

Colington Harbour Association, Inc.
Board of Directors Meeting
January 19, 2010
Minutes

Board Members:

Present: Melissa McAllister, John Collins, Don Brady, Stephanie Coleman, Rikki Schuster and Paulette Benz.

Absent: Frank Hendricks

Proceedings:

Meeting called to order at 7:00 pm. by Chairperson, Paulette Benz. A moment of silence was observed.

Paulette called for an approval of the agenda. Melissa made a motion to remove item D. from the consent agenda. John seconded, all were in favor to remove item D. from the consent agenda which were minutes from a workshop, not a closed session meeting on Dec. 21, 2009.

Paulette called for an approval of the consent agenda. Melissa made a motion to approve A. October 20 minutes; B. November 17 minutes and C. November 17 minutes of a joint meeting between Colington Harbour Association and the Colington Harbour Yacht and Racquet Club. Rikki seconded the motion; all board members were in favor to approve items: A, B and C on the consent agenda. Motion passed.

Discussion or comments were made concerning item D., which were minutes from a closed session workshop. Melissa stated that the meeting was not a closed session but rather a workshop meeting regarding covenants revisions. She made a motion to approve item D. of the consent agenda with these revisions: 1) subjects of the meeting were only for covenants revisions, 2) Article 5 under adopted changes should read, "Adopt changes as recommended", and 3) on the last page the spelling of the word "meeting" needs to be corrected. Rikki seconded the motion; all board members were in favor of the approval. Motion passed.

ACC report: none given.

Crime watch report: Jerry Raveling/Report Attached

Comment's from the floor:

Dan Beall of 109 Quork Ct.: Mr. Beall stated that he was opposed to the Colington Yacht Club (CYC) a business operating in Colington Harbour. There is a business operating in Colington Harbour and it has no connection with the Association or the Colington Yacht and Racquet Club. This issue should be corrected by this Board of Directors or Colington Harbour should address Dare County for new zoning regulations. This particular business needs to be closed down and not allowed to operate within Colington

Harbour Association. He is also opposed to placing any articles and or free advertising for this business in the Association newsletter. He asked the board to act immediately to stop this business from running in the Harbour.

Joan Beall of 109 Quork Court: Mrs. Beall was very upset when she read the article in the Association newsletter and read the same article in the Coastland Times regarding the Colington Yacht Club. In both of the articles the public were invited to take a look at the CYC website. Joan did take a look at the CYC website and the Association website. She was very distraught over the Association website. She was unable to find the webmasters name. She read the differences between the clubs. She was upset with what the website stated in referring to the differences between the clubs. She looked at the fees for the CY&R club. She wanted to know if the CYC was paying for the use of the clubhouse. The CYC website has links to four other Yacht clubs. It invites everyone in the world to come into the Harbour to use our facilities that we pay for to use. Joan is concerned about insurance liability concerning outsiders. If a boater comes into Colington Harbour who has been drinking and has an accident, the Association could be held liable. Joan went on to read in the article where the Colington Yacht Club is open to any one in the general public. "Colington Harbour Association is a private community. No outsiders should be invited in", Joan said. There were other items that Joan pointed out regarding the usage of the facilities which belong to the Yacht and Racquet Club that were being offered to the general public by the Colington Yacht Club. She questioned whether the Colington Yacht Club was paying dues for private meetings or for Park rentals? The website for the Colington Yacht Club has links to for other websites which will invite the public to our private community. The Colington Yacht Club is not paying the Association for all of their functions. Mrs. Beall was very upset that outsiders were invited to come in and use our common area grounds and facilities without paying a penny. The homeowners pay an assessment for the upkeep and usage of the common areas and do not want to pay for the general public to be invited in. This Beall stated that there is boating affiliated with the Colington Yacht and Racquet Club. A rockfish rodeo is put on annually. The Colington Yacht Club's webpage is also linked to the National United Sailing Association page. The address that the Colington Yacht Club uses is Colington Harbour which is a private community. Mrs. Beall pointed out that this is a private residential community. When she bought in the Harbour, she signed a statement that she would abide by the restrictive covenants.

