

Lake Jeanette Association, Inc.
Annual Meeting Minutes
November 13, 2013

Board Members:

Dixon Johnston, President; Jack Belfi, Vice President; Tom Styers, Treasurer; Steve Loflin, Secretary; Kumar Vansh Bhardwaj, Member at Large (Absent)

Deborah Roskelly, Roskelly Management Associates

Members Present:

Signed Member Rosters and Proxies are on file. Attendance is counted by lots not by people present (ex. husband/wife count as 1 in attendance not 2). Village Representation follows:

	<u>Present</u>	<u>Proxy</u>
Northern Shores:	6	35
Northern Shores Estates:	1	2
DayBreak Square:	3	15
Southern Shores:	6	23
Waters Edge:	2	11
The Grande:	1	5
Checkerberry	2	7
Dutchman's Pipe	0	2
Rosebay	0	3
Laurel Cove	2	2
Indigo at the Lake	3	4
Eastern Shores Estates	1	1
Turnstone Village	1	8
Kinglet Commons	0	10
Cape May	5	9
Dunlin Square	2	7
Total Present/Proxy =	35	144

Quorum Established

93 Non Lakeview & 24 Lakeview lots establish a quorum (in person or by proxy). A quorum was established for this meeting.

Mailings and Handouts:

In accordance with the Governing Documents the Annual Meeting Notice Packet was mailed to each member at least 30 days prior the Meeting and included:

- Meeting Notice
- Agenda
- 2013 Accomplishments
- Proxy

- Notification of new website address www.LJvillages.com and new Association logo

Introductions: The meeting was called to order at 7:00 p.m. Dixon Johnston introduced the current Board members and thanked them for their service to the community. Dixon announced that Jack Belfi's two year term expires on December 31, 2013 and that Jack has agreed to run for re-election. There were no nominations from the floor so a motion was made, seconded, and unanimously approved to re-elect Jack Belfi for an additional two year term.

President's Comments:

Dixon announced the Association's new logo and website www.LJvillages.com and Deborah scrolled through the website showcasing many of its new features.

There will be an increase in HOA dues for 2014, the first increase in 4 years. Dixon referred members to the 5 page list of Accomplishments for 2013 and commented that in light of all the Master Associations' assets and maintenance and capital needs, Association dues still remain minimal. The 4.8% increase for 2014 follows:

Lake View Lots	\$30 increase per year – from \$630 to \$660 (Due Jan. \$330 and July \$330)
Non-Lake View	\$15 increase per year – from \$315 to \$330 (Due Jan. \$165 and July \$165)

Treasurer's Report:

Tom Styers referred members to their Operating Budget handouts and also reviewed the detailed budget spreadsheet electronically using the flat screen TV. The 2014 Operating Budget totaling \$497,940 against a 2013 operating budget of \$473,470 was approved by the Board of Directors on November 6, 2013. The following operating expense increases for 2014 represent the need for a dues increase for 2014.

- D&O Insurance premiums have increased nationwide over the past four years by 82.5%. Our Association has never had a claim.
- City water rates have increased over the past three years by 8%.
- Property Insurance premiums have increased over the past two years by 6%
- Roskelly Management Associates LLC has not increased its fee in seven years and asked for an increase in 2014.
- Slatter Management Company, Inc. has not increased its fee in six years and asked for an increase in 2014.
- SouthernScapes (Ground Maintenance) has not increased its fee in 3 years and asked for an increase in 2014.

The Association's Operating Budget is not posted on the HOA website because it compromises contractor bidding processes when a contractor can view each line item prior to submitting a bid. As noted above, projected 2014 revenue is \$497,940 and is comprised of dues payments, Marina rentals, Guilford Wildlife Club (GWC) usage fees, and interest income. The Operating Budget is

always based on a zero balance at year end, so expenses are projected at \$497,940 and includes a \$30,000 transfer to the Association's capital reserve fund. Expenses comprise the following:

- Electricity/Lighting
- Electrical Maintenance Work
- Telephone/Internet/Cell Phone at Marina
- City Water/Sewer – 16 irrigation systems and Marina bathrooms
- Routine General Maintenance of over 1 million dollars of Master Association assets
- Pedestrian Bridge Maintenance
- Mowing of all Common Area Property
- Irrigation Maintenance – monitoring and repair of 16 irrigation systems
- Shrub and Bed Maintenance for all Common Area Property
- Annual Flowers and Plants
- Trail Maintenance and maintenance of Fido Bag Stations
- Annual distribution of pine needles in all common areas and touch ups throughout year
- Tree Removal
- All management contracts – property and operations, accounting, Marina staffing contract, Annual Audit and Tax Preparation,
- Legal fees
- All lines of insurance coverage for both the HOA and Marina – General Liability, Property, Directors and Officers, Watercraft, Umbrellas
- Property Taxes
- Marina Credit Card Processing Fees
- HOA Communications – Constant Contact Fees – management of Constant Contact database, distribution of mass e-mails, website, office expenses
- Annual Capital Reserve Transfer

Tom reported that the Association's previous Auditor, Jack Pentz, is no longer performing HOA audits. The Board selected Dale Farlow's firm, Councilman, Farlow Marlowe and Co. PLLC to prepare the annual tax return and audit for 2013 moving forward. A copy of the 2012 Audit was available at the Annual Meeting for review.

