

Keys 2025 Summary – Recaps, Forecasts, Plans

Executive Summary

Another year has passed since the last Annual Meeting. The Board would like to thank the Key's volunteers (see below) as well as Kim Gargiulo and YiFenn Strickland for their office and administrative support and our great professional service organizations Sam's Landscaping, Jeff Cline Irrigation, Fitness Tree, Rain Storm Solutions, Dragonfly Pondworks, ATAX and Network Real Estate Property Management for the quality work provided during the last 12 months

Maintaining and improving the Key's area is of utmost importance to ensure quality life, attractiveness and property values to all homeowners. During the past year the Board has focused on improving the esthetic look in the common areas through special projects, lawn improvement, irrigation enhancements, tree health & safety, regular landscaping maintenance, and the Key's beautification plan.

The Board has applied maintenance and continuous improvement on the Key's irrigation system throughout the area. The irrigation system around the pond works well whereas we continue addressing issues on the front and side of many properties (for specifics please refer to the irrigation section)

During the past year the Board worked with Sam's Landscaping to get our lawn areas in better shape.

We continue our collaboration with Fitness Tree to keep the area safe and attractive. Trimming of palm trees, overhanging Live Oak branches and general trimming of other trees are examples of tree service activities.

The Board continues to engage Rainstorm Solutions to ensure inlets and outlet of the pond works well, and that the underground pipe infrastructure can handle stormwater well by flushing and removing clogs. The pond is in good shape with the pump and the fountain working well.

As of August 4, 2025, the Board received 19 architectural requests related to roofing, window replacement, decks and a mini-split. The Board approved all of the requests.

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An important task for the Board is to make sure ALL homeowners have adequate insurances and provide *proof of insurance* to Network Real Estate Property Management and to the Keys office. We are kindly asking for every owner’s cooperation in providing renewals to the office to help keep our records up to date.

The Key’s finances continue to be in good shape. Revenues and operating expenses are well balanced and mostly in line with last year's forecast. A few forecasted variances to the 2025 Operating Expense Budget are listed and discussed in this report. Details on the 2026 forecasted budget plan has been provided to all homeowners and a summary is provided in the financial section of this report. The Board recommends keeping the dues at \$425 per quarter in 2026 to make sure we can keep the reserve at a comfortable level and to cover for some major costs 2026-2030

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I. Acknowledgements and Appreciations

A sincere appreciation to Keys residents who volunteered for our community in 2025. They worked on election and annual meeting preparations, landscaping, special projects, irrigation and lawn improvements. Their support and expertise have been important to the work accomplished in 2025.

Please thank the *Keys Heroes* for contributing to the beauty and functionality of our neighborhood:

Patrick Dietz
Marita Eriksson
Kathy Axe
Gary Whittington

A sincere acknowledgement and salute goes out to Kim Gargiulo, and YiFenn Strickland who continue to provide excellent and important professional administrative support to the community.

The Board would like to thank the great collaborations and work provided by our close vendors who helped maintain and improve the Keys community in 2025:

Network Real Estate Property Management
Sam's Landscaping
Jeff Cline Irrigation
Fitness Tree
Rainstorm Solutions
Dragonfly Pond Works
ATAX

II. Property Management

During the past year, Kevin McKoy with Network Real Estate Property Management continued to be an integrated resource assisting the Keys at Kure Beach Homeowners Association and its Board of Directors with the day-to-day common element management. Owners are now using Network Real Estate (910-

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798-3137 / kevinmckoy@networkwilmington.com) as their first point of contact for all HOA matters, other than financial management, which remains with the Keys HOAs office.

Network Real Estate Property Management is now assisting owners with receiving and recording their townhome's proof of Insurance documentation.

Kevin McKoy has provided oversight of the association's vendors and their contracts including pond maintenance, irrigation, landscaping, lawn care, tree service and rain storm mitigations. Additionally, Kevin manages ARC requests, covenant violations, turf management, Termite Bond and the planning of future roofing and painting projects. Another goal of Network HOA Management is to become every homeowner's first point of contact for all HOA business, making the (volunteer) Board of Director's job easier and more pleasurable. The Keys at Kure Beach owners and renters can now inquire, report, and receive assistance from Network Real Estate Property Management Monday through Friday from 9 AM - 5 PM. Vendors of the homeowners association are also now contacting Network Management for their grounds meetings, and to report details, schedule changes, etc.

III. FINANCE

A. 2025 Financial Forecast Recap:

Dues: Quarterly fees maintained at \$425 per quarter.

Interest Income: Interest income earned on reserve fund balances is expected to yield \$17k in income.