Ken Pagurek of 205 Sunset Drive: Ken is the Chairman of the Rockfish Tournament. This year went well. Out of eight members, four of those members are burnt out and do not wish to continue the tournament next year. Ken would like to see something in our newsletter asking for volunteers for next year's Rockfish Tournament. He still has four members willing to put on the tournament; however, the other for have done all they can do. Ken can't do it alone and is willing to stay on the committee but needs more volunteers in order to have a Rockfish Tournament next year. Ken also stated that the drilling for the flooding on Sunset has been working. After the second day, the standing rain is gone. It takes two days for the street to be unflooded. He stated that if there were road paving to be done in the near future, he would like to see that road raised up a bit so that the water could run off of the sides. Two years ago when Stephanie's son won,

someone from the Colington Yacht Club put a photo of her son in the paper. The CYC took all of the credit for the Rockfish Tournament and the Association nor did the CY&R Club receive any credit. Kens stated that in years past the CYC had offered to put in a shower which had hot and cold water down by the bathrooms at the beach. He felt as though the Association would have to foot the bill for the water and the electricity for all of the people who may come from the Yacht Club or visiting club members to shower and who don't pay a dime to the Association. He thought it was a bad idea then, and he thinks it's a bad idea now.

Doug Wirth: Doug has always tried to donate time to the children in this community. The playground at the common beach area was all built with volunteer help. Doug commends any one in this community that volunteers their time to help the children. He was under the assumption that the Sailing Program was free for any child in Colington Harbour. He sees that you do have to be a member of the CYC which costs \$75 in order to have a child in the sailing program. You also have to go to a course certification class by an Outer Banks Sailing Academy for a \$200 fee. This Sailing Academy seems as though it's a business will start running classes on Association property in July. He asked if this had been Okayed by the board. It is his understanding that you may not run a business in Colington Harbour. He would also like to know if people outside of the Harbour are able to participate in this program. He would like to know if fees are charged for the park functions that the CYC has scheduled. He would also like to know if there is "a list of outsiders" that might be coming by invitation to the CYC provided to the Security gate and Association office. This should be done and Doug doesn't believe it is being done by the board. Doug would like to know how much our newsletter cost for each mailing. He is concerned that the article placed in the newsletter by the CYC was not paid for.

Cindy Kosar of Sir Richard: Cindy was concerned as to the insurance coverage. She questioned whether the CYC had insurance or not. She also would like to second the comments made by Ken Paguek regarding the CYC.

Ed House of Outrigger Drive: Ed bought his lot in 1968 on Soundview drive. At that time he was to pay his Association dues. At that time he could join the Colington Harbour Yacht and Racquet Club. There was an outside club called the Roanoke Island Yacht Club that was not stationed in Colington Harbour. He does not understand how the Roanoke Island Yacht Club can come into Colington Harbour and change their name to the Colington Yacht Club. The members of the Roanoke Island Yacht Club were invited to join the Yacht and Racquet Club. The Roanoke Island Yacht Club had out side members at that time and it cost 10.00 per year. Ed feels that it is the responsibility of the Association to stop the outsiders that are coming into Colington Harbour Association and not paying one penny to the Colington Yacht and Racquet Club or the Association. It is the board's responsibility to stop this business of a Yacht Club from operating in the Harbour.

Mr. Kosar of Sir Richard; he second Mr. House's comments.

Bill Froehlich of 229 Outrigger Drive: Bill stated that the covenants committee was made up of three people and the Board made of seven people. That is the input of 10 people versus the 2400 owners within the Harbour. His concern is that the general population of the Association would have no input on the covenants revisions. He feels there are real deficiencies that will not be addressed. He would like the opportunity to make suggestions whether they are acted upon or not. He just wants his concerns heard. He sees the committee has come along in the process now and he still has not had the opportunity to give his input.

Jean House of Outrigger Drive; Jean was upset when she read the article that invited any one from outside the Association to come in and use the facilities of the Association. Jean stated that there are a lot of families and residents who use our common beach area and playground and facilities, who pay dues annually. Her main concern is that the facilities are used by those who pay for them. That is the right thing to do.

Ed Weiland of 511 Colington Drive: Ed asked if the current Board was aware of the situation with the Colington Yacht Club. He asked John if he was aware of the situation. John replied yes. He asked if the current Board has meetings with the CYC? Paulette (Chairperson) then authorized John to answer the question. John stated that the Yacht and Racquet Club is an affiliate of the Association. The Yacht Club is a private organization of which the Association has no authority to govern who is going to join that club. The only place the Association has issue with this club is in reference to functions planned on the associations property and the insurance issue. He feels that there are a lot of valid concerns that need to be addressed. Ed asked again if there is any communication between the Association and the Colington Yacht Club. John answered that on special occasions there was interaction between the Association and the CYC like the pig picking; but the boards do not interact together and are run separately. Ed couldn't believe that the board had no idea of what is going on. He was surprised that no one from the CYC was there at the meeting.