Capital Fund Plan

The Capital Fund Plan is a schedule of the Association's assets and the amount of funding that is required to conduct major repairs and/or replacement over a 20 year period. The funding schedule is reviewed annually by the Board and a provision of \$30,000 has been determined to be a reasonable and conservative amount for annual funding for the foreseeable future. The 2014 Fund Plan beginning balance totals \$162,296. Capital expenditures planned for 2014 total \$20,050 in upgrades to the Marina building, male and female bathrooms, office and bathroom flooring and doorway, and landscape upgrades on the Marina grounds.

Questions and Answers

A member stood and thanked the Board and Roskelly Management Associates for their work and noted his appreciation for the manner and format in which the financials, projects and accomplishments are presented to the general membership each year. The audience applauded with agreement.

Q. If someone is walking in the lake buffer behind my personal property and a tree limb falls and injures them, am I liable?

A. The Association carries liability insurance coverage on all common area property. "Common Area" is defined as all real property and interest in real property including easements and open spaces owned by the Association, leased to the Association together with any easement and rights of way related thereto for the common use and enjoyment of the owners. So the assumption is that all Master common area is insured and coverage would apply in the event of an injury. However, claims are reviewed by insurance companies on an individual basis to determine whether coverage applies. In disputed cases regarding liability coverage, our legal system provides the final answer. Our State Farm Insurance Agent relayed the following when this question was asked. "In general terms, the Lake Jeanette master liability policy is there to protect the Association and Directors and Officers against a liability claim. Claims are reviewed on an individual basis so it would not be prudent to give examples of what might or might not be covered."

To further explain to the general membership why this question was posed by a Lake View homeowner, the Buffer around the perimeter of Lake Jeanette is owned by ITG (previously Cone Mills) and leased back by LJHOA. The buffer is common area property and is referred to as the lake tract. Via their Deed, Lake View lot owners are granted an easement for ingress, egress, and regress and a right to use for boating and fishing across the lake tract contiguous to their personal property. Lake View lot owners are responsible for the maintenance and upkeep (including the cutting of grass and weeds, cleaning and picking up of trash) in the lake tract common area property. The Master Association has no responsibility for the upkeep or maintenance of the portions of common area or the lake tract included in such easement. Refer to page 7, Purpose of Assessments, Article IV, Covenant and Maintenance for Assessments of the Associations Restrictive Covenants.

Another condition of the granted easement is that Lake View Lot owners comply with the Buffer Zone policies, rules and regulations set forth by ITG when maintaining the buffer zone or lake tract. There are specific rules regarding what may and may not be removed from the buffer zone/lake tract/common area property and permission is required when removing trees etc. The homeowner posing the question is concerned that if he is responsible for maintaining the buffer zone or lake tract contiguous to his personal property, would he consequently be liable for any injury in this common area. The Association's governing documents only stipulate a requirement of maintenance by the lake view homeowner; they do not stipulate a requirement for individual homeowners to privately insure the common area. Individual homeowners do not individually own the common area. The Association leases the common area and carries liability insurance coverage at the maximum limits allowed.

Q. Does the Association bid out contracts routinely in order to obtain the best rates for the Association?

- A. The Grounds Maintenance contracts are scheduled for bid every two years; however it is hard to find a company who wishes to bid on this property given its size. The Marina Staffing contract was bid out this year and a change in contractors will take place in January 2014 from Pool Professionals of the Triad to Slatter Management. Given the size of the Master Association in relation to real property, the number of member homes, the unique set up of the Master Development and its governing documents, Rules and Regulations, it would not be prudent to bid the Accounting or the Property and Operations Management contracts out routinely. It takes a number of years for the Property and Operations Contractor to learn the property and its many nuances. Both Slatter Mgt. and Roskelly Mgt. (RMA) have not had an increase in fees for over 6 and 7 years respectively. The Board does monitor market value of these type contracts and it is believed that the quality and level of services provided by both of these Contractors cannot be matched by any other company in Greensboro to provide the same level of services at a better value. Jack Belfi added that the Board believes the best interest of the Association is served by having an on-site Property Manager which RMA provides.
- Q. Why is an "Accounting" contractor going to take over the "Marina Staffing" contract?
- A. Slatter Management has held the Association's accounting management contract for many years and a component of the staffing contract at the Marina includes handling the accounts receivables for the Marina. Slatter Management also provides staffing services and they will provide staff to attend to the day-to-day operations of the Marina since the Association does not wish to have employees. The Board feels that Slatter will be able to provide more consistency in staffing and consequently provide improved services to our membership and the marina proper over the current contract PPI of the Triad. Roskelly Management will still remain responsible for the overall management of the Marina.
- Q. Has "Lake Clean Up" taken place for the Fall because there are bottles and trash in the Southern Shores section of the lake near the Villa Homes at the Grande and the gazebo located in that area.
- A. Fall clean-up has taken place. RMA will request that the Marina attendants check the lake again for trash. The area at the gazebo at the Grande is the responsibility of the Grande Homeowners Association.
- Q. Why have our Directors and Officers insurance premiums increased 82.5% over the past 4 years?
- A. The increase represents a nation-wide increase in insurance premiums. It is not a reflection of claims at Lake Jeanette. In fact, our Association has never had a D&O claim. Craft Insurance Company and State Farm continually work on our behalf to obtain the best coverage at the lowest premium for our Association.

The meeting was adjourned at 8:00 p.m.
Respectfully submitted,
Steve Loflin, Secretary - Board of Directors