

**South Harbour Master POA
Minutes of the Annual Meeting
February 3, 2018; 9:00am
South Harbour Clubhouse - Oak Island, NC**

CALL TO ORDER

The meeting was called to order at 9:02 am. LRES noted that a quorum of the 2017 Board of Directors and the Voting Entities were present and that the notice of meeting was sent to all Voting Entities and Owners on or before January 24, 2018 along with the meeting date being published in the fall Newsletter emailed to all owners. LRES also explained the voting process for the meeting and confirmed the party that would be casting each voting entity's vote.

Dale Mullarkey, 2017 Board President, introduced the 2017 Board of Directors, Management Company and Committee Chairs. Dale asked all attendees to acknowledge their member association via standing as Associations were called. Attendees were then asked to hold questions and comments until the comment section towards the end of the meeting.

Individuals in Attendance

Dale Mullarkey, 2017 BOD	Joe Duquette, 2017 BOD	George Bryant, 2017 BOD	Carson Lawrence, LRES
Jean Brown, 2017 BOD	Leon Hicks, 2017 BOD	Jim Schweppe, 2017 BOD	Natalie Pyron, LRES

A list of owners in attendance will be filed with these minutes.

Voting Entities in Attendance

Barnes Bluff HOA, Inc	Marina Club @ South Harbour Village UOA, INC	Westport HOA, Inc
Cambridge Crossings HOA, Inc.	South Harbour Golf Villas HOA, Inc	
Glen Cove HOA, Inc	Village Green POA, Inc	
South Harbour Marina SOA, INC & Transient Dock (abstained from voting)		
South Harbour Associates, LLC (abstained from voting)		

Additional Proxies Received in Advance

Navigation Point at South Harbour Village Condominiums Unitowners Association Inc.
South Harbour Station UOA, Inc.

APPROVAL OF MINUTES

A motion was made to waive the reading of the 2017 Annual Meeting Minutes and to approve them as written. The motion was seconded. All were in favor; none opposed. The motion passed unanimously.

RESULTS OF PROPOSED COVENANT AMENDMENT VOTE

Carson explained that this past year there have been several concerns about the equity of the Master dues structure. **The Master Association does not own the roads or manage stormwater within Barnes Bluff, Cambridge Crossings, South Harbour Station or Navigation Point, yet these associations have paid the same dues as the HOA's receiving maintenance of roads & stormwater.** Therefore, these Member Associations asked the Master to develop a plan to address the inequality of the current dues structure. The Board worked with legal counsel to determine the best and most equitable solution. The majority of the Master Board voted to proceed with a dual dues structure and a Proposed Covenant Amendment was sent to all Voting Entities (i.e. Member Association Boards) regarding the dues structure.

It was noted that the **Amendment Passed!** (*Revised Covenant language is noted below.*) There will be two dues structures for 2018. All owners pay for expenses related to the general operation of the Association and Common Areas (utilities, administrative fees, maintenance of clubhouse pool, entrance, etc.). Additionally, there is a separate section (4th page) of the Budget for maintenance of roads (including street lights) and stormwater. These costs will be paid by the five Member Associations that receive these services (Glen Cove, Westport, Village Green, Golf Villas & Marina Club).

Carson explained that the Master dues for Member Associations that receive "Full Service" will be \$44 per month per unit. This is a \$5.50/month/unit increase. The Master dues for Member Associations that receive "Partial Service" will be \$27.50 per month per unit. This is an \$11.00/month/unit decrease.

Revised Covenant Language that Passed:

1. Inserting the following into ARTICLE 3, Section 3.2(1)(a): "Notwithstanding the foregoing, in the event that the association becomes the permittee for any stormwater permit, the Board of Directors may differentiate the amount of Assessments to be paid by each Member with respect to services being provided to the Member with respect to maintenance of the stormwater facilities. In addition, the Board of Directors may differentiate the amount of Assessments paid by each Member with respect to services being provided to the Member for road maintenance, including, but not limited to, street signs and street lighting."
2. Deleting Article 9, Section 9.4(ii) in its entirety.

