

KEYS AT KURE BEACH
HOMEOWNERS ASSOCIATION
ANNUAL MEETING

October 4, 2008
MINUTES

Board present: Bryan Strickland, Tim Upton and Joy Bryant.

Not present: Bill Costigan and Micki Hobson

Accountant: Grace McGee

Homeowners in attendance: 26/ Absentee Ballots Received: 21 for a total of: 47

Meeting called to order at 10:07AM by President Bryan Strickland.

Roll Call: Taken at sign in. Quorum of 37 met.

Proof of Notice of Meeting: September 10, 2008 mailing presented. (Attachment A)

Opening Comments: Bryan welcomed the homeowners to the meeting and presented board members present & Grace McGee our Financial Record Keeper.

Minutes: Motion to waive reading of minutes from previous meeting by Betty Swann.
Unanimous.

Treasurer: Grace McGee asked that we use the Keys 2009 Budget Pie Chart (Attachment B) that was passed out to look at the proposed budget. The bulk of our budget goes for upkeep of our grounds. 47% includes landscaping, irrigation and pond upkeep. Unit maintenance consisting of annual termite bond and miscellaneous repairs is around 3% of our total budget. Management fees: insurance, postage, printing, supplies, audit, accounting and legal are approximately 6%. The legal fees are for liens on two properties. Taxes on interest income earned are approximately 3%. We pay 30% federal & 7% state income taxes on the interest earned; not on dues. The reserves amount to approximately 41% of proposed budget. 2009 starts painting, building toward termite re-treatment, re-shingling completion in 2011 and driveways in the future. All reserves are in FDIC insured institutions. The proposed \$436.00 a quarter came from the analysis used last year of the needed reserves. It was based on a 5% increase for the next 5 years.

Question from Peter Haswell: What will our reserves be at end of the year minus the re-shingling reimbursement fund: Grace advised it would be an estimated \$280,000. Tim advised that he looked into Peter's suggestion from last year's meeting to invest in tax free securities. He (Tim) advised we were getting high rates with our local CD rates.

Royce Edwards suggested sending out a balance sheet with next years proposed budget.

Judy Larrick stated she was amazed that we had to pay taxes on our interest. She also stated it was important to keep our reserves safe and we should be looking at municipal bonds. Herb Snyder congratulated Judy on work she did on the bike path. (Judy opposed the bike path on the fire break located behind properties along Settlers Lane.)

Committee Reports:

Architecture Committee

Bryan reported we had received 20 re-shingling request (individual units not buildings), 18 re-shingling projects have been completed. 15 reimbursements have been paid to homeowners, for a total of \$30,000.

We have received and approved 5 Request for Exterior Changes; all changes that have been previously approved.

We replaced the pump house this year. Jim Crute did an excellent job. He used hardy plank (concrete siding) and all treated wood.

Peg Fisher asked if we had looked at the gazebo on the pond. It may be in need of repair.

Landscape Committee:

Bryan recognized Peg Fisher, Betty Swann and Jennifer Scott for their hard work on this committee. Our landscaping, as noted by Grace, is our largest expense. We are very happy with our new contractor, Sam's Landscaping. We are getting more for less money. Betty Swann advised we have renewed Sam's contract. He has concentrated on our grass and she thinks it is looking better then it has in 13 years. He is planning on sowing grass around the pond and putting sod in this spring. October is when the oleander is to be trimmed and plans are for another major trimming of shrubs in February/March timeframe. He plans to separate shrubs on the sides of houses. Some shrubs are causing moisture problems and some are just too high. Plans include mulch and Pinestraw. Betty advised Tim has suggested using a different type mulch that the committee was researching.

Ed Wilkinson asked about bamboo shoots and Betty will have to take a look at the bamboo; she didn't know about the problem.

Frank Watkins stated he felt the problem with the grass around the pond has been caused by mowing the grass too close (too short).

Judy Larrick thinks it is very important to concentrate on doing a better job for the environment. Native plants use less water, not to use chemicals and maybe plants could help maintain the pond.

Frank Watkins asked about bugs in Pinestraw. This started a discussion about using recycled rubber mulch. It is about triple the cost of our typical mulch but it last longer; it does not erode. Judy Larrick asked about the environmental aspect of using this type mulch. She was advised that it is environmentally safe and it keeps tires out of our landfills.

