

**COLINGTON HARBOUR ASSOCIATION, INC.**  
Board of Directors Regular Meeting Minutes: July 21, 2009  
1000 Colington Drive, 7:00 PM

**Board Members:**

*Present:* Melissa McAllister, Rikki Schuster, Don Brady, Frank Hendricks, John Collins, Stephanie Coleman

*Absent:* Keith Smaltz

*Quorum established*

*Others Present:*

Community Manager: Carol Hopkins, CPM ®

Members: Bill Froehlich Sr., Carl Miller, Susanna Slattberg, Lisa Marley, Eric Morrison, Chris Mull, Jason Burch, Jim Roberts, Reid Hinson, Rod Holcomb, Pete Turek, Jonnie Combs, Barbara Henderson, Sharon Carroll, Bill Combs, Jerry Raveling, Ken Pagurek and Denise Collins

**Proceedings:**

- *Meeting called to order* at 7:00 p.m. by acting Chair, Melissa McAllister
- *Moment of Silence*
- *Motion by Frank Hendricks to accept the agenda and the motion carried with unanimous vote.*
- *ACC Report:* Pete Turek report that not much is going on just a couple of small jobs.
- *Crime Watch Report:* Jerry Raveling reported that since April 2009;
  - Outrigger Drive B&E of a first floor laundry room with a broken window to gain entry.
  - Banks Court and Colington Drive B&E where a neighbor noticed the perpetrator walking off and called the sheriffs office and the perpetrator was caught.
  - Jester Court B&E of an unlocked vehicle.
  - Va. Dare Court B&E of an unlocked vehicle.
  - Eagle Drive theft of pink flamingos from a lawn.
  - Eagle Drive theft of something from a yard
  - Outrigger Drive B&E of an unlocked vehicle
  - Sunset Drive B&E of unlocked vehicle.
  - Two attempted entries one location not reported the other in the modular section.
  - Unknown individual was seen dumping newborn kittens off Manteo Bridge. The auto B&Es were stolen items such as cash, GPS and CDs. Sheriffs office believes these are all perpetrated by juveniles.
- *Comments from the Floor:*
  - Ken Pagurek wanted to get the word out that the Rock Fish Tournament will be the first week end in November. He will prepare information about the tournament for the next issue of the Harbour Headlines. Carol Hopkins reminded Ken that trophies from past tournaments were stored downstairs.

- Bill Froehlich, Sr. raised concerns about the accuracy of the Board meeting minutes. He specifically mention January 27, 2009 minutes in which he want to make 10 different changes. Bill stated Stephanie Coleman and Bill Combs recused themselves during that meeting but it was not noted in the minutes. Bill asked for a committee to review the audio tapes and check the minutes for accuracy.
- Eric Morris apologized to maintenance staff for comments he made at the annual meeting regarding the budget.
- Carl Miller asked that trees overhanging the road be cut back. He also had concerns about the meeting minutes and he would like the minutes of meeting to be available for members to review. President Melissa McAllister responded that the minutes are not published until the Board has approved them so there would be 30 day lag before the members would be able to review them. He also had a question about how the annual assessment is calculated. Treasurer John Collins responded that since 2005 the assessment is based on an average of the Dare County COLA and the national CPI not to exceed 5%. John further responded that the budget at the annual meeting was approved based on last years assessment therefore without a re-vote on the budget for 2009-2010 reflects no increase in assessments. Carl also requested a proper jetty on the inlet to reduce the amount of dredge that is needed to keep the inlet open.
- Ken Johnson stated that in most organization the minutes are put in a draft form and addressed at the next meeting when they are presented for comments, addition or corrections and for approval. He wanted to know if audience could point out mistakes and would the Board then listen to the tapes to solve the problems raised. President Melissa McAllister responded that this is a meeting of the Board open to all members but the only time the floor, the audience as you called them gets to way in on Board business is when the Chair opens the floor to the membership and the floor is currently open for public comment right now. Where the hick-up in the past, the Board would approve minutes without comment. The President further responded that in the past the lack of public input on the minutes during the meetings was due to lack of membership attendance at board meetings. She further noted that tonight's turn out was unusual for a regular Board meeting unlike the annual meeting which is a meeting for the membership. The President added this is a Board meeting for the Board to conduct the business of the Association. Ken asked that draft minutes be made available to members so if the membership were aware of any correction they could suggest them.

The open floor is now closed for public comments.

