

Grants Mountain (GM) POA Meeting April 9, 2011

Rich Messner called the meeting to order. Quorum was attained; eleven owners were present.

1) Secretary's Report

Minutes for the October 9, 2010 meeting were accepted as written.

Copies of the minutes were distributed for reading. Minutes are posted on website.

2) Treasurer's Report

A copy of the GM Financial Report was distributed. A copy is attached to these minutes. A summary of the POA accounts as of 4/9 was reviewed.

- *Total Accounts Receivable* is \$14,231.86
 - Lot 60, Benz balance is \$10,251.61 (a judgment was filed against these owners)
 - Lot 6, Arrowood balance is \$500
 - Lot 3, Fortune balance is \$1,230.25
 - Remaining balance is annual dues from 9 lot owners that are due on June 1 (they are not late)
- *ING Emergency Fund Balance*: \$11,458.42 (savings account that includes all the road fund money that was collected after the paving was completed. It was put into a separate account)
- *ING Savings Account Balance*: \$10,059.18 (savings account for the general fund)
- *Fifth Third Checking Balance*: \$3,443.27 (account for daily check writing expense)
- *Accounts Payable*: \$1,842.87 (for ditch cleaning; the invoice will be paid when the work is completed)
- The community owns 2 lots (one from foreclosure due to a failure to pay the paving assessment; one that was given to the POA in lieu of paying the paving assessment). These lots represent \$500 in annual dues to the POA that cannot be collected. They also present an added POA liability for property taxes. Both lots are for sale and are listed with a local real estate broker.
- Joel expressed thanks to Marie Biggs for doing our tax preparation at no charge to the community. This saved the POA \$125 in tax preparation fees.

3) Garden Club Report

Thank you was expressed to those who have helped with maintenance around the mountain and the entrance areas, including Lynn Miller, Linda Tadlock, and Alan and Crystal Ledbetter. Two new trees were planted at the entrance. They are still thriving, thanks to the 'bucket brigade' that kept them watered last summer.

Also, thanks to Bill Hawkins who cleaned the lanterns at the gate entrance and replaced the bulbs; Joel Carley who repaired Duke Energy's damage at the front entrance; and to Alan Ledbetter for continuing to repair the gate.

The fences at the entrance area must be repaired before we can continue painting the entrance area fences. We still have some paint, but need to repair more fence rails before we can continue

painting. The 2010-11 funds that were allocated for fence repairs was exceeded. We ‘borrowed’ funds from the Community Workday to purchase additional material for fence repairs.

4) Difficulty Collecting Funds

The POA annual due collections are down. We are not collecting dues from the 2 lots the POA owns, from a lot that is foreclosure (now owned by Freddie Mac), or from an owner that is in bankruptcy. This reduces our annual due receipts by \$1,000.

The POA still has outstanding receivables from the 2008 paving project from two lot owners (Fortune and Benz, listed above in the Treasury Report). The POA is also not collecting annual dues from lots 39 and 67 because they are owned by the POA.

5) Autumn Work Day

A community work day was scheduled in the autumn. It was canceled due to inclement weather. However, an impromptu autumn work day was held when local residents volunteered to paint. A special thanks to Joel and Teresa Carley who did a lot of painting on the fences at the front entranceway. Thirty fence boards were replaced. Painting stopped once all the repair boards were installed and painted. *No food or refreshments were provided. Money allocated to the Community Work Day was spent on fence repair supplies.*

6) Road Fund & Late Fee for Annual Dues Proposal

The results of a proposed Road Reserve fund and an Annual Due Late Fee were reviewed. Neither proposal passed due to a lack of votes from owners (only 71.6% of the total potential votes were received). According to NC Planned Community Act, Chapter 47F, votes were not counted for the two lots that are owned by the POA, resulting in 81 lots eligible to vote. Per NC Chapter 47F, an affirmative vote of 67% of all lot owners must be received to amend the community’s restrictive covenant. The vote and proxy results are as follows:

Road Reserve Fund

In FAVOR	AGAINST
44 votes	14 votes
54% of eligible votes	17% of eligible votes

Of those who voted, 76% were in FAVOR of passing the Road Reserve Fund.

Annual Due Late Fee

In FAVOR	AGAINST
48 votes	10 votes
59% of eligible votes	12% of eligible votes

Of those who voted, 83% were in FAVOR of passing the Road Reserve Fund.

