

**Colington Harbour Associaton
Board of Directors Meeting
October 20, 2009**

Board Members:

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

Absent: Keith Smaltz, Rikki Schuster

Proceedings:

Meeting called to order at 7:00 pm. by President, Melissa McAllister. A moment of silence was observed.

Melissa called for approval of consent agenda, which in this instance consisted of:

1. Approval of July 21 Minutes
2. Approval of July 27th Minutes
3. Approval of August 18th Minutes
4. Approval of September 15th Minutes

Melissa explained what consent agenda meant Melissa called again for approval of consent agenda. John made a motion to drop Approval of September 15th Minutes because the minutes were incomplete. Melissa asked for a second, Stephanie Coleman seconded, all were in favor and the motion was passed. Melissa then asked for a motion to approve the consent agenda with the July 21 Minutes, the July 27th Minutes, and the August 18th Minutes. Frank made the motion to approve and Don seconded it. Upon voting by the entire board, it passed unanimously.

Melissa then stated that the Approval of September 15th Minutes was moved to the regular agenda and did any Board Member want to make a motion to approve the minutes. No one did, the approval was then tabled to the next meeting.

Report or General Comments from the Architectural Control Committee provided by Pete Turek:
Please see attached memo.

Reports or General Comments from the Investment Committee provided by Committee Member, Eve Turek:
Please see attached memo.

Melissa entertained a motion for any action the board would like to take to approve or disapprove the proposals by the Investment Committee. John made the motion to approve the entire recommendations by the committee and Stephanie seconded it, and upon voting by the board, it passed unanimously.

Reports or General Comments from Crime Watch provided by Jerry Raveling:
Please see attached memo.

Comments from the floor:

Melissa called for comments by the floor, reminding everyone to please keep their comments or concerns to three minutes and to please clearly state their name and address.

Resident Kim McCoy of 523 Harborview Drive, brought to the floor a problem that had developed in the past week concerning a bus stop issue in the Harbour. Mrs. McCoy was given the opportunity to express her concerns; which was whether a school bus stop was going to be relocated as told to her earlier that day by a neighbor in the Harbour, while she herself had not been informed by the School System.

Next to the floor was Resident George and Joelle Etler of 401 Harborview Drive. Mr. and Mrs. Etler also had concerns regarding the same aforementioned bus stop. Their concern, according to their account, was that they had been led to believe the bus stop had been moved from their property and they were merely helping the

neighbors understand that the bus would be stopping at another stop, not at their house, which was the norm. Mr. and Mrs. Etler brought a letter of explanation to the Board and it will become part of the minutes.

Melissa then attempted to clarify and close the issue between the neighbors by explaining that the Etler's did go through the proper channels; that the bus stop will not be moved and that the Harbour has no jurisdiction when it comes to deciding where bus stops are placed. That decision lies solely with the Dare County Dept of Education. It was also recommended that volunteers be placed at the bus stop to try and curtail some of the vandalism and trespassing of the students while at the bus stop.

The next resident to speak was Lawrence Voegtlin, 333 Sandpiper Drive. His concerns pertained to the number of tickets he had received on his vehicles. He was given the opportunity to express his concerns. Mr. Voegtlin asked for a decision and Melissa reminded him that this was a forum for public comment, not a hearing; and that he did not show up for his hearing. Melissa thanked him for his time and proceeded to the next resident.

Jack Leonard, of 325 Eagle Drive, inquired about a trophy case being put in the Clubhouse by the Colington Yacht Club and Melissa responded that the Yacht Club has not approached the Board for permission to do that. Mr. Leonard stated that he was opposed to the idea and also commented that he observed in his boat that day that the South Jetty was almost completely gone.

Ken Pagurek, of 205 Sunset Drive, reminded everyone of the Rockfish Tournament to take place on November 14, 2009.

Melissa then asked for any more comments from the floor; with none coming, she closed the floor.

Report or General Comment from President: Melissa McAllister

Melissa then gave her report as President, explaining that she was acting as Chairperson for this meeting in Keith's absence. She made a motion that the Board purchase and post signs in the park for the hours of 5:30 AM – 10:30 PM. Stephanie seconded the motion, it was voted upon and passed unanimously. Melissa thanked Jerry Raveling for his work in the Crime Watch and pledged the help of the Board to solicit volunteers to help him to the job. Melissa reported that the work for the inlet jetty's has begun; they have started the soundings, which is the first part of getting the major permit; the permit for the bulkhead replacement at the fuel dock has been obtained, the engineering is close to being finished and they hope to be bidding in the next week or two and the project will be underway. There was a question from the floor, from Carol Hopkins, 311 Soundview Drive, concerning funding and Melissa clarified that what the Board is replacing is the bulkhead at the fuel dock, not the fuel system.

Report or General Comment from 1st Vice President: Rikki Schuster

Absent: no report given.