Dolores Norton of 212 Soundview Drive: Delores stated that she has lived here for seven or eight years and pays her Association dues which allow her to use all of the Association facilities. The following year she joined the Yacht and Racquet Club and by doing that she was allowed to use all of the facilities of that club. The following year she joined the Colington Yacht Club. She is a member of all three clubs. She sees that there are many issues that need to be ironed out between the clubs. She would like to remind the Board of the positive things that the Colington Yacht Club does for the Association. The Yacht Club once a year cleans all of the canals, they also provided that pavilion at the common beach area, the CYC also has insurance that covers any event, they pay rent for the use of the park pavilion, and they pay the Yacht and Racquet Club for the use of their facility for their dinners/meetings. The Youth Sailing building was built for the youth. The youth were sent over to Manteo which resulted from complaints from the parents who had to drive back and forth to Manteo. The CYC has offered to pay for any child who is unable to attend the sailing school who lives in the Harbour. The CYC has a sponsorship

fund to pay for any child who lives in the Harbour and wishes to take this sailing class. Dolores wishes that all clubs could agree. She enjoys all three clubs and that is one of the reasons she lives here.

President's report: Some of the items Melissa has to report on are under new business. Melissa stated that there is one item that is not under new business which is the contract between the Association and the Yacht and Racquet Club. There had been a meeting between the Association and the Yacht and Racquet Club to work towards a contract that would be more agreeable and in the interest of both clubs. Melissa suggested that a committee be appointed, and once a committee was appointed, not to overlook information from as many members as possible. Her suggestion was to implement a committee with Paulette Benz as the chair, and Jim Dale, who has agreed to serve on that committee; as well as anyone else that, is interested in serving on that committee. Melissa made a motion-"Not to continue the current contract with the Colington Yacht and Racquet Club and work with a committee with Paulette Benz as Chair and Jim Dale as a member and would work to get more members on the committee for a new contract between the Association and the Club." Stephanie Coleman seconded the motion. Discussion.

John asked why we would need to terminate the contract to the Association before we have a new one. Melissa stated that it was not mandatory but that at some point the Board will have to take a vote and discontinued the old contract. John would support looking at the contract and revising it. John would not support the 90 day kick out clause that would terminate the contract. Melissa pointed out that even if we voted to not continue the contract today, it is still in effect until August 2010. John was concerned that if the current contract was terminated, how would the Association be prepared to keep the club functioning. Melissa pointed out that the contract was still valid, and if the vote today is to not renew it, it would still be in effect until August 2010. Melissa stated that this was only for the nonrenewal of the current contract. John felt as though the contract should be left intact until both clubs are able to reach a new agreement. At that time, the old contract would be terminated and the new contract put in place. Melissa felt as that there are would be plenty of time to negotiate a new contract between now and August. John asked why we could not leave the contract in tact until a new contract was ready to take its place. Melissa stated that in the joint meeting in November, it was left at the point where both clubs would come together to an agreeable contract. John did not agree with discontinuing the contract. John felt as though it would be much better to leave the existing contract in place until a new one that was agreed upon by both clubs could be signed. John question Melissa in the event the two clubs could not come to an agreement for the contract by August, what would happen to the facilities at that point. John stated that the facility would have to be shut down and that this would leave us with a bunch of legal hassle. Melissa felt differently, asking how that would ever happen. Melissa wanted to not continue the contract now, and between now and August, work on a replacement contract to be in effect by August. John on the other hand wanted to keep the current contract intact until a new contract was put in place. John felt like it was the wrong way to go to terminate the existing contract before a new one was put in place. Melissa pointed out that this is the first time in the contract process where the two clubs have gotten together to come up with a contract whereas in the past it was just signed or