- *Consent Agenda:* A motion was made by Stephanie Coleman to approve the consent agenda and the motion carried unanimously. The following committees where created:
  - Covenants Committee to work to update the body of documents that make up the Colington Harbour Restrictive Covenants including the Bylaws
  - Ordinance Committee will report to the Board any violation of the Restrictive Covenants. The Ordinance committee will also review all written complaints requesting action by the Board and determine if there is violation and report such violation to the Board.

- Investment Committee will track the investment funds of the Association and report their status to the Board. The Investment Committee will not have the authority to move or change funds but will report to the Board when such action may be warranted. Only the Board shall change or move funds.
- *Approval of May 19 meeting minutes:* Discussion from Melissa McAllister requesting a correction in the statement that Jerry Raveling spoke out against the off road vehicle ordinance on April and May but Jerry spoke against the ordinance on April but in favor of the moratorium on May. Melissa further asked for a correction in a typo on the word retraining should have been restraining order. Frank Hendricks made a motion that the minutes be approved with the correction *the motion carried with unanimous vote.*
- The Chair attempted to open the floor for comment from the membership on the minutes but they did not have copies of the minutes to review. An attempt will be made to post draft minutes on the website for member review. Stephanie asked for a clarification on the Board's action to approve the minutes and the following month they (members) could come in with the minutes. The Chair responded yes they would. Bill Froehlich, Sr. requested amendments to the minutes of January, February, March, April and May of 2009. The Chair reminded Bill we are currently in the middle of a motion to approve the May 19 minutes and that his comments should be specific to the minutes of May 19. Bill wanted to impress on the Board how important this issue is. The motion carried with a unanimous vote.
- *Acceptance of Capital Reserve Analysis, April 2009.* Continental Building Consultants (CBC) of Hampton, New Hampshire, prepared a limited study of the operation and condition of the Association to determine the required annual funding levels for the association's capital reserve fund. The Chair asked for a motion to accept the reserve study and asked that the suggestion on page 9 and 11 that boulders be placed in the right-of-way be removed and on page 19 dredging of the inlets is the responsibility of the individual lot owner be removed. Further the Melissa McAllister disagreed with the report that dredging should be every year not every two years. By skipping dredging in a year the inlet has silted in and PVC pipes now mark the north side instead of the channel markers. Melissa stated that until we correct our jetty, dredging every two years is causing us to loose our inlet. Finally, Melissa asked that the statement on page 21 and 23 that the Association maintains the pool and clubhouse be omitted. While the Association is responsible for the buildings and pool the day to day maintenance of the clubhouse, pool and tennis courts are the responsibilities of the Club. John Collins stated that the cost of the maintenance for them is in their capital reserve study for the Yacht and Racquet Club. John made a motion to accept the reserve study with the requested corrections made by Melissa and the motion carried unanimously. Carl Miller asked the Board if we were adequately funding our reserve study. The Chair recognized Carl's question and responded that the Association had not been and we were working towards that goal. A copy of the approved reserve study is available in the office for review. John Collins provided the following; the study states the costs of all projects to be \$1,161,401 of which we have on hand approximately \$530,000 so we are approximately just fewer than 50% under funded. John said Carl would be interested in the study because it identifies his interest in the jetty going out because all the things that need to be done in 2011 are the marina bulkhead, finger piers and the large dock. The fuel dock has been removed

because it is controversial. In 2012 is the north and south jetty and there are some other ideas as to whether they should be in wood or they should be in rock or the report says they should be extended.