Report or General Comment from 2nd Vice President: Don Brady

Present: no report given

Report or General Comment from Secretary: Frank Hendricks

Present: no report given

Report or General Comment from Treasurer: John Collins

John Collins, Treasurer reported on the Annual tax return and financial statement status. Both are being prepared by our CPA Teresa Burgess. Teresa has completed a lot of the basic work for the tax return previously when she did the comprehensive assessment of the "situation of the books". Many of the numbers were verified at that time and will cause our tax return and financial statement costs to be less than usual.

John reported on the audit. He stated that a firm out of Virginia Beach, Zuckerman and Associates had been contacted and had given CHA a quote of \$12,500.00 to perform an audit. CHA's previous auditor from 2001 out of Raleigh stated that he would not be able to give a competitive price due to the distance involved. Also, the auditor from 2003 from Raleigh had been contacted. This auditor had stayed with friends in the Harbour in the past and used the time as a family vacation at the same time. This auditor is no longer an option for CHA.

Teresa had told CHA that a 2008/2009 audit would be very costly due to the shape of the books and that the year 2009/2010 would be the better year to have an audit unless there was suspicion that embezzlement had occurred during the 2008/2009 time period.

John reported on the progress of the three phases of the liens. Phase one is complete; which is mailing all Homeowners lien letters. Phase two is in process; which is mailing lien letters to all Homeowners that were liened upon last year. Lastly, phase three which is part of the QuickBooks clean up is in process.

John stated that the accounts receivable is now correct. There is only one balance per owner and only one owner per property. There are no balances due on inactive accounts.

Melissa questioned John on how successful the Harbour is doing in keeping in the black and John reported that expenses and income were in line with what the Board had hoped for.

Melissa moved to adjourn the meeting, Frank made the motion and Stephanie seconded. Meeting adjourned at 8:00 p.m. (approximately)

10/20/09

ACC report

It seems as though we are having a slight increase in building activity this past month. For the first time in quite some time the ACC has issued two new house building permits. We had to clear up a few items regarding the drainage, septic, parking, and bulkhead problems there but all the items were resolved. The new home on Roanoke Dr. is where an existing house was taken down. A new septic system is included in this project and all County, CAMA, and Health Department permits were in order.

A registered letter was mailed to the owner of the stalled building project next to the tennis court on Clipper Ct. reminding him that Colington Harbour's ACC Standards require a building to be under roof within 6 months from the date of the CHA building permit. He was also told that the building, as it now sits, is both a danger and nuisance to anyone that may come onto the property. He was also informed that the last two projects that were in this condition, for a period of time, were required to be torn down by Dare County's Planning Department after they were asked to intervene by the ACC. We are now waiting to hear from the owner.

October 20, 2009

TO: The Colington Harbour Association, Inc. Board of Directors

FROM: CHA Investments Advisory Committee

RE: Report and recommendations

The CH Investments Advisory Committee has met twice since its creation, with the charge to examine and analyze CHA's reserve accounts and make recommendations to the Board to maximize returns while protecting the Association's principle balances. To that end, we focused first on the status of the reserve fund held as a CD in the Bank of the Commonwealth which is due to mature on October 22, 2009, in the approximate amount of \$74,086.74 (as of October 8, 2009). Given the immediacy of this fund's maturation, the committee examined the current reserve study and met with CHA Board President Melissa McAllister and Treasurer John Collins to review the budget and ascertain projected capital expenditures set for this fiscal year. Capital reserve projects for this year include the following:

- Replacement of approx. 500 linear feet of bulkhead – est. cost 100,000
- Replacement of fuel dock bulkhead & replace dock – est. cost 37,000
- Replacement of the main dock in the marina – est. cost 13,400
- Resurfacing the basketball court on Colington Drive – est. cost 6,792

The total estimated cost for these three projects is 157,192.

Our first policy recommendation is that the Board resumes the prior practice of establishing separate checking and money market accounts designated for current year capital projects. These accounts should be created immediately, and should be in a separate institution from those holding our current checking account, operating fund money market, or prepaid assessments to ensure full FDIC coverage. Designation of distinct accounts for capital expenditures makes those expenses easier to track and avoids co-mingling of current operating funds with reserve funds earmarked for capital projects. Gateway Bank currently offers the most competitive rates, and we do not have other accounts there. We recommend that the Board establish these accounts with Gateway; they have branch locations in Kitty Hawk and Nags Head, so are convenient to the Harbour.

Our next set of recommendations is based on a timeline of expenditures by project. We understand that the fuel dock bulkhead replacement permit was to have been issued on Friday, with a projected construction start in November. That timeline will require funds for this project within the next 30 days. The next priority will be the replacement of the 500 l.f. of bulkhead, and that could begin as early as December, or as late as March, depending on permitting. We therefore recommend the following specific actions be taken in order to fund upcoming projects:

First, establish the checking account and money market account referenced above at Gateway Bank.