renewed. Melissa stated that there was no way we were going to leave the contract the way it is. John felt differently about the procedure of the contract procedure. Ricky asked John if he felt the clubs would not be able to come to an agreement by August. John answered he did not know. He did state that the way the rules are that the facility can not be closed. The facilities must be up and running. Melissa stated again that it was not a vote to terminate anything only a vote to not continue that particular contract and to get to work seriously on a new contract. John asked what happens if the contract has not been agreed upon by the last day of the existing contract. John asked Melissa would we vote for an extension of time, at that time. She answered, yes, we can do that. He asked why we don't just leave it the way it is. Paulette answered John stating, that if we left it the way it is, it would automatically renew for a whole another year. Melissa stated again that this is not a vote to terminate a relationship between the clubs, but a vote against a piece of paper that is not drafted in the favor of the club. The contract is drafted with a yearly renewal, the club must have a contract in place that allows them planning with the reserve fund you are required to keep. With the amount of maintenance that you have going on, the club can not operate from year to year and a Board being able to come in here and take advantage of a 90 day kick out clause. You need a contract which protects your interest and gives you the ability to do a five or 10 year plan. You can not operate in year-to-year doing all these things.(A request from the floor for a re-statement of the motion went unanswered)

Paulette called for a vote on the motion. All in favor: I's were heard from Melissa, Stephanie, Rikki & Paulette. Opposed votes were: John and Don for the record. (A request from John for a recording of the vote confirmed the first vote.)

Report from the First Vice President: Rikki did not have enough volunteers to rally together for the children's holiday season. Hopefully we will be doing future children's events for Easter as our first event we hope.

Reports from the Second Vice President: none.

Comments from the Secretary: absent.

Report from the Treasurer: John pointed out on the profit and loss versus budget statement that there are three items that have been paid out that were not budgeted. One was the credit card fees of \$220.90; another was the fuel dock pumping of \$1000, and the bad debt expense that was carried forward from two to three years prior which was \$14,567.58. These three items were not budgeted and total toll \$15,788.48. The bottom line on the total expenses is running 52.5% for the first six months. If you took out the \$15,788 that was not budgeted would be running at 49.5%. We are running right on the budget and do not have any spare money. There is 1/2 of a percent to spare. John went over the balance sheet. The Association is showing \$67,000.00 above last year. Out of that amount, \$24,000.00 is an overpayment on last year's assessment and \$20,400.00 returned from the state from dredging. So when you take those two figures out, we are running at \$23,000.00 over, very close. On the balance sheet on page 2, line number 3151 shows a number that was entered into the books as an adjustment by the accountant. Neither John nor Johanna know what that number is four and will need to talk with the

accountant to find out. He does not believe that number is an accurate liability number. John answered a question from Rikki concerning the accounts receivable. Melissa brought up the mailing of the revised covenants to the home owners. She asked John if he felt like there would be money in our tight budget for the printing of the covenants change to go out to the homeowners. John indicated to Melissa that after all the items on the agenda were covered tonight, he would be better able to answer that question

Other comments from the board: none.

Manager's report: attached.

Old business:

A. Park hours previously were set at 5:30 a.m. until 10:30 p.m. by a previous motion and vote. Melissa asked for a revision on her previous motion to set the Park hours to show on the sign stating Park is open: dawn until dusk. Rikki seconded. All board members voted in favor of the revision to the Park hours. Motion passed.

B. Don is working with his neighbor on a sign for maintenance. He and his neighbor are cutting out the letters; all they need now is the board for the backing. Don stated that this sign would be built for the original budgeted amount.

C. Waiver of penalty and interest for Elaine Piccard. This was held over from a previous board meeting due to the fact that we were not sure as to whether she had paid her assessment or not. She has paid her assessment. Rikki made a motion to waive the penalty and interest, Melissa seconded the motion. Motion passed

New business:

A. Dredging project. Two proposals were received for dredging. One proposal was from Cape Dredging Inc. out of Buxton for \$30,000. The Association received another proposal from Carolina Marine Structures, Inc. in an amount of \$29,760. Three other businesses were approached for this job; each of the other businesses stated the job was too small. This project needs to be done by Feb. 15, 2010.

John made a motion to accept Cape Dredging Inc. for \$30,000 since they had done the job in the past. Melissa seconded the motion. Discussion. Rikki asked if Cape Dredging had a NC license. It was stated that they do have a license. All board members were in favor. Motion passed. For the record, Stephanie Coleman did not vote.

