

**HARBOUR ISLE EAST
BOARD OF DIRECTORS MEETING
MINUTES OF OCTOBER 26, 2009**

- I. Call to Order: Meeting was called to order at 6:00 p.m. by President John Murphy.
- II. Roll Call: John Murphy, Lee Lassiter, Gary Whigham, Robert Schuessler and Lynn Sloan all present. Also present were Annette Sanniota, Manager and Maria Lassiter, Administrative Assistant as representatives of Bristol Management.
- III. Confirm Quorum Present: Annette reported a total of 175 proxies received (145 needed to establish quorum). The breakdown of the vote is as follows: Approval to partially fund the reserves for 2010 – 172 voted yes, 6 voted no. For the vote to approve changing the format of the reserves from straight line to pooled – 165 voted yes and 19 voted no. It was therefore confirmed that for the 2010 budget year Harbour Isle East will have pooled reserves and will partially fund. (Report attached).
- IV. Approval of May 18 and June 15, 2009 Minutes: Robert Schuessler made the motion to approve the minutes as have been posted on the website, seconded by Lee Lassiter and passed unanimously.
- V. President's Report: John Murphy reported on three major items affecting the Association; water intrusion update, foreclosures and the need for volunteers from the Association to run for the Board of Directors in 2010 or for committees. In summary, the water intrusion issue is continuing to be negotiated between the Association Attorney and Engineer along with Mr. Mason Simpson, Developer and his Attorney. We have received a letter as of October 20, however negotiations continue. The foreclosure report indicates approximately 25 total units in arrears with a floating number of approximately 15 units in the foreclosure process. It was again reiterated that legislation requires only 6 months of past due maintenance assessments or 1% of the mortgage amount, whichever is lower, is to be collected. There were some good suggestions from unit owners present that may assist the Association. Mr. Murphy's report is attached.
- VI. Treasurer's Report: Gary Whigham presented the Treasurer's Report and indicated the Association's financial status as of September 30, 2009. Gary Whigham reported that the total assets as of September 30, 2009 were \$314,265.17. with cash on hand at \$159,398.05 in the Reserve account, \$46,502.48 in the Operating Money Market account and \$108,164.64 in the Operating Checking account. He also noted bad debt continues to rise which in part is a reason to increase maintenance fees. Robert Schuessler made the motion to accept the Treasurer's Report as presented, seconded by Lee Lassiter and passed unanimously.
- VII. Manager's Report: Annette Sanniota presented the Manager's Report (attached). Motion made by Gary Whigham to accept the Manager's Report as presented, seconded by Robert Schuessler, passed unanimously.
VIII. Approval of 2010 Proposed Budget: The proposed budget was mailed to all owners 14 days prior to the meeting date. The Board of Directors also hosted a Workshop meeting where the Controller was present to discuss questions pertaining to the reserves and operating figures. The proposed 2010 budget reflects a small increase of

\$15 per month, per unit owner, or \$1133.00 per quarter, per unit owner. Robert Schuessler made the motion to accept and approve the 2010 Budget as presented, seconded by Lee Lassiter and passed unanimously.

VIII. Ratify Engineer \$12,500 Proposal to Conduct Flaws Report: A workshop was held earlier in the summer wherein the Flaws Report was discussed. Since a turnover report was not authorized by the Board at the time of turnover (December 2005), it was agreed that in order to properly proceed with any potential 558 claims against the Developer, it would be necessary and beneficial for the Association to have a comprehensive Flaws Report completed by an independent Engineer. The Board retained the services of Kevin Henderson, Evergreen Engineering. Motion was made by Robert Schuessler to approve the \$12,500 proposal from Evergreen Engineering to complete a Flaws Report, seconded by Lee Lassiter and passed unanimously.

IX. Status Report Update of Water Intrusion: This item was discussed in the President's Report. Negotiations continue.

X. A. Approve Implementation of Collecting Capital Contributions for Resales: Each unit owner who purchased from the Developer paid one quarter's equivalent of maintenance assessments as a "Capital Contribution" to the Association. Our documents have a provision for this for the Developer. We suggest that this item be placed on the Agenda for the Annual Meeting with an amendment that permits the Association to collect Capital Contributions on all Resales. An informal discussion or poll with residents in attendance at the meeting indicated a strong desire to put the matter to vote. Robert Schuessler made the motion to approve the "idea" of sending placing on the Annual Meeting agenda for vote and included the proviso to send a mass email now to the membership for initial feedback, seconded by Lee Lassiter and passed unanimously.

B. Discuss Bulk Cable Issues/Concerns/Solutions: Annette Sanniota reported the cable contract with Comcast would terminate in 2014 and that every effort for negotiations to revise or amend the contract to benefit the Association had been conducted with no positive results. In summary, the Regional Manager from Comcast had suggested a new bulk agreement, including digital service with a lower annual escalator. This suggestion was not palatable for the Board because the Association does not wish to increase the length of time of the existing contract. Annette also contacted the management at Harbour Isle West who indicated their Board of Directors is planning to wait for the termination of the contract (also in 2014) and will see what options are available at that time. It was discussed that at that time the two Associations could come together to benefit all. An informal "poll" of those in attendance was conducted to discuss the possibility of the Association not being involved in any bulk agreements for cable television and the overall feeling was owners want to have this amenity included in maintenance. An owner suggested the Manager contact an individual from a neighboring Association who had some success with Comcast. We will continue working on this matter.

Open Discussion:

An owner suggested installation of a Victory Garden. He was asked to develop a plan and proposal as a Committee to submit to the Board. Some owners complained about

the presence of the vending machine and the Board advised Management to have it removed.

- XI. Adjournment: Gary Whigham made the motion to adjourn the meeting, seconded By Lee Lassiter and passed unanimously. The meeting adjourned at 7:26 p.m.

Respectfully submitted,

Annette R. Sanniota, LCAM
On behalf of Bristol Management Services