Long Term Maintenance Spending: The Keys has spent \$2,500 in our Long Term Maintenance budget of \$41,835 at this point in the year. The major expense in this area is the termite control re-application which will cost \$29,885.

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- **Irrigation System Repairs:** We have not spent any funds in this area in long term maintenance in 2025. Please see the irrigation section on page 10 for more details.
- **Storm Water Drainage Mitigation & Sinkhole Repair:** \$558 was spent on gutter guards that were recommended by Rainwater solutions. We do not expect to spend additional funds unless an unexpected sinkhole appears.

Operating Expenses: In 2025, the Keys forecast Net Operating Income of \$34K, \$4K favorable to the budget.

Major forecasted variances to 2025 Operating Expense Budget:

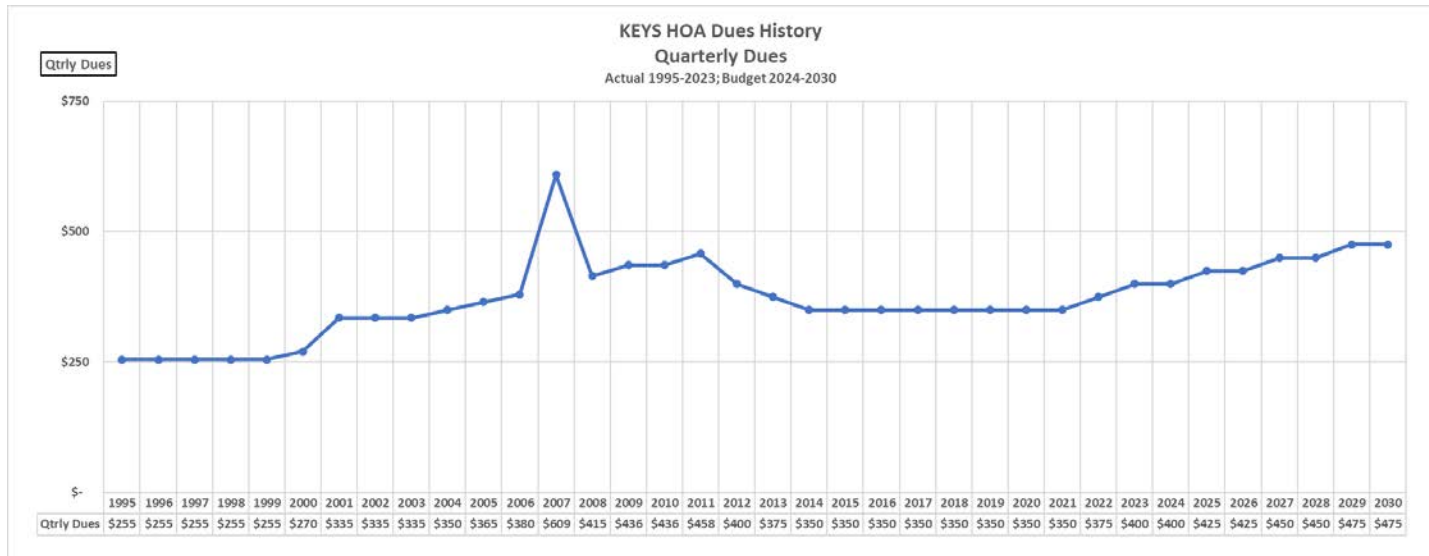
- **Storm Cleanup:** \$5.0k is budgeted for 2025 storm cleanup although we hope and pray it won't be needed.
- **Legal Fees:** We project spending no more than \$1k on legal fees in 2025 which will leave \$1.5k as unspent budget funds.
- **Interest Income:** Expected to be \$1K favorable to budget
- **Long Term Irrigation:** Long term irrigation repairs are not expected to be spent. The annual maintenance and assistance from Bob Spiegel have helped to keep costs down in this area.

B. 2026 Budget

Dues: The Board recommends keeping the dues at \$425 per quarter in 2026.

Note: We expect to keep the dues at \$425 in 2026 and will need to increase at least \$25 per qtr. every 2 years thereafter over the next decade to ensure we have enough operating income and cash reserves to keep our community well maintained (infrastructure and landscaping), ensuring property values are well preserved. As our community ages, repairs and replacements are more significant and costly in nature. Dues are reviewed every year during the budget cycle and adjusted as necessary. The table below shows historic/projected Quarterly Dues.

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2026 Major Budget Callouts:

Operating Income

- Dues: Dues to remain at \$425 per qtr.
- Interest: Income projected to be lower in 2026

Operating Expenses

Irrigation:

- Irrigation-Equip./Repairs/Winterization: \$6k projected for repairs and winterization/dewinterization.
- Water: \$15.3k is projected based on the whole non-pond system operating and higher rates for usage above the town's 2,000-gallon base.

