

**FINAL MINUTES
COLINGTON HARBOUR ASSOCIATION, INC.
BOARD OF DIRECTORS MEETING
FEBRUARY 16, 2010**

Board Members Present: Melissa McAllister, John Collins, Frank Hendricks, Don Brady, Stephanie Coleman, Rikki Schuster & Paulette Benz.

Proceedings:

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

Paulette motioned to approve the agenda. Don seconded the motion. All were in favor; motion approved.

Paulette made a motion to approve the consent agenda which was presented at the Jan. 19, 2010, Board of Director's meeting minutes. John seconded the motion; all were in favor; motion passed.

Report from the ACC: Bob Hopkins gave the report. There have been a few bulkhead repair permits issued and permits for piers. A few permits for repair indicating that homeowners are starting to take care of their properties.

Report from Crime Watch: Prepared by Jerry Raveling and presented by Bob Hopkins. Attached.

Comments from the floor:

Bill Combs of 224 Broadbay: Bill would like to know what association each of the board members have with the Colington Harbour Yacht and Racquet club and the Colington Harbour Yacht club. Each of the board members responded to the question.

Jim Rose of 353 Soundview: Jim Rose felt like our dues should be higher. Jim stated that he had been on numerous boards in the past and that it could definitely be a thankless job at times. He recommends that the homeowners get behind the board of directors and support the board. Jim stated that some of board members might make mistakes along the way, but support for the board is needed. This is Jim's first board meeting. He stated that he would not miss any more board meetings and would give the board his 100% support.

John A. Watkins 709 Colington Drive: John would like to address the board specifically as to the enforcement of the covenants. He is the largest property owner in Colington Harbour and for a long time has seen a lack of interest on the part of any board in Colington Harbour to enforce the covenants. John stated there were numerous infractions within the Harbour and has seen no movement towards the enforcement of the covenants.

Comments from the President:

Under old business, Melissa brought up the old business of updating our personnel policy. She charged Don and Stephanie with picking up the project of the personnel policy and moving forward.

Pete Turek has asked that he be able to work with the ACC committee as an adviser. If anyone is interested in serving on the ACC committee, please let the office know.

Melissa has had a request from some homeowners in section I which is Prince Charles Drive. Homeowners have asked that additional trimming be done in that particular area. Johanna will put that on the agenda for maintenance.

The drainage on Sunset has not yet been completed. The homeowners on Sunset should note that with our next work being done for drainage repair, Sunset would be worked upon first.

Melissa made a motion to appoint Paisley Wessel, Jim Gheraty, Robert Hopkins, and Terry Gannon, to be on a committee to work on the contract between the Association and the Yacht and Racquet Club. Stephanie seconded the motion; all were in favor; motion passed.

Report from the first Vice President: Rikki would like to thank the Jim Soles Team who has offered to put on an Easter egg hunt in our park. The board had agreed to allow Mr. Sole's to sponsor an Easter egg hunt for the children in our community. However, with the bulkhead and dredging projects on going, our park will be closed and unsafe for such an event. We are hopeful that Mr. Soles and Associates will offer this for the next year. Rikki attended a Dare County

Coalition Against Substance Abuse meeting and reported that the organization is interested in teaming up with Colington Harbour in the future. The topic is to keep children away from drugs and alcohol.

Report from the second Vice President: none

Report from the Secretary: Frank would like to see everyone in the community work together to better our community instead of fight. We need to work together to accomplish our goals.

Report from the Treasurer: John has submitted to each of the board members a balance sheet as of February 15. There is also a profit and loss comparison of actual compared to budget. The property manager and John have given a budget presentation to the board members for the upcoming budget. The board will schedule another meeting on that budget to discuss which direction to take with the budget. We are running roughly about \$42,000 in the negative to keep up with all of our obligations. The board will need to make some choices as to which option to take and to address the \$42,000 shortfall.

Manager's Report: attached

Old Business:

Melissa has stated that in a workshop several applicants were reviewed for the job of Project Manager for the marina main dock and bulkhead repair. Bill Tabb was chosen by the Board of Directors as the Project Manager for the marina bulkhead and main dock replacement repair project.

Next discussed was the bulkhead repair and main dock replacement timeline. The timeline: There is a pre-bid meeting on 2/25/10 at 9 am. The deadline for the bids to be turned in is 5 pm 3/1/10. The project will be awarded on Wed. 3-5-10 and the project has to be completed within 45 days if all goes according to plan.

Paulette asked if we were going to use the agreement that Bill had provided in the bid packet. Paulette asked for a couple more days to review the agreement. There are blanks in the contractor agreement that need to be filled in. Melissa stated that the agreement could go out to the bidders as a proposed agreement. The other documents that are necessary for the bidding process, Melissa stated were all ready to go. Paulette wanted time to review the contract and did not feel comfortable with the contract until further review was done. John and Paulette agreed that "for reference only" would be put at the top of the contract which would allow Paulette more time to review. Melissa made a motion that the package presented by Project Manager Bill Tabb with engineering drawings, specifications, instructions to bidders, and with the agreement stating "For reference only" be given out for bids; Rikki seconded; all in favor, motion passed.