B. Main Dock: approval of specs and approval of payment for an invoice of \$781.25 from Performance Engineering. Melissa stated that unfortunately we had lost a valuable member of our community who was the owner of Performance Engineering named Bob Stewart. Bob past away last week. Melissa made a motion that the engineering work for the main dock be tabled. There was a second. Discussion. This item will need to be tabled

until we find out who will be handling Mr. Stewart's work that he has given to us so far. All board members voted unanimously to table item B. Motion passed. Melissa stated that it would be a good idea to set a workshop date to work on this particular item. Dates were looked at and Feb. 2, 2010 at 6 pm. Board members agreed that Feb. 2 at 6 pm would be a good time and date.

C. Construction Manager. Melissa made a motion for this particular item to be addressed on February 2, 2010. Each board member was asked if February 2nd would be available for a workshop meeting at six o'clock. Melissa stated that the construction manager position hired by the Association is a much better way to operate rather than having volunteers like her make decisions on behalf of the board. The construction manager will be a hired professional by the Association who will represent the Association's interests and will report to the board and community manager. Last week, several interested individuals have picked up information packets for this position. Melissa made a motion to table the construction manager selection until the February 2 workshop. Rikki seconded the motion. All board members were in favor. Motion passed.

D. TSA- Carl Miller. Melissa read about a study that would be provided to the Association in regards to the entrance of the existing jetty. The current reserve study that we adopted suggests a jetty repair schedule of 2012. Melissa would like to present to the board, moving that schedule up, giving the condition of the south jetty, and rather than continue replacing the jetty with wood, to release funds for this permitting and studies that need to be done that were outlined in the rest of this report. To release the reserve funds slotted for 2012 repair to begin the process of permitting and implementing a rock jetty repair. Melissa made a motion, that the board, giving the current state of the South jetty, expedite the repair schedule on the reserve study and access the funds for the jetty repair for this engineering study for the permitting and the analysis of a rock jetty. Rikki seconded the motion. Discussion. John was concerned about the legality of the finances. He was also concerned that this would need to go in front of the members of the Association. John felt that this cost should be expensed and not taken out of capital reserves. The cost is roughly 4500.00 for this project. John suggested this topic be tabled until the February 2 meeting. Melissa felt that this study fell within the criteria of the reserves. Discussion between John and Melissa on this topic went back and forth. Melissa amended her motion to table this item until February the second. Item tabled.

E. Street signs. Twenty-one street signs for Colington Harbour roads are needed. This signs, including posts and brackets come to an estimated total of \$1500. John made in motion to accept the purchase of the street signs. Melissa seconded the motion. All board members were in favor. Motion passed.

F. Jeff Farley would like to know if the Board of Directors of Colington Harbour Association would support and be in favor of a bike path from the Wright Brothers Monument to Colington Harbour. All board members stated they would be in favor of and support a bike path.

G. A letter was received from neighbors on either sides of the basketball court. Francis Ryan and Mr. Birdsong both are concerned about the bulkhead at the basketball court property. The letter sent to the Association states that the bulkhead is failing on both sides and affecting the adjoining bulkhead of the adjacent neighbors. The letter also stated concern for trash and beer cans being thrown in their yards from individuals at the basketball court. Another concern was the upkeep of that area in the back of the basketball court.

The maintenance crew has taken care of the property behind the basketball court. This particular area apparently had been missed on the last cutting of the season and was when this picture was taken. This has been addressed and taking care of. John stated that he had taken a look at the bulkhead and that it was not in bad shape. He stated that the bulkhead is probably in better shape than the neighbor's bulkhead. The maintenance crew will go and fill the back corners of the existing bulkhead. Melissa was concerned that she did not find this bulkhead on the reserve study.

H. Homeowners request for penalty and interest waiver. Melissa made a motion to waive late fees and interest for items 1, 2, 3 and 4. Rikki seconded the motion. All board members voted in favor. Motion passed

I. Tire quotes for both maintenance trucks. Both maintenance trucks are in need of new tires or will not pass inspection. We have researched quotes that you have for tires on both trucks. John made a motion to purchased hires for both trucks. Melissa seconded the motion. All board members voted in favor. Motion passed.