2018 BUDGET PRESENTATION

Carson Lawrence presented a brief overview of the budget (as explained in the line item descriptions) and offered to answer any additional questions either after adjournment or by contacting the LRES office. It was reiterated that based on the Covenant Amendment there will be a dual dues structure of \$44/property per month for full service associations (i.e. Glen Cove, Westport, Village Green, Golf Villas & Marina Club) and \$27.50/property per month for partial service associations (i.e. Barnes Bluff, Cambridge Crossings, SH Station & Navigation Point). Additionally, it was noted that the budget was prepared under the assumption that the Master and Town of Oak Island will be able to reach an agreement which will likely result in modifications to the Town's financial obligations to the Master. Therefore, the budget shows the waiving of rent and elimination of monthly utility invoicing noting that these changes will not take place until an agreement is reached.

Regarding expenses, there were large increases noted in the following line items: Accounting (according to accounting schedule an Audit will be completed in 2018), Legal Fees (based on 2017 & ongoing discussions with Town of OI); Reserve Study (update started in 2017); Clubhouse Acoustical Panels (deposit made in 2017); Clubhouse Furniture (to cover final payment on chairs, new TV & miscellaneous items); Stormwater (extension of annual swale maintenance & start on Glen Cove). There were large decreases noted in the following line items: Pool Attendant (less need since installation of cameras); Clubhouse Painting & Window Film (completed in 2017) and Stormwater- Westport (final phases in process will be paid out of Stormwater Reserve). As of 12/31/17 the Reserve Accounts totaled approximately \$393,500 with \$336K allocated to general reserves, \$6,400 allocated to storm clean-up and \$51K allocated to stormwater maintenance.

Carson explained that the 2018 Budget was approved by the Master Board and then distributed to the members and their owners in the notice for the Annual Meeting. In accordance with NC General Statute 47F, the budget is ratified unless at the meeting a majority rejects the budget.

OLD BUSINESS

- **Review Year End Summary:** Carson Lawrence gave a brief overview of the Year End Summary report that was included in each Annual Package. Below are the items discussed.
 - Owner Communications
 - Saturday Open Meeting in July – *including Golf Course Update*
 - Digital/emailed Newsletter
 - Town Communications – Golf Course & South Harbour influence
 - Administrative
 - Meetings with the Member Association Boards
 - Lending Library @ Clubhouse
 - Covenant Amendment Passed
 - Reserve Study Update underway
 - Site Improvements/Repairs
 - Interior: *The following projects were noted.*
 - *Window Film completed*
 - *Painting of main room*
 - *New Furniture - Bookcases, Tables & Chairs*
 - *Soundproofing Panels*
 - Exterior Building Repairs of \$13,530 paid out of Operating.
 - Tennis Courts Resurfaced @ \$10,775 paid out of Reserves.
 - Repairs to Alley Pavement (per Road Study) @ \$6K paid out of Reserves.
 - Stormwater
 - Drainage Swale behind Minnesota Homes --- *additional work completed*
 - Glen Cove:
 - Pre Study (\$1,500) ---- *~11 culverts north of Thomas Ct on West Side – early 2017*
 - Engineered Study (\$14,006)
 - *\$30K Budgeted for 2018*
 - *Estimated Total 2016 - 2018 = \$45,500*
 - *Past work in 2010, small 2011 (\$850), 2012 (\$1500), 2013(\$7100)*
 - Westport Study Implementation = \$85,653
 - *Study in 2015 = \$15,400*
 - *Phases 1 & 2 (\$27,778) (5171-5183 Minn., 5186-5202 & 5185-5201)*
 - *Phases 3 & 4 (\$24,400)*
 - *Phases 5-7 = \$33,475 – in progress*
 - *Estimated WESTPORT Total = \$101,053 in 2015-2018*
 - *Golf Villas: 2017 - Pre Study (\$7,392) ----re-grade front swales & golf cart path drain*