- *Approval of 2009-2010 Operating Budget* – A detailed budget prepared in accordance with the total budget amount approved at the annual meeting of \$517,354 based on 2008-2009 approved budget and assessments. John Collins made a motion to accept the budget and the motion passed with one dissenting vote from Stephanie Coleman.
- *Capital Improvement Projects:*
  - *Finger Pier Replacement:* The Association is responsible for the marina. Seven finger piers on the east end of the marina are in need of repair. Some have been removed from service for safety reasons. John Collins made a motion to replace the finger piers and the motion carried unanimously. Various questions and comments were offer from the floor. The Chair recognized Pete Turek who questioned where the money for the piers was coming from. The Chair responded the money was coming from the capital reserve fund. Pete argued that the Board could not spend money without it being voted on by the membership. The Chair asked the Treasurer how much money was spent on capital projects last year. The Treasurer responded that this reserve study was a redo of the capital reserve study from 1996. John further stated these items we are talking about have been identified in the capital reserve for all these years. Money has been put into the capital reserves for all these things. Money that is in the capital reserve fund is distributed based on the expected life expectancy. It does not require a vote of the membership. It requires a vote of the Board to spend the capital reserves. The funding is on the membership side and spending it is our responsibility to spend it and replace anything that is a problem. Paving does not get funded every year. It's not identified in the fund. It's an item that was in the capital reserve. This study pulled it out of the capital reserve and made it maintenance. Pete stated the money spent out of the capital reserve must be put to a vote by the membership not the board. John responded that new projects require a vote of the membership but repairs do not. If we were going to expand the dock and not replace it we would have to put it to a vote of the membership. Pete responded that the piers should have been put into the budget as a capital expenditure. Pete stated the Board is wrong in thinking the Board could take money out of the capital reserve. John disagreed. The Chair recognized Carl Miller who asked what items were prioritized. The Chairs responded that they were not that was just a list. Various comments erupted from the floor. The Chair called the question and the motion carried unanimously.
  - *Awarding of East Finger Pier Replacement* – For the furnishing of materials, labor and equipment required for the construction of 7 finger piers and ancillary mooring pies to replace existing piers and pilings. All bidders must be licensed under the laws of the State of NC in order to be considered qualified to bid. The Board reserves the right to reject any or all bids at their sole discretion. The project will be paid from the Capital Reserve Fund. The bids were opened and the Chair apologized to the members present if they felt we were ignoring through the bid reviewing process but this was a Board meeting and this is a process by which the Board takes care of the Associations business. We have seven (7) proposals



and three (3) would have to be disqualified. We are not able to consider their bids at this point because one of our requirements is that you are licensed NC contractor and they may as well be but didn't provide their license number so we can't assume they are a licensed contractor. The Chair asked for comments from the Board on the proposals we have received. John Collins deferred to the Chair. Rikki Schuster stated she was uncomfortable making motion to accept one of them. She would like to be able to compare apples and sit down and take the time without wasting their (members) time. The Chair apologized but offered the Board needs to conduct our business. This is an important thing that we need. Various comment erupted from the floor. Rikki made a motion that we table the awarding of the finger pier project to a workshop following this meeting and that we keep the minutes of the discussion and we need to have a deadline of some sort and the motion carried unanimously.

- *Marina Large Dock* – The Association is responsible for the marina. The estimated cost to replace the 480 square foot dock is \$20,000. The Chair called for a motion to replace the dock. Comments came from the floor. John Collins offered that since there was a concern from the membership whether the Board had the authority to spend from the reserve fund without membership approval the Board seek legal ruling on it. John asked that the additional capital projects be tabled. John offered that if we look at our capital reserve fund it is funded by \$536,100 according to the reserve study. The proposed deposit from this year's budget is \$76,000 which will give us \$612,000 to deal with in the capital reserve. The items we are dealing with are all identified in the capital reserve study. If you take bulkhead at the marina plus 100 feet or so for the gas dock you'll have 886 feet estimated at \$132,900. The old finger piers that we are dealing with are estimated at \$28,000 and the large marina dock at \$13,400 and the basketball court at \$6,700 the total expenditure would be \$181,000 that would leave us a balance from the \$612,000 to \$431,000 as proposed this would complete four of the five identified reserve study excluding a new fuel dock due to be replaced in 2011. The next stated items would be the north and south jetty at \$64,800 each. The total amount of funds allocated on hand is \$54,741. The fund deposits would be \$97,627. John restated that he believe the Board was able to spend funds from the capital reserve but Pete who's opinion John respects has a different opinion. John would like to verify that the Board has the authority to spend the funds and do these projects at one time and do them the right way. He has identified \$112,000 the Association reserve study that are being funded by the Yacht and Racquet Club which is going to greatly reduce what we need to fund the capital reserve. The only place we would have to go to the membership.
- a.) **Bulkhead replacement** – The Association is responsible for the bulkhead surrounding the parking lot at the marina. An estimate 786 linear feet will need to be replaced in the next 2 years at an estimated cost of \$200,430. Approval now will allow the permit process to begin. TABLED
- b.) **Dredging of the inlet and jetty repair** – Access to deep water is vital asset of the Association. An emergency dredge permit should be obtained this fall. An estimate cost of \$20,000 to maintain the channel opening. The permit process should begin to repair and extend the jetties along with a maintenance dredge permit. The

construction phase of the new jetties is expect to take place in 2010-2011 and is estimated to cost \$144,000. Approval now will allow the permit process to begin.  
TABLED