J. New tractor versus repairing the existing tractor. Our current tractor has 3500 hours on it. The existing tractor is at a point where it will lose its trade in value. We have gotten a quote on the cost of repairing the existing tractor versus the cost of a new tractor from Edenton Tractor. The tractor is operating currently. Melissa asked to have leasing of a tractor investigated. This item was tabled

K. Article in newsletter from the Colington Yacht Club. John stated that the Yacht Club was overstepping their welcome and what they are authorized to do in the Harbour. They are not recognized as an official club by the Association. The only club recognized by the association is the Colington Harbour Yacht and Racquet Club. There have been valid concerns regarding liability for the Association regarding CYC. John suggested that the *property manager or the association president should write a letter to the CYC advising them that they may be in violation several covenants. If the CYC wants to continue using the facilities, established fees must be paid. For the people who are invited and are not members, there should be some type of insurance policy in place holding the Association harmless. John pointed out that most of the CYC members are homeowners of Colington Harbour. However, he did not agree with inviting outside members. John made a motion that a civil letter be sent to the CYC advising them that they may be in violation of several covenants of the Association. The established fees must be paid for the usage of the park and facilities. If they are going to have people in the harbor that are not members, then an insurance policy is necessary to protect the Association from any kind of liability. John could not go along with the CYC bringing in outside people. That*

needs to stop. Rikki asked about the article they were allowed to put into the newsletter. John answered that they are not a member of the Association. Others are charged for putting ads in the newsletter. He feels we have to do a better job of what goes into the newsletter. Melissa seconded the motion. All board members voted in favor of the motion. Motion passed.

L. Contract with Susan Harman Scott for collections. Melissa pointed out one line on the contract that needed to be corrected. This contract will be sent back to the attorney for the correction of the one line and at that time he placed in front of the Board for approval. This item was tabled until February the second.

M. Cost associated with newsletter printing. A cost analysis was provided to the board members showing the annual cost and the cost per run of the newsletter. The newsletter runs 6 times per year. The cost of each run of the newsletter is approximately \$2,671.91. John pointed out that this was only the expenses associated with the newsletter and that there is income from advertising that should also be included in this cost analysis. Income needs to be added to this analysis. Johanna will take care of this updated analysis. Melissa indicated that with the covenants revision going out to the homeowners, she would suggest that we suspend one of the newsletter runs and send out the covenants revisions instead. Melissa feels like this needs to be discussed at the workshop. Board members felt like Feb. 2 would be the time to further discuss this issue.

A motion to adjourn the meeting was made. A second was made by Melissa, all members voted I. Motion Passed.

Meeting adjourned 930.

COLINGTON HARBOUR ASSOCIATION

BOARD OF DIRECTORS MEETING

January 19, 2010

COMMUNITY WATCH

● Crime & Vandalism

- December 17, 2009: 117 Outrigger – Home of out-of-town owner B&E'd by four youths (two girls/two boys) who were reportedly partying in the home and several others on Outrigger. The perpetrators are juveniles and will likely be charged in Juvenile Court.
- January 3, 2010: Colington Drive – Felony B&E and larceny of a motor vehicle; \$1,000 cash stolen.
- January 2010: B&E problems are occurring on Sir Richard East & West. Details are not available.
- Plasma TVs: have become a favorite theft item on the Outer Banks.

● Articles

- Home Security: Part One of a two-part series on Home Security was published in the January/February issue of Harbour Headlines. Part Two of this series has been prepared and turned over to Penny Williams for publication in the March/April issue of Harbour Headlines.
- Warning-New Telephone Scam – A short article on illegal telephone scams masquerading as legal Credit Card Services and Extended Warranty Services has been prepared for inclusion in the March/April issue of Harbour Headlines. Also, copies of a Do Not Call Complaint form were obtained from the state Attorney General's office and are available at the CHA Office.

CHA RESTRICTIVE COVENANTS – FOREWORD

A draft Foreword was prepared and submitted to the Covenants Committee for inclusion in the legal review copy of the revised Restrictive Covenants document.

Manager's Report 1/19/10

Maintenance

Maintenance has collected approximately 100 Christmas trees this year. We thank Jim and Paul for all of the Christmas decorations they put up over the holidays.

Maintenance has torn down the original maintenance office. This has made room for the vehicles to be parked under the light which should have more security.

Our Maintenance has continued to save CHA money on necessary projects. One recent example is our trash cans at the common beach area. Squirrels get down into the trash cans and can't get out. They tear holes in the lids trying to get out of the cans. The new lids for the size trash cans we have run any where from \$125 to \$150 a piece. Jim and Paul have repaired several lids with epoxy, repainted them and they look good as new. This repair work was a considerable savings for CHA.

