



Minutes of the Meeting of the Board of Directors October 2, 2017

Call to Order

The meeting, held at 1 Dogwood Ridge Lane, was called to order at 5:05 pm. In attendance were: Lynn Barnard, Lou Anne Brown, Rex Cowdry, Brian Johnson, and Shawn Smith in person, and Jeff Alpert, Fred Craig (joining at 5:30), Alan Reyner, and Cooper Young by telephone.

Property owners attending included: Nonie Williams, Brad Smith, Bill Bennett, Elayne Bennett, Charlie Rowe, Jane Johnson, John Bruffey, Tom Manley, Jamie Brown, Wendy Wilmot, Joe Barnard, and Melanie Robbins. TJ Maher attended by telephone.

Consent Agenda ACTIONS

The agenda for the meeting was adopted. The minutes of the September 3, 2017 Board meeting were approved. The appointment of Rich Tarplin to the Infrastructure Committee was approved.

Property Owner Comments

The floor was opened for comments by property owners who had provided notice on their interest in speaking.

- TJ Maher requested a Board decision about what actions the Association would take to address erosion on East Beach Drive.
- On behalf of Ronnie Willis, Jane Johnson presented a letter addressed to Middle Island Property owners and signed by owners of 41 lots discussing the value of a private community and suggesting that dedication of the roads to the Village be taken off the table because substantially fewer than the required 80% of Association votes favor dedication.
- Tom Manley suggested ignoring the letter and proceeding with the plan to evaluate all the road options, noting that many financing options are available other than a special assessment.
- Elayne Bennett noted that private roads are not eligible for FEMA funding after a disaster, whereas dedicating the roads to the Village would assure that road clearance would be part of the Village's FEMA-funded recovery.

2018 Proposed Budget and Dues

After discussion of the proposed budget and dues, including the question of whether a predicted 2018 operating fund deficit should be addressed through an average 2-3% dues increase or by a predicted 2017 operating surplus, a **MOTION** was made and seconded to:

- Adopt the Proposed 2018 Operating Budget and the Proposed 2018 Reserve Fund Budget
- Adopt the Proposed 2018 Dues and
- Transfer 50% of any 2017 operating surplus to the General Reserve Fund and
- Return 50% of any 2017 operating surplus to property owners as a credit against 2018 dues.

An **MOTION TO AMEND** was made and seconded to

- Set 2018 dues at the 2017 level.
- Retain any 2017 operating surplus in the General Reserve to fund any 2018 operating deficit.

After debate, the **MOTION TO AMEND failed** by a vote of 2 to 7. The **primary MOTION was then approved** by a vote of 8 to 1.

Report of the Architectural Review Committee

A brief report of the ARC was presented. A written proposal to landscape the area at the entrance fence was also presented to the Board.

Although the proposal was not received in advance of the meeting, by consent, a **MOTION** to approve a request to spend \$1000 for landscaping at the entrance fence was made and seconded. A description of the project was provided in writing and the 2017 operating budget includes a line item allocating up to \$3000 for landscaping at the entrance and the beach access. **The MOTION was unanimously approved.**

Members of the committee clarified that the Committee itself reviews residential plans. Acting as an ARC, it would not review Association projects or landscaping. The expertise of the ARC members could be used to develop proposals that are considered directly by the Board.

Amendments to the By-Laws

The Board proposes to take action on proposed amendments to the By-Laws at the November 6th meeting of the Board. Property owners will have the opportunity to present their views at that meeting before any action is taken. Because these amendments are relatively non-controversial, adoption by the Board following comments was felt to be an appropriate method of amendment. The proposed amendments would:

- Set the date of the Association's Annual Meeting as the Saturday of Labor Day weekend, with a method to postpone under unusual circumstances.
- Provide for annual election of officers, since Board membership may change each year following adoption of three year staggered terms for the Directors.

- Make a technical correction to the process of nominating candidates for election to the Board to assure that property owners receive the list of nominees in enough time to nominate additional candidates if desired.

Notice to property owners will be provided at least 10 days in advance of the November 6th meeting.

Infrastructure Report

The written Infrastructure Report is attached.

The road heave is being repaired by the Duke Energy subcontractor. They are placing a fully adequate aggregate base. It has not yet been decided whether the re-paving will use a quick method or will await Barnhill's equipment that can repave the site with hot asphalt late this month or early next.

The approach to developing cost estimates, pros and cons for the most promising road options was described, using two Working Groups (one on asphalt paving and dedication of the roads, the other on gravel and chip seal), the Infrastructure Committee, and the Finance Committee. Ultimately the Board will approve a presentation to the property owners prior to a property owners' vote on the issues.

A proposal to address problems with mechanical locks and keys at the beach access and Bald Head Creek dock by switching to proximity cards and magnetic locks will be considered at the November meeting of the Board.

East Beach Drive ponding and erosion problems were discussed. A **MOTION** was made and seconded to approve the \$5000 budget (plus David Ward's time) to deal with storm water that floods East Beach Drive and has produced significant erosion adjacent to the driveway at 10 East Beach Drive. The funds will come from the East Beach Drive Reserve Fund, and the 2017 East Beach Drive Reserve Fund authorized budget item is correspondingly increased from \$1000 to \$5000. The Infrastructure Committee is authorized to negotiate mutually acceptable solutions with the owners of 10 East Beach Drive and 12 East Beach Drive within that budget. After discussion, the **MOTION was unanimously approved.**

An update on the Cape Creek Dock and Ramp reconstruction was presented. The CAMA decision is still pending. A technical discussion about the best approach to repair the ramp was held and the issue referred back to the Working Group.

President's Comments

To follow up on issues raised during the discussion after our September Special Meeting, the President reviewed the plans to model more completely the costs of various paving options and noted that the question of an entrance gate is on hold pending resolution of the road options. She also noted that we are awaiting the Public Safety Department summary of police reports on Middle Island compared with other Bald Head Island locations. She went on to say that she would discuss with the

Board the possible amendments to the Covenants that would be needed if we were to change the dues structure and special assessments.

The President noted that she had discussed with the new Board members whether to reconsider the previous Board's decision that the Association not acquire the Middle Island Racquet and Swim Club. One new member abstained due to a conflict of interest. The other new members supported the previous decision of the Board.

The President then made comments about the letter from property owners opposing dedication of the roads to the Village and about the fiduciary responsibilities of Board members. An acrimonious debate followed.

Adjournment

The meeting was adjourned at 6:45 pm.