- c.) **Resurface the Basket Ball Court** – The Association is responsible for the basket ball court. The minor expense of resurfacing now will save on having to repair deterioration later. The estimated cost to resurface 578 square yards is \$6,792.  
TABLED

1. **New Business:**

- a.) **Sunset Drive Stormwater Management** - The following options are proposed to alleviate the accumulation of stormwater on Sunset Drive:

- Boring to a depth of 10' and installing dry wells to provide a path between the surface water and the ground water to allow stormwater to draw down faster.
- Raising the elevation of the road 8" through paving. The asphalt is cracking and in need of repair.
- Adding road side swales with gentle 4:1 side slopes and no deeper than 12". The swales would run the length of Sunset Drive to allow stormwater to be managed locally rather than allowing it to run to the lowest point in the road and accumulate to the point it takes days to dry up.

Eric Morrison said he would donate time and equipment to dig with his backhoe on Sunset after utilities were marked. Melissa added that borings would be more effective. Since Ken Pagurek was the only person at the meeting from Sunset he was appointed to get the word out to the residents. Melissa said that it was listed in the Harbour Headlines and it was the Board's purpose to hear comments. She further stated that the Board understands there is a problem and the Board wants to work with the residents to accomplish a resolve to their stormwater issues. Stephanie made a motion to table this discussion and Don seconded it. John opposed the motion and stated that we should dig the holes. Three members were in favor of the motion and the motion carried.

2. **Appointments to Minutes Review Committee** – Melissa requested the formation of a committee (not included in the agenda) to review the minutes and become a conduit between the board and the membership regarding any amendments made to the minutes after a review was completed. Rikki questioned how far back this review would go and Melissa replied that they could review up to the last three years. Stephanie made a motion to form the minutes review committee, Frank seconded the motion, and the floor was open to board discussion. Rikki asked how volunteers would be recruited so that this could be done in a timely manner. Word of mouth and the web site were the suggested venues for recruitment. Bill Froehlich interrupted, unrecognized by the chair, to say that he had previously and specifically

requested a review of this year's minutes and had discovered, by accident, that the September 2008 minutes were missing. Melissa assured him that was the purpose of the committee's formation -- to look for discrepancies and correct them -- and she opened the floor for discussion by members. Ken Johnson suggested that a draft of the minutes be made available prior to board meetings and posted on the web site or bulletin board to people to read. Barbara Henderson, of 409 Harbour View Drive, said that a draft is good for future minutes, and then asked if the committee was being formed to handle reviews of past minutes. It was agreed that the office should be able to handle upcoming drafts of minutes to be posted on the web site or bulletin board, and the committee's main goal would be the review of past records with all final approvals resting with the Board. When the web site is up and running, drafts of the minutes could be made available. Bill Froehlich then raised the question of the accuracy of past recordings as compared with the written minutes and demanded that they be corrected to avoid outside action. When Stephanie Coleman asked him to explain his request more specifically, he said that he had would like to have the recordings, starting with January 2009, listened to and then compared with the written minutes that had been presented and approved. Discussion then ensued regarding Frank's role as secretary. Melissa closed the discussion and a motion was made to form the minutes review committee, the motion passed.

**Appointment to Covenants Committee** - Reid Hinson, Pete Turek, Jerry Raveling, and Mary Ann Johnson were appointed by Melissa to serve a one year term to review the Association's covenants. John made a motion to accept the appointments, Don Brady seconded, and with no discussion ensuing, the motion passed.

**Appointment to Investment Committee** - Eve Turek, Ken Johnson. Don made a motion to accept these members. Rikki and Stephanie opposed the motion, based on a desire to exclude former board members, former property managers, and/or former office staff. When asked by Stephanie Coleman what this committee would specifically do, Melissa referred her to page 4 of the agenda and read the committee's purpose as written in the agenda. When the discussion was completed, the motion passed.

At this point, a point of order was issued from the floor stating that motions passed or failed must be clearly announced by the Chair.

### **Reports or General Comments from the Property Manager**

Carol Hopkins asked the board to consider reflectors for the Harbour's dark roadways, starting with Harbour View Drive.

She also asked that the board look into uniforms for the guards at the gate due to heavy traffic.

She requested advisement from the board on the full report she had received about bulkhead deterioration.

The last audit, along with a compilation, occurred in 2003, and Carol asked the board where they stood on proceeding with an audit. No discrepancies had been noted on the previous audit.