The only remaining alternative to collect funds for necessary road repairs that cannot be covered by the general fund is to use the existing covenant that states:

Special Assessment: In addition to the annual assessment authorized in Article X, the Association may levy, in any assessment year, a Special Assessment applicable to that year for the purpose of defraying, in whole or part, the following:

The cost of any upkeep, maintenance or paving upon the roads, provided that any such assessment shall have the assent of sixty-seven (67%) of the votes of members who are voting in person, or by proxy, at a meeting duly called for that purpose.

After gaining the approval of 67% of those voting, a special assessment can be collected from all property owners to cover road repair expenses.

It has been 3 years since the road was paved. The last 2 winters were extremely difficult on the roads. Road contractors (paving, grading and gravel contractors) have told us that communities without paved roads had extremely bad problems with road washouts due to the extreme winter weather. Many gravel roads now require major grading and bulldozing to make them passable.

A motion was made and supported by those attending to present a proposal for an assessment to repair the roads. The necessary and preventative road repairs that were discussed in the previous proposal may be addressed through an assessment proposal. ***This would allow the community to address immediate concerns, but leaves no reserve for unanticipated problems.*** The consensus by those attending the meeting was that the existing emergency reserve should be kept in place for unanticipated emergencies.

There was a general discussion at the meeting about how other POAs and HOAs handle these types of issues. Many communities press lawsuits against owners to collect funding, however our community lacks the funds to conduct extensive legal activity.

7) 2011/12 Budget (fiscal year is July 1 – June 29)

A copy of the proposed 2011/12 budget was discussed (a copy is attached to these minutes). Rich Messner explained the budget represents a best estimate based on previous expenses.

The 2010/11 budget was reviewed to help explain the differences in the proposed budget. A change in the community insurance policy (liability only) will reduce our annual insurance expenses. Utility fees are for power at both entrances (front and gate). All legal fees spent in the current fiscal year are related to foreclosure activity. Current year mowing expenses were higher because we mowed behind the fences at the entrance to paint them, and we mowed kudzu off lot 67 (owned by the POA) so the POA could list the lot for sale. The roads were plowed 3 times this winter for a total cost of \$949. The same contractor is currently helping with ditch and culvert cleaning. The contractor that cleaned the ditches last year wanted \$2,900 to clean the ditches. Keith McCauley is doing the ditch cleaning for \$1,800. There is still some road work must be done using this year's budget funds (e.g. repairing ditches to prevent road washouts), so the road repair funds are going to be very tight.

Last year we had a boom mower mow up the sides of the roads to remove saplings and keep the roadside from getting too overgrown. The POA only mowed once last year due to limited funds; roadside weeds were over 8 feet tall in some areas before the roadside was mowed. Mowing

expenses (front and roadside) are \$4,720 as of April 8. Unfortunately, mowing expenses continue to go up. Mowing is currently estimated to cost \$3,500 for one roadside mowing, and the roads should be mowed at least 2 times per year. The previous person who has done our mowing won't return calls to give us a quote. There have been informal discussions about buying a tractor to do our own mowing, but we don't have the funds to purchase a tractor.

The proposed budget allocates more money to fence repair and less to gate repair. We need to mow twice, but we don't know if we can get this done for \$4,000. Proper mowing is necessary to keep the ditches from becoming clogged. The annual income in 2011-12 is also reduced due to the issues mentioned above that are related to uncollectable annual due funds.

A motion was made to accept the budget as proposed. Everyone present at the meeting agreed.

8) October Meeting

The next POA meeting will be held in October. New officers will be elected. Please think about helping your community by volunteering to be a POA officer. Several existing board members do not plan to participate on the board next year. *New volunteers are needed.*

9) Questions and General Comments

It was suggested that we consider changing the gate code again.

Don Styles asked if we could get our road turned over to the county. The board explained the county will not accept our roads and be responsible for road maintenance. There is a minimum width requirement for the county to take over our road and we do not meet the minimum requirements. There is also a Department of Transportation guideline for subdivisions stating that the roads must have been in existence before Oct. 1, 1975 in order to be maintained and paved by the state. Since GM was developed more recently, we are exempt from state maintenance.