Landscaping:

- Landscaper Services: \$41.4k projected
- Mulch: \$24k projected for an annual mulching of the community

Lawn: For budgeting purposes, we have included \$2K to continue to work with Sam's for lawn improvement.

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Landscaping Tree Health: \$7.0k projected which includes \$2.5k for the annual trimming of 73 palm trees plus \$5k for removing and replacing dead trees and branches as needed.

Shrubs, Flowers, and non-plant decorations: \$2.3k is projected to continue replacing and beautifying front yards and open spaces.

Professional Fees: \$9k is projected for office staff and website administration and ATAX financial review; \$8.3k is projected for Property Management services and \$2.5k is budgeted for legal services but may not be needed.

Insurance: \$3.5k is budgeted for insurance premiums

Storm Cleanup: \$5k for cleanup is budgeted in 2026 as a contingency should we be hit by a storm.

Long-Term Maintenance (estimates for 2026-2030) – funded from the Cash Reserve. The below is a list of forecasted long-term maintenance expenses for the next five years. These forecasts will change over time as appropriate.

Year 2026

- Pre-painting Inspection of units - \$5.3k
- Prep shrubs for painting – 2.4K
- Other - \$3.0k

Year 2027

- Paint exteriors - \$234.1k
- Cleanup shrubs after painting - \$2.4k
- Gazebo repairs - \$7.6k
- Other - \$3.0k

Years 2028-2031 (combined)

- Re-shingle - \$184k
- Pond Engineering/Permit/Dredging - \$12k
- Major tree work- \$1.1k
- Pond Fountain Replacement - \$4.0k
- Storm drainage/sinkholes - \$1.1k

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- Other - \$3k per year.

IV. LANDSCAPING

a) Groundskeeping & Maintenance

During 2024-2025, we have continued our close collaboration and management approach with Sam's Landscaping. Sam's Operations Manager, foreman and the Key's Landscaping Chairs have met periodically to review maintenance tasks and seasonal focus of work as well as special projects. A new contract was put in place in January of 2025 where the scope was expanded on to include lawn treatment. All other tasks were maintained from the 2023-2024 Work Order (WO) including the agreement that special projects can be requested by the Key's Landscaping Chairs and executed using existing labor force while reducing other regular maintenance work that may not need to be carried out each week. The annual service price was maintained at \$41,400 compared to the 2024-2025 budget. The 2025-2026 scope of work is listed below:

- Mowing, edging and blowing / vacuuming each week in growing season (April – September)
- Mowing and trimming around the pond each week in growing season (April – September)
- Trash and debris pick-up each week
- Rake/vacuum and remove fall leaves monthly: mid-October, mid-November, and mid-December
- Shrub and ornamental tree maintenance and trimming every three months: February, May, August, November. Heavy pruning on or before February 15th, 2024, with foundation plants lowered 3"-4" below window molding and level with bottom of railing of decks. Oleanders and other free-standing shrubs and ornamental trees to be pruned and thinned to maintain their natural shape.
- Weed control in beds with Ranger Pro as needed to include removal of vines in shrubs. Apply pre-emergent weed control in all beds with granular pre-emergent such as Preen in February

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- Pest and Disease control on shrubs including dormant oil in winter and appropriate herbicide in growing season as needed to control aphids, mealy bugs, white flies, etc. and diseases such as black spot, powdery mildew, rust, etc.
- Fertilization of all shrubs and plants in beds with 10-10-10 slow-release fertilizer in March
- Pruning of crepe myrtles in accordance with agreed upon guidelines in January or February
- Apply Mulch and Pine straw in March - includes redefining edge of beds
- Fertilization, weed and insects control of lawn areas (spring, summer and fall)
- Special Projects to be assigned by customer as needed during dormant season in lieu of past practice of mowing, subject to concurrence by Contractor:
 - Core aeration (must prevent damage to wires and lines in collaboration with customer before undertaking aeration)
 - Power wash gazebo
 - Apply topsoil to fill depressions that may occur in the area
 - Large tree (over 12' tall) pruning of dead limbs if needed
 - Planting grass in bare spots on lawn using plugs or sod
 - Plant new plants (flowers, shrubs, trees) supplied by Customer

The 2025 Beautification plan was completed during the month of May where select properties' front yards were improved by removing, adding and replacing new plants. We strive to bring more color to the look of the area and are selecting plants that are native and thrive in the area as much as possible. Additionally, we try to match new plants with what is already existing in the plant beds. We try our best to meet homeowners' wishes and urge everybody to let us know if you have any needs and suggestions for the 2026 beautification plan. Except for the enhancements of the property's front yards a few other common areas were selected for improvements as well including the pine tree area on Kure Village Way as well as two plant beds along Sloop Pointe Lane near Anchor Way. Creative