When the current CD at Bank of the Commonwealth matures this Thursday, withdraw those funds in order to reinvest them at Gateway. This action will provide approximately 76,000 toward the upcoming capital projects. Currently, Gateway's rate of interest for a money market account (2.25 yield) is greater than that offered through short-term CDs. Based on that information, we recommend that the entire amount of the Bank of the Commonwealth CD be placed in a money market account at Gateway Bank.

The 76,000 from the CD maturation should not be confused with the contribution into reserves included in the current fiscal year budget, referenced below, although the amounts are similar. This is a transfer between capital reserve accounts, not a contribution from current year assessments into the long-term reserve.

The current fiscal year budget includes a contribution of 76,518 from assessment income into the reserve fund. In order to fully fund the approximately 153,000 in capital projects, the Board will need to transfer the reserve contribution from the Southern Bank pre-paid account (funds deposited from assessment payments between April and July, the start of the fiscal year) into Gateway Bank. We would recommend transferring those funds immediately into the Gateway money market, even if a portion are not needed until spring. This action will accomplish the goal of reducing funds held in the Southern Bank account to a level that is fully insured by FDIC.

These actions will provide the necessary funds to undertake the capital projects designated for this fiscal year, provide better tracking of capital expenditures by establishing separate accounts for that purpose, and lessen risk by reducing existing accounts to ensure full FDIC coverage.

Our next report will focus on the remaining reserve accounts, none of which are set to mature within the next few months.

Respectfully submitted,

CHA Investments Advisory Committee
Sharon Carroll
Ken Johnson
Eve Turek

COLINGTON HARBOUR ASSOCIATION

BOARD OF DIRECTORS MEETING

OCTOBER 20, 2009

CRIME AND VANDALISM – SEPTEMBER 15 TO OCTOBER 14, 2009

- 9/17/2009 Marina: Three male teens were seen to be stealing items off of several boats in our marina. Dare central called and checked out a report that the boys were seen at 102 Sir Walter Raleigh.
- 9/17/2009 A man called the security guard and reported that a black Ford pickup was seen driving on our roads, two of the teens would be left out of the truck and begin walking down the street; suspicion of B&E activities.
- 9/21/2009 A lady called the guard to report that several boys were playing on the work barge in the marina and also were seen on several boats.
- 9/24/2009 213 Kitty Hawk Bay Drive: B&E called into DCSO and 2:30 a.m. Sgt. Kathryn Bryan and 2 deputies (Adm 23 & 28) investigated. Sliding door glass broken and TV stolen.
- 9/28/2009 ___ Sir Richard West: 16-18 foot power boat stolen overnight. Reported to DCSO and they reported they found the boat by 9:30 a.m.
- 10/4/2009 105 & 109 Rhodoms: B&E of a vehicle; DCSO investigated.
- 10/4/2009 111 & 113 Sir Hart Court: damage to mailboxes; incident occurred around 11:30 p.m.
- 10/5/2009 103 Brigand Court: unlocked car B&E; money (\$500) stolen. DCSO called.
- 10/6/2009 Eagle Drive: B&E of auto
100 Inlet Court: B&E of auto
217 Outrigger Drive: mailbox bashed
___ Outrigger Drive: B&E of home
Marina: suspicious person(s) – 2 – in park & checking out boats in slips; DCSO called – no problems reported
338 Colington Drive: resident William Short reported to security that he had hit a mailbox in general vicinity with his vehicle
- 10/7/2009 1523-1539 Harbour View: suspected home B&E; 3 deputies responded; no report of problem.
- 10/8/2009 Harbor area: boat capsized; CVFD responded. Boaters ok.
- 10/11/2009 Sir Chandler: B&Es reported at 205, 207, 215, 217, 220 & 239
Broadbay: B&E unlocked auto

10/13/2009 107 Colony Lane: Possible B&E investigated by DCSO and KDH police. No report of arrest.

10/14/2009 ____ Broadbay Drive: Garden gnome stolen from the referenced address; two juveniles caught and returned to their home: female 201 Colington Drive and male 243 Eagle Drive.

COMMUNITY WATCH VOLUNTEER STATUS

Despite pleas by the BOD for CW volunteers on the Main Gate bulletin board, we have attracted only two volunteers. In an effort to promote more interest in joining CW, I have:

- Prepared an article which provides a general overview of the CW program and includes a request for volunteers. The article should appear in the November/December issue of Harbour Headlines.
- Revised a 2007 memo I prepared which is designed to provide information on the key provisions of our CW program for those who do volunteer.
- A handout was prepared in response to concerns expressed by our Security Guards, where residents are verbally abusing and challenging the guards and criticizing DCSO on why they have not been able to stop the large number of B&Es and mailbox vandalism. This handout encourages complainers to not blame our Security Guards and the DCSO deputies for our crime and vandalism problem, but rather to join CW and be proactive in the efforts to reduce crime and vandalism. Only "complainers" will be given a copy of the handout.