Doris Watkins asked why the landscapers must work on Saturdays. Some people only get to spend time here on the weekends. Answer: Wednesday is our regular day for the landscapers to work but due to weather sometimes they are required to work on weekends.

Nancy Brickman asked about weeding. Betty advised they are suppose to weed or spray but this is an on going problem.

Doris Watkins asked about pampas grass trimming. Betty advised it is usually trimmed all the way down in the winter.

Tim announced there is a plan to put a form on our web page to make it easy to let the board know of request or complaints. We are trying to put as much information as possible to help the homeowners regarding the Keys and HOA. The site is: www.keyshoa.org and is password protected. (username: keys and password: keys)

Gerald Hladik reported that a neighbor moved a sprinkle head and it is now spraying into the

street. Peg Fisher, "The Water Lady", made a note to follow up on this information.

Legal:

We have some delinquent accounts that we have an attorney working on. If dues amount owed is \$1000.00 we can put a lien on the property and we can start foreclosure proceedings if the amount reaches \$3000.00.

Termite Inspection:

Joy advised we were able to inspect all but 3 garages at yesterday's inspection. The inspectors did note water damage on several homes and we will get reports to homeowners as soon as possible. Please note: that if report does not mention water damage that that does not mean that you do not have damage. The inspection was not to determine if units had water damage. The inspectors were looking for termite activity/damage.

Status of Board of Managers Terms

Bryan stated:

As of October 4, 2008 status for the current Board is:

Micki Hobson and Bryan Strickland completed the first year of their 3 year terms and will continue their second year in '09.

Bill Costigan and Joy Bryant will have completed the third year of their 3 year terms. They are not running for a second 3 year term.

Tim Upton concludes his one year term replacing Louise Newton and is a candidate for a new 3 year term.

Additional candidates include:

Harry Birch and Ed Wilkinson are candidates for their first 3 year term.

Bryan had Harry and Ed introduce themselves and advised we would vote under new business.

Unfinished Business

Insurance:

Tim advised that several questions were brought up at our last annual meeting concerning homeowners insurance. The board decided to enforce the provision in our by-laws to require proof of insurance from all homeowners. (Section 9. INSURANCE under Section V, OPERATION OF THE PROPERTY.) The first letters were sent out in March requesting owners to name the KEYS HOA as certificate holders on their homeowner's policies. Tim thanked all owners that have complied with this request. All but 6 homeowners have sent proof and 5 of the 6 are working on complying. (Attachment C) Tim advised that we, the HOA, may have to insure the property located at 829 Kure Village Way. A discussion followed with several homeowners voicing their opinions of having to pay to insure the property.

Sam Veasey asked about the possibility of getting our home owners insurance included with our HOA dues. Bryan advised this may be possible if we had condominiums. In the case of condos the HOA owns the building but with town homes we own our individual homes. Sam also asked if he could find out who owns the other side of his duplex.

Peter Haswell asked if we can force a foreclosure. The answer is yes; but the unit in question (825 Sloop Pointe Lane) has IRS liens in excess of the value of the home and New Hanover County also has tax liens.

John Winkleman asked about accessing value (value vs. replacement costs). \$120 to \$150 a square foot is the range many suggested.

A discussion followed on recommended amounts and suggestions on insurance needs. The board is to come up with recommendations to be sent out at a later date.

New Business

Election of Board Members: We have 3 vacant seats and 3 candidates as stated before. The ballot contains approval of budget along with election of Board.

Mary Lee Farlow nominated Nancy Brickman from the floor. Nancy asked if weekend meeting were a possibility. Tim advised we are voting for the Board of Managers and the elected board would decide on officers and when and where to meet.

Approval of the Keys 2008 Budget:

Budget proposal included in Annual Meeting Notice (attached); additional copies provided at this meeting.

Ballots were collected and tallied by Pat Blasko, Betty Swann and Joy Bryant.

Ballots counted:

The budget passed unanimously.

Tim Upton, Ed Wilkinson and Harry Birch were elected to the Board.

Meeting adjourned at 11:25 AM

Minutes prepared by Joy Bryant