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thinking and ideas on how we can make our common areas more attractive and useful are much appreciated. Such ideas are not limited to plants and trees only but can include other constructs such as benches, garden water fountains and much more. We welcome volunteers - It is fun and rewarding!

b) Irrigation

The Board continues to invest in the Key's irrigation system throughout the area. Repairs and enhancements are done in collaboration with Jeff Cline Irrigation service who has been troubleshooting and making repairs to the Keys at Kure Beach Irrigation system for over a year now. Jeff has been a great help in getting the rear/backyard/pond areas up and running, and now has made significant progress on repairs and enhancements of the front yards irrigation system as well.

The system is old, and has been limping along for a while, but it is very repairable for a reasonable expense. Many heads have been adjusted and some relocated around the growing landscape. A few timer rescheduling, as well as "seek and find" pipe leaks/breaks have kept Jeff and HOA volunteers busy. Some of the issues have been broken heads that were believed to have been driven over by cars, so those are being replaced with a flex line to be more forgiving near driveway areas.

Sprinkler heads are fragile components of the system and easily get damaged if cars are driving over their position. Many of these sprinkler heads are located alongside the street lines and at the side of the driveways. Home owners are asked to be careful when driving up on the drive ways to avoid damaging the sprinkler heads. Likewise, if you engage contractors please make sure they do not park their trucks on any side of the driveway or alongside the street where sprinkler heads are located. Cement donuts can be purchased and mounted on top of the sprinkler heads which will protect them if a car is driving over them.

Although we have reached a reasonable maintenance stage of the system there will always be repairs that need to be done since the system is old and many components need to be replaced. We are glad to communicate that we have a fully functional system around the pond area and that major enhancements have been done in the front and side of the properties to reach a reasonable maintenance stage. However, homeowners reports and a recent thorough audit of the system conducted by Jeff Clein Irrigation and Bob Spiegel revealed that we

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are still in need of much improvement which is being done in a stepwise approach each month during the 2025 fall which will get us in an even better position with full spray coverage and proper zone scheduling for spring 2026.

Water conservation continues to be an issue but remains closely monitored. During the summer our irrigation system used 39,904 gallons for March/April, 123,798 gallons for April/May, 129,083 gallons for June/July and 140,112 gallons for the June/July period.

The biggest help homeowners can give the Key's HOA is to:

- Don't touch your timers!
- Check your heads weekly to make sure they go up and down properly
- Keep the grass cleared from around them
- Don't drive or park on top of the sprinkler heads
- Report broken heads right away

For reports of irrigation repairs or adjustments, please email request with address/location and details to kevinmckoy@networkwilmington.com

Below is a list of typical repairs that have been done during the past year and is currently being addressed:

- Replacement of sprinkler heads - spray/rotor
- PVC breaks - using pvc /glue/primer
- Backflow replacement (pvc glue/primer)
- Valve replacement (pvc glue/primer)
- Controllers (runs zones)
- Modules (plugs into controller to run zones)
- Timer replacements
- Lack of electrical power

C) Lawn Service

The lawn has deteriorated over the years partly due to a failing irrigation system and absence of effective fertilizers and treatment to control weeds, insects, worms, mole crickets, grubs and fire ants.

Weeds continue to be poorly controlled in many areas and grass is not growing well. Many bare spots are too big to be filled with grass migrating from the edges.

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These spots will require new sod, top dressing, seeding and watering. Our sand based ground and heat, particularly heat radiating from the streets towards the edges of the lawns, continues to be contributing factors for the challenges we face with the lawn areas. Therefore, the Board has decided to engage Sam's Landscaping to follow a strict 4 step application between spring and fall times to treat weeds and insects and fertilize the lawns. Additionally, some larger spots where grass will never grow will be turned into plantbeds or other decorative areas. .

