rope and two swim area buoys.

Melissa then brought up a matter concerning monies available through a government grant from Wildlife Services that could possibly help fund the fuel dock improvement project. Ken Paturek argued that it could cause a potentially serious problem if our Harbour were opened to increased traffic due to the acceptance of grant money from the government. Ken Johnson was also concerned about this issue. Melissa said that the bulkhead has to be replaced regardless of the grant money, and with this additional money, we could update a real asset. Discussion ensued about needing volunteers to man it and it isn't a money maker – both negatives. As more discussion continued, Melissa informed everyone that the grant money wasn't even available until 2011, but the due date for applying for it was within a couple of days. Money in the existing budget only covers bulkhead improvement, not the fuel dock. Eric Morrison said that not applying for the grant would be ridiculous; it doesn't automatically mean we will get it. Bill Froehlich raised concerns regarding the Association's ability to enact the improvements the grant would provide and so the final decision was to apply for the grant and discuss voting concerns once the grant is or is not awarded.

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Presidents Report:

Melissa then said that the Sunset Drive drainage issue seems to have been resolved. Ken Johnson wanted to know if breaking through the bog had done it, and Melissa confirmed that it had.

1st Vice Presidents Report;

Since Rikki Schuster was absent, Keith spoke for her and passed along information that she was planning a Halloween event for the community children and would use the web site to recruit volunteers. Betty and Roger Dow have said they are interested in helping Rikki.

2nd Vice Presidents Report:

Don Brady wants to place a recycling bin for fishing line in the neighborhood. A motion was made by Melissa to enable Don to purchase pvc pipe (not to exceed \$75) to make the container for the recycling. John seconded and the motion carried.

Don then expressed interest in posting a sign at the boat ramp to prevent power boaters from powering up on the ramp and damaging it. There was some discussion on the effectiveness of such a sign. It would read: Idle speed only on ramp; power loading prohibited; prop wash causes ramp damage. John made a motion to put the sign in place; Stephanie seconded and the motion carried. Melissa asked if the money for the sign would come out of maintenance and John said yes.

The maintenance crews have been issued safety vests as requested at the last meeting.

The steps to the tower in the park have been fixed.

A car has been abandoned near 1314 Harbour View in the right-of-way by a mailbox. It is tan.

At 431 Harbour View, there is trash at the back of the vacant lot that needs to be cleaned.

Secretaries Report:

None

Treasurers Report:

John Collins spoke on behalf of the CHYRC about downstairs water damage in the dining room, kitchen, and men's bathroom walls. A letter was sent to the President of the Association regarding these matters. Some possible solutions to the drainage problems are an echo drain and extending drains to the hill beside the clubhouse. It would cost approximately \$1800 to correct this problem. John suggested splitting the cost with the Club at 75% club cost and 25% association cost. Carol has expressed concerns about a possible erosion issue if the drains are placed along the hill. Melissa questioned gutter issue and after observation, said gutter repair seemed to have made the problem worse. Melissa asked when the gutters were installed, and John said two years ago. John stated The Club has been attempting to mitigate this issue without success. He believed to be in some way related to the repaving of the clubhouse parking lot, and so the Club would like to split the cost of repair with the Association.

Carol then asked John about club reimbursement to the Association, done in September, and what that covers. She asked if it covered reimbursing office staff (up to 20%) for work they do for the club, per the agreement she was citing. John told her the agreement had changed and he would supply her with a copy of the updated agreement.

Next, a portion of a letter from the Club was read aloud by Melissa concerning CCTV issues. There was disagreement among the Board as to the accuracy of the statements in the letter. Melissa stated that the issues should be resolved in a closed session of the Board. Melissa said she would need more information from the preceding board, before she could make any motions or decisions concerning this matter. Water damages will also be addressed in a closed session.

Meeting adjourned (No time given)

These minutes were approved at the _____ Board meeting.



Frank Hendricks
Secretary