The TSA study of our inlet by Carl Miller was discussed next. The Board has approved moving forward with this study. Where the money is coming from is the issue. Melissa made a motion that the funds of \$4,745 come from the reserve funds for the jetty repair. John seconded the motion; all in favor; motion passed.

The next topic was the new tractor vs. additional quotes. The quotes for a new tractor vs. repairing the old tractor were discussed. Three new quotes from companies were contacted. Edenton Tractor has the best deal for the Association. Mr. Robert's, the maintenance supervisor, suggested that Edenton Tractor would provide the best deal and service. Melissa made a motion to approve the purchase of the new Kabota tractor with the 4-N-1 bucket. John seconded the motion; all in favor; motion passed. This money will come from the capital account.

A legal agreement with Susan Harmon-Scott was next on the list to discuss. This agreement has been corrected with one sentence that the board had issue with before. The contract was approved with the exception of the one line that has since been corrected. The board agreed that this would be used as a contract when necessary, next year. John made a motion to accept the agreement from Susan Harmon-Scott; Frank seconded the motion; all in favor; motion passed.

The Covenants revisions with Dwight Wheless have been put on hold while the more pressing urgent matters of the petitions is being reviewed by legal.

New Business:

Melissa reported on our bulkhead which was damaged by the latest storm. We have roughly 50 to 70 ' of bulkhead that has been severely damaged. CAMA has issued an emergency repair permit. Johanna will get some prices on the repair work. Melissa made a motion to authorize Johanna to hire an engineer for the repair work and to meet with the contractors and bring us bids on the repair. Frank seconded; all were in favor; motion passed.

CHY&R Club and CHA contract was the next topic to discuss. Paulette has asked for a sign up sheet for anyone interested in being part of a committee which will work towards a new contract between the club and the association. Action on forming this committee is in progress.

All board members were asked by Melissa if they would be able to meet on Wed, 3/3/10 to review the bids for the upcoming marina project and award the project. All board members will be available for this meeting. All agreed to a meeting on 3/3/10 at 6:30.

Petitions have been received for the removal of two of our board members. These have been sent to Dwight Wheless for review. Paulette stated that 12 people will be selected that are not on the board and did not sign the petitions. Paulette would like to have more time before a committee has been appointed. Paulette would like to table this for now until more research can be done.

Melissa had a comment: Article 5, Section 6, Removal of Directors in our Bylaws violates the law. The members of this community have one power and that is to elect their Board of Directors. Section 6 of our Bylaws take that power away from them and allows a minority to overturn the wish of the majority. The Articles of Incorporation for the Colington Harbour Association, Inc. reference NC GS 55A. That statute requires that a Director elected by the members be removed by the same process by which they were elected. Let's step back. What is really going on? This all started when I brought to this Board the contract between the Association and the Club. The Association is the owner of all the amenities. The Association has contracted with the Club for many years to manage the pool, clubhouse and tennis courts. This Board, by a majority vote, is not going to renew the existing contract and has appointed a committee to get to work on a new contract. This Board has taken extraordinary steps to include the Club in the drafting of a new contract. Members of this Board have been asked by the community to better utilize the clubhouse. Members want more activities for the entire community provided in this building that they own.

People are being ugly to other people over this issue and it is despicable. Should we stop working to give the majority of this community of over 2000 what they are entitled to because a nasty bunch of 30 or 40 say so? If any Board member believes this, they should resign now. I will not take part in any action that violates the law and the rights of the majority of the members of the community. I do not recognize the impeachment process in our Bylaws because it violates state law and the rights of our members. My term expires 2011. I promise to place my name on the ballot so those of you who don't like what I'm doing will have the opportunity to NOT vote for me.

A letter was received from Bill Froehlich. This letter has been sent to legal for review. No comment as this point from the board. Paulette asked to table this issue until the next meeting.

A safe deposit box at RBC was the next topic. The cost to drill this box is \$225.00. The keys are no where to be found and no one knows about the box. It probably has some original deeds in the lock box. John made a motion to drill the lock box, Frank seconded the motion and all were in favor. Motion passed. Our banking signature cards need to be updated to remove Keith Smaltz.

Paulette reported that Johanna had submitted her resignation effective today. Johanna will continue until March 31st to ensure a smooth transition. Paulette made a motion to release Johanna from her contract. Rikki seconded the motion; all were in favor, motion passed.

Comments from the Floor:

Jim Rose of 353 Soundview: Jim felt that several board members are ready to pack it up as well. Jim stated that these volunteers are working on a shoestring budget. They are working hard to keep this community going. He stated that he thinks our dues should be raised to a point where we have enough money to operate. It is a shame that great staff is leaving due to the drama within CHA. Let's get behind our board and support them.

Terry Gannon: An active member for 25 years. Mr. Gannon is a member of Colington Harbour community. He feels that we are giving away the association's assets. Mr. Gannon feels that a community our size should have at least \$3 million in reserves. He feels as though we should make drastic changes and get on firm financial ground. Mr. Gannon felt as though we should try to maximize our income with the assets the association has.