- *Village Green – Nothing in 2016 or 2017 (\$5K in 2014)*
- Reserve Expenses: It was reiterated that in 2017, \$16,775 was withdrawn from the General Reserve Fund for the following projects: Tennis Court Resurfacing (\$10,775) & Alley Repairs (\$6K). The following Upcoming Anticipated Reserve Expenses were also noted:
General Reserves = Nothing anticipated for 2018.
Stormwater Reserve = ~\$35K in Approved Projects (*Balance will be ~\$16K after WPT Phases 5-7*)
- **Stormwater Update:** Carson Lawrence noted that this was discussed under the Year End Report (see above).
- **Golf Course Update:** Dale summarized the events of the past year with the Town. She noted that last week she attended a Golf Committee Meeting at the Town. It was noted that there is continued problems with information being obtained from the Town and their attorney. It was noted that South Harbour should work together to elect more council members that are supportive of the course. It was noted that since the November election and John Bach's success, the tone of the Town has been much more reasonable in the meeting with the Master Board. It was noted that the Bell Motion was tabled until the 6/12/18 Council Meeting to be discussed with the Budget. All were encouraged to actively monitor.

NEW BUSINESS

- **Election of Directors** – LRES introduced the candidates on the Ballot. It was noted that anyone interested in serving in the future is encouraged to contact LRES in early January to have their name placed on the ballot. LRES reiterated that according to the Covenants, the member associations and other voting entities actually cast the ballots, instead of the individual owners. They further explained that the ballots were sent to the Board of Directors for each voting entity and that the voting entities with multiple votes had agreed to abstain from voting.
 - It was explained that the Bylaws allow for up to 11 Members on the Board of Directors. However, the 2017 Board has passed a motion to cap the size of the 2018 Board at 7 Directors. Additionally, the Board passed a motion to limit each Member Association to only 2 Representatives on the Board. The Board believes that this is the most effective way to manage the Association. Therefore any volunteers/nominees will be running for one of four seats.
 - This year there are three seats up for election. These have been held by Jean Brown, George Bryant & Dale Mullarkey. Jean Brown, George Bryant, Dale Mullarkey & Bill Martin volunteered to run prior to mailing the ballot. No additional attendees volunteered to serve. A motion to close nominations passed.
 - Ballots were collected from the voting entities' representatives and from those in possession of a proxy. They were combined with the ballots obtained prior to the meeting and counted by LRES.
 - Election Results: LRES announced the following results.
George Bryant & Dale Mullarkey won outright. A runoff had to be held due to an initial tie vote between Jean Brown & Bill Martin. After counting of the runoff votes, it was announced that Jean Brown won. All were thanked for volunteering.
George Bryant, Dale Mullarkey & Jean Brown were each elected for a Two (2) Year Term.
 - It was noted that Joe Duquette, Leon Hicks, John McLendon & Jim Schweppe each have one year remaining, as they were elected at the January 2017 Annual Meeting for two (2) year terms.

QUESTIONS & COMMENTS

- PAC for Town Elections – the development of a PAC was proposed. The development of t-shirts and more signs for meetings was also discussed.
- Thank You to Dale – George Bryant noted that Dale has put in an extreme amount of time and energy into running the Association and addressing the golf course topic.
- Board Size – there were suggestions that the size cap be reconsidered for the future.
- Frisbee Golf – it was noted that this was one suggestion made by the Town for the course but a majority opposed and it would require modifications that require Master approval.
- Gift Certificates – it was noted that these are another way to support the course and LRES will include this in future email blasts/membership drives.
- Gateway to OI – it was suggested that South Harbour be marketed as the “gateway to Oak Island.”
- Succeeding from OI – this was suggested but the Board noted it is a complex, lengthy and expensive process.
- Stormwater from Course – it was agreed that this will be investigated.

MEETING ADJOURNMENT

A motion was made to adjourn the meeting. The motion was seconded. All were in favor; none opposed. The motion passed unanimously. The meeting adjourned at 10:09 am.

Respectfully submitted,
Carson Lawrence
Lawrence Real Estate Services