The Board will continue focusing on getting the irrigation system well functioning so it reaches as many parts of the lawn areas as possible in the front of the properties where most of the problems exist. There are a lot of small bare spots around the area and throughout the front edges of property lawns and many are dog pee spots. The acid in the urine is killing the grass. This could be mitigated by mixing a cup of baking soda in a gallon of water and spraying the dog pee spots. Dog owners are kindly asked to prevent their pets from doing their needs in front of properties.

d) Tree Service

We continue our collaboration with Fitness Tree to keep the area safe and attractive. A major tree trimming initiative was conducted during the month of June when 73 Palm trees were trimmed along with 16 Live Oaks, 5 Magnolias and a few Black Gum and Cherry trees which were aerated and deadwood removed. Large limbs over the back of some buildings were elevated and four stumps were grinded. .

e) Rainstorm Mitigation

Rainstorm Solutions is the vendor the Board is using to address flooding risks and undertake storm mitigation projects. During 2024-2025, a major drainage project was completed behind 558 Anchor Way to 622 Sloope Point Lane east side. Homeowners have experienced problematic flooding during recent storms. Like in previous projects 16 downspouts from 8 properties were connected to a major underground PVC pipe which brings the water using gravity alongside the back of the properties and eventually out to the street. Gutter protections have been

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installed on all properties where drainage projects have been done and where there is high risk for debris from surrounding trees to clog the system.

The Board has agreed to an annual maintenance contract at a cost of \$825 to have the vendor flush underground PVC pipes and make sure downspouts are connected and function properly at properties in the back of Sloop Pointe Lane (south and east end) and behind the quadruple located between the pond and south end of Sloop Pointe Lane and Settlers Lane. The vendor will undertake repairs within the existing contract if necessary. Additionally, the contract includes a visual inspection of the pond's three rip raps around the inlets of the pond with corrections/treatments if necessary and monitoring of the sediment growth and will provide recommendations to the Board on when to act to keep future excavations more simple and less costly.

V. POND

The pond is in good shape as revealed by monthly inspections. The pump and the fountain are working well with much less interruptions than last year. The Board has been informed that it is best to keep the fountain running 24/7 to function optimally. The wildlife, including the alligator, seem to be doing well in the water. Homeowners are asked to report fishing activities to the Kure Beach Police and to Kevin McKoy at Network Property Management.

VI. ARCHITECTURE

Homeowners who are planning projects on the exterior of their home must submit a Keys change request form which is available on the keys website. When the form is completed it should be submitted to Network Real Estate at 1029 N. Lake Park Blvd, Carolina Beach using Kevin McKoy's e-mail address; kevinmckoy@networkwilmington.com. The property manager will record the request and submit it to the Architectural Chairperson on the Board (currently Frank Watkins) for review and recommendations to the Board.

Recommendations are based on architectural guidelines for the Keys, which are contained in the Rules & Regulations document posted on the Key's website (keyshoa.com). The Board may either approve the request, request modifications or deny the request. Once the board approves your request, the work can be initiated.

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During 2025, the Board has received 19 architectural requests related to roofing, window replacement, decks and mini-split. The Board approved all of these requests.

VII. RULES & REGULATIONS

The following items were amended in the Keys governing documents by the Keys HOA board in 2025:

Keys Manual 1.A

“To assure an equitable payment policy, the collection of unpaid dues and any assessments is as follows:

- If payment is not received on or before the “due date”, a statement will be mailed by the Accountant on the first day of the second month of the quarter detailing all of the outstanding charges. A late fee of 1.25% will be charged for the first billing date and 10% for each month the dues remain unpaid thereafter.”

Keys Rules and Regulations

C.2. e.

“The current USA and NC State flags are the only ones that may be displayed in the front of the unit.”

D. 5.

“Feeding wildlife is prohibited - Feeding wildlife promotes unsanitary conditions and is detrimental to the community. It is also harmful for the wildlife, and poses dangerous risks to household pets and people. Furthermore, feeding wildlife near residential areas often attracts animals onto properties, where they may build nests and cause costly damage to buildings. As a result, Keys residents are prohibited from feeding wildlife in common areas.”

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VIII. OWNER INSURANCE RESPONSIBILITIES

Per The Covenants for The Keys at Kure Beach: Article 6, Section 6.1, Property insurance, including Windstorm/Hail insurance, is required for all units in the Keys. **Proof of insurance must be received by the HOA annually.** Residents are reminded to mail, email (keyshoa@gmail.com) or deliver declaration pages from renewed policies to the HOA office, 701 Sailor Court, Kure Beach, NC 28449.

An alternative is to request that your insurance company lists the Keys of Kure Beach HOA (address above) as an interested party, and your policy should automatically be sent to the office each year.

We are asking for every owner's cooperation in providing renewals to the office. Currently, Network Real Estate and the Keys office staff are spending valuable time sending multiple requests to owners for proof of insurance and we would sincerely appreciate your assistance with keeping our records up to date.

As of August, we have not received insurance updates from approximately 10 owners. Reminders are sent regularly to delinquent owners. This wasteful effort can be easily avoided if owners submit their annual insurance certifications in a timely fashion (i.e., before the termination of their prior year insurance coverage).