Eric Morrison of Colington Drive: Mr. Morrison was concerned about the amount of money the board was proposing to spend on a new tractor. He had other ideas for the board such as looking on the Internet for used tractors or looking elsewhere. Mr. Morrison would like to look over the repair list and the costs associated with each repair. Mr. Morrison suggested having a mobile mechanic come in and look at the tractor to evaluate the repairs necessary. Mr. Morrison stated he would volunteer his time and support to the board 100%. He commended John Collins on his handling of the

finances and stated that John has done the best with finances since Mr. Morrison has lived in CHA. Mr. Morrison has not seen this much controversy in all of the years he has lived in CHA.

Mr. Bill Froehlich of 229 Eagle Drive. Mr. Froehlich spoke of "unintended consequences". Mr. Froehlich was shocked that the letter he had written the board had been sent to legal for review. He did not expect any action or anticipate any actions from the board. He did not intend for his letter to be sent to legal for review and would have never sent the letter if he thought that the letter would have been sent to legal and cost the association money. He did not expect any action from the board. Mr. Froehlich felt as though the individuals that have signed the petitions also need to think of the consequences of those actions. He asked others to have the foresight as to what the unintended consequences might be of actions taken by homeowners.

Mr. Ed House: Mr. House would like to know how much money the Club puts into the association leased property on an annual basis. Denise Collins, the Yacht and Racquet Club Treasurer, wanted to answer Mr. House. Denise Collins answered, that just last month the Club spent \$45,000 on remodeling the kitchen and refurbishing the upstairs lounge area. Denise explained that the wall behind the pool was being repaired at present. The Club pays annual insurance as well as puts an exorbitant amount of money into the clubhouse and pool. Denise stated that any member of Colington Harbour Association was welcome to join the Club for the annual fee. Denise Collins reported that an informal meeting between the Club and the Association Board of Directors had taken place. At that meeting, she stated that the Club Board was blindsided by the association President into a contract negotiation. Denise Collins would like to know what the petitions say and which board members they are against.

Jean House of Outrigger Drive: Jean and her husband have owned property here since 1968. She owns a set of the original Covenants for Colington Harbour. The original Bylaws state that any home owner in the Association may become a member of the Yacht and Racquet Club for a fee. You are not required to join. Mrs. House stated that she found it strange that over the past years there has not been that much interest in the Club. In past years people volunteered over and over when there was not enough money, just to keep things running. Many individuals have been on boards, volunteered many hours and not taken any money. The Club has been a very good steward of these facilities over the years with hundreds of hours in volunteer time. The members of the Club have to rent to facility just like anyone else has to except for the regular functions of the Club. The Club pays the association roughly \$13,000 per year. Mrs. House stated that several years ago a Roanoke Island yacht club took up residence in Colington Harbour expecting to use the facilities at any time. If the Club is open to the whole neighborhood, then no one should have to pay dues.

Robert Hopkins: Mr. Hopkins wanted to know how much the Project Manager, Bill Tabb, would be receiving. Mr. Tabb has been hired at \$35 per hour, not to exceed \$2,500.

Bill Daughtry on Eagle Drive: Mr. Daughtry asked for a monthly average of the amount spent by the Club on the Association properties. John Collins spoke up. John was the Club Treasurer for nine years. Over the course of nine years, the Club has spent roughly \$130,000 worth of improvements and maintenance on the association property.

Carol Hopkins: Carol asked if the capital reserve was funded at \$93,000. John Collins answered that the capital reserve was funded at \$97,000.

Scott Small of Sir Richard East: Mr. Small questioned the finger pier contract. It was his understanding that there were additional monies spent on the contract. Mr. Small is questioning what the Association received for those additional monies. John stated that Melissa was in charge of the finger pier project and that all monies released were based on approvals of the board. The board approved a contract for \$22,000 and some odd dollars and a final figure came in at \$27,000 and some odd dollars. Melissa and John entered into discussion regarding the finger pier project. There was disagreement between the two on the authorized amount that was spent. Discussion on the project between John and Melissa continued. A Project Manager for the upcoming project has been hired so that this type of thing will be avoided in the future.

Mark Knapp on Eagle Drive: Mr. Knapp has worked in governmental projects. Mr. Knapp stated that in the shipyard repair business, change orders were common practice. Mr. Knapp pointed out that the bidding process should include all information up front. This will keep change orders and excess costs to a minimum.

Bill Combs 224 Boadbay: Mr. Combs works for Carolina Marine Structures. This is the company that did the finger pier project. Mr. Combs stated that the engineered drawings may say one thing but the actual work could not be constructed in that way. The change order was due to deficiencies in the engineer's drawings. Carolina Marine Structures went to Melissa and stated that the engineered drawings would not work. The piers were too close together. Carolina Marine Structures came back to Melissa and stated that these engineered drawings would not work. The change order was due to the engineering deficiencies. The design was based on a linear equation. The engineered drawings were unsatisfactory.

Terri Gannon gave a history lesson on the Colington Yacht and Racquet Club and the Yacht Club. A board was formed to run the Yacht and Racquet Club and is open to anyone who lives in the Harbour.

All board members called for a motion to adjourn; motion called, seconded, and passed.

Meeting adjourned 8:45 pm.