She then requested that the board take action on the acceptance of credit cards at the office and maintenance yard. Southern Bank would be happy to have a representative come and make a presentation at the next meeting.

Carol, upon request, had memorialized the office computer equipment.

The NC Wildlife Resource Report had come in on the No Wake Zone and swim area, but it was too long to discuss at this meeting.

She also reported that there had been several bankruptcies in the Harbour, and as this trend continues, the budget could be seriously affected.

Melissa recommended moving on the credit card issue with the proper information and then asked for comments.

Carol requested feedback from the board on insurance issued regarding a change of values and higher limits on employee crime. Don had collected a list of equipment at the maintenance yard and Carol commented that the board was going to evaluate improvements in the neighborhood and make decisions before the renewal date. John suggested that the board let everything stand as is and made a motion to that effect. Don seconded and the motion passed.

**3. Reports or General Comments from President**

Melissa stated that Payroll is \$300,000 of our \$500,000 budget. She is concerned we are not collecting all of the assessments and that we have deteriorating infrastructures that need attention.

**4. Reports or General Comments from 1<sup>st</sup> Vice President**

a.) Community Children's Activities. Rikki had nothing to share at this time.

**5. Reports or General Comments from 2<sup>nd</sup> Vice President**

a.) Don had nothing to share at this time.

**6. Reports or General Comments from Secretary**

a.) Frank reported a Workshop summary. On June 15, the following items were discussed at the workshop: newsletter, water problem on Sunset Drive, fuel dock, bulkheads, finger piers, and the budget.

b.) The June 22 workshop covered handling complaints in a timely manner, (the manager gets those), ice cream truck, updates on the signature cards, verification of bank balances, fuel dock, and bulkheads.

**7. Reports or General Comments from Treasurer**

a.) John announced that the accountant will be attending the next Board meeting next month.

b.) Signature cards are up to date with six board members having authorization eligibility. Keith Smaltz declined because of his out of town schedule.

c.) After adjustments are recommended by Teresa Burgess, CPA John believes we will be able to have regular monthly reports that will be accurate.

d.) Stephanie Coleman reminded the Board that the previous officers had already decided to use an outside audit, but John replied that the books had to be in order before an audit could take place, and so the current accounting firm would do that at a savings to the Association.



- e.) John stated that Quickbooks has an on line back up service.
- f.) Melissa asked if there were a July report and John replied that because of discrepancies, it was hard to project proper figures.
- g.) The balance sheet was discussed and John reported that the figures are close to balancing, but discrepancies still have to be addressed.

8. **Comments from the Floor** – A resident on Elizabeth Court asked about the status of the web site. Melissa said that it was supposed to be up on Monday at [www.ColingtonHarbour.net](http://www.ColingtonHarbour.net) and Denise Collins verified that the site was up and the agenda for this meeting had been posted. Rikki said that Penny Williams had sent an email to board members stating that the web site was up, but until Dream Weaver could be installed and up and running, she could only update the current site. In her email, Penny encouraged input and stated that the by-laws would be available online shortly. The same resident on Elizabeth Court then asked if there was a clear delineation of office staff duties and authorization ability. John replied that the only person able to change or enter anything in the books is the bookkeeper. Then procedural questions were asked and answered. The same resident submitted a final question regarding the budget and the requirement for association members to approve it. John and Melissa both answered by referring to the annual meeting wherein the previous year's budget was accepted without the assessment increases and the board would submit a revised budget that would back in to the previous year's budget figure. Another member suggested that we use volunteers to handle the web site updating and Jason Burch of 107 Broadbay offered his assistance to the web site for CHA. Yet another member asked if, under capital improvements, the Board would consider separating the dredging from extending the jetties, and Melissa informed him that one form of dredging was minor and the other would require a major permit and so they are separated issues. He volunteered to help with this project. Bill Froehlich then questioned the Board on the fact that three people had been disqualified from bidding on repairs due their lack of a license. He went on to say that as long as the improvements were under \$30,000, a license was not required. Melissa then informed him that it was the Board's decision to consider only those bidders that were licensed and it was the Board's option to refuse those without a license. Stephanie then responded that licenses afford the Association some protection.

**Meeting adjourned at 9:10 PM with a motion by Don Brady, seconded by Rikki Schuster and the motion carried.**

These minutes were approved at the \_\_\_\_\_ Board meeting.

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Frank Hendricks  
Secretary