During 2009 the maintenance yard personnel logged in 1,888 residents who dropped off items inside the maintenance yard. All who utilized the maintenance yard displayed valid CHA stickers.

Security

Our incident reports are at an all time low. This is great news for CHA. The guards at the gate ask Homeowners to remind their guest that they must stop at the gate and receive appropriate passes to enter CHA. There has been an increase in the number of cars that will not stop for the guards. There were a total of 302,591 cars that came through our Security gate during the month of December.

Liens

181 Letters to Homeowners with unpaid assessments were mailed out referencing payment on the account or that a lien would be placed on the property. After many collection efforts, the bare minimum of 64 liens was taken over to the Dare County Courthouse to file. Out of the 64 liened accounts, only 1 account will go to the attorney for foreclosure proceedings. In comparison to last year where 70 liens were placed on Homeowners and 53 were sent to the attorney. In 08/07, there were 263 liens that were taken to Dare Co.

Our liens and A/R look better than past years. Receiving credit cards, accepting monthly payment agreements and working the past dues have been the main factors in achieving success in diminishing our lien costs and legal fees.

Designated Swim Area

Dare County is assisting CHA in applying for the Designated Swim Area for our common area beach. On Tuesday, January 19, 2010, the Dare County Board of Commissioners will conduct a Public Hearing regarding adopting a Resolution for the

purpose of establishing a No Wake Zone for a swimming area on the sound side at the Colington Harbour Marina Park area. Once this resolution is passed, the application can be sent into the NC Wildlife and Resource Commission. Hopefully, we will have our restricted swim area by the time spring is here. The area to be designated is 40 ft. out into the water and 125 ft. parallel to the edge. This will aid in protecting our swimmers from boats or jet skis coming onto the shore in the swimming area.

Dredging

We have accepted and reviewed bids for this years dredging project. I contacted 5 different companies for bids for this project. This project will need to be completed by Feb. 15, 2010. This is on the agenda for tonight to be approved.

No Wake Signs

In an attempt to save money, we have ordered NO WAKE signs through Dare County. These signs are made by prisoners and must be ordered through the county in order to get a reduced price. Jenny Gray-Jones of Dare Co. waterways has assisted CHA in processing this order. The signs will be delivered at the end of this week.

Sunken Boat

The sunken boat in the Harbor has been taken into the hands of the NC Wildlife & Fisheries. They are charging the boat owner with felony littering and will take care of the removal.

In the Office

Penny and Alisa are currently working on a project to reconstruct and correct our tenant files. Our January/February newsletter went out on time. We are very busy in the office with the year end work and preparation for the upcoming year. We are still organizing file cabinets and history documents for CHA.

The remodeling of the Yacht and Racquet Club up and down stairs has been ongoing this month and is almost completed. The new carpet was put in just yesterday. This project has been worked on by many volunteers who have put forth time, sweat and blood to get the job done. The metamorphosis has been interesting to watch and I have taken pictures from start to finish. There is also a new mural painted in the upstairs clubroom by Hudson Williams that is beautiful. He is an extremely talented man who volunteered his time and talent. He has donated an impressive piece of artwork. The club looks great! I have found contacts in Currituck and Wanchese for CHA that will come and remove junk cars at no cost. I have also found a company named Johnny Bravo out of Elizabeth City that will remove junk boats at no charge. Just last week, Johnny Bravo came and removed an old boat that has been an eyesore for years.

I used Melson's Auto Salvage out of Currituck to remove a van that had been an eyesore and a Manager's problem for years. I'm sure CHA will have a relationship with these individuals over the upcoming years.

Penny and I are constantly looking for ways to save money in the office. Our sign out sheet for the keys has been very helpful in keeping track of keys.

With Melissa's instruction, I have sent out a package to Dwight Wheless for review of the changes that were suggested by the Covenants Committee. I am waiting to hear back from Mr. Wheless at this time. He will review the changes and meet with our Board of Directors with his report.

We have updated our QuickBooks program from 2008 to 2010 on all office computers and are set up with daily online backups for our bookkeeping files.

Our employee W-2's, all quarterly and annual payroll reports have been completed.

Our Corporate tax return is at the CPA office for completion.

Work has begun on the upcoming budget. John, Penny and I are working on a budget presentation for the board to view in February.