Stephan Amsbary suggested that the emergency fund money should be designated to only be used for road repairs to prevent wasteful use of these funds. It is difficult to enforce this type of guideline. The community must rely on the integrity of future boards to spend these funds only on emergency road issues. Rich Messner reminded everyone that a lot of the Phase 2 work for the road paving project was done out of the community's general fund because of assessment receivable challenges.

Ron Moore said that he appreciated the work and efforts of the people who keep the property maintained for those owners who are not here. Dawn Fitzgerald and Dillon Robinson also expressed their thanks to the board for all their hard work and time in supporting our community.

The meeting was adjourned.

Respectfully submitted,

Chris Amsbary
Secretary

Grants Mountain POA Budget - 2010-2011			
			How we are doing
			As of 4/08/2011
INCOME			
Annual Dues (81 x \$250)	\$ 20,250.00		\$ 17,250.00
EXPENSES			
Administrative Expenses			
Postage	\$ 200.00		\$ 44.00
Office supplies (incl print & copy)	\$ 160.00		\$ 152.45
Tax Preparation ¹	\$ -		
Bank Service Charges	\$ 25.00		
Website (hosting & URL)	\$ 95.00		\$ 75.00
Insurance (liability & gate coverage)	\$ 470.00		\$ (134.00)
Legal Fees	\$ 300.00		\$ 1,415.30
Town Hall Meeting Rental (2 POA mtgs)	\$ 100.00		\$ 100.00
Refreshments (POA mtgs)	\$ 50.00		
Utilities	\$ 535.00		\$ 415.76
Property Tax (Lot #39)	\$ 93.00		\$ 90.42
Subtotal Administrative	\$ 2,028.00		\$ 2,158.93
Community Maintenance			
Gate Repairs	\$ 820.00		\$ 87.71
Fence repairs	\$ 150.00		\$ 193.63
Mailbox maintenance	\$ 50.00		\$ 30.00
Community Workday expenses (work materials & supplies)	\$ 400.00		\$ 335.80
Landscaping supplies (mulch, flowers, weedkiller, etc.) for entrance	\$ 300.00		
Subtotal Community Maintenance	\$ 1,720.00		\$ 647.14
Road Maintenance			
Entrance area mowing	\$ 1,230.00		\$ 1,020.00
Roadside mowing	\$ 3,000.00		\$ 3,700.00
Snow Removal	\$ 1,100.00		\$ 948.64
Culvert Repairs (3 culverts)	\$ 1,500.00		
Grass Seed (erosion control)	\$ 200.00		
Road repairs	\$ 5,622.00		\$ 185.00
Landslide & Ditch repairs (2 yr history)	\$ 2,250.00		\$ 1,700.00
Ditch / culvert cleaning	\$ 1,600.00		\$ 1,800.00
Subtotal Road Maintenance	\$ 16,502.00		\$ 9,353.64
TOTAL EXPENSES	\$ 20,250.00		\$ 12,159.71
<i>There is no allowance for reserve funds to cover unexpected or necessary major repairs</i>			

Grants Mountain POA Proposed Budget - 2011-2012

INCOME		
Annual Dues (80 x \$250)	\$ 20,000.00	Notes: Assumes all 80 lot owners pay their dues.
TOTAL INCOME	\$ 20,000.00	
EXPENSES		
Administrative Expenses		
Postage	\$ 100.00	Using e-mail to reduce postage costs
Office supplies (incl print & copy)	\$ 100.00	
Tax Preparation ¹	\$ -	Tax prep is normally \$150. Marie Biggs prepared 2009 taxes at no charge
Bank Service Charges	\$ 25.00	
Website (hosting & URL)	\$ 75.00	
Insurance (liability only)	\$ 200.00	
Legal Fees	\$ 300.00	
Town Hall Meeting Rental (2 POA mtgs)	\$ 100.00	
Refreshments (POA mtgs)	\$ 50.00	
Utilities	\$ 600.00	Front entrance and gate
Property Tax (Lot #39)	\$ 250.00	estimated tax for lots 39 and 67 owned by POA
Subtotal Administrative	\$ 1,800.00	
Community Maintenance		
Gate Repairs	\$ 500.00	
Fence repairs	\$ 500.00	\$400 lumber; \$100 stain
Mailbox maintenance	\$ 50.00	No labor included; budget for one gallon of stain
Community Workday expenses (includes some work materials and lunch for participants)	\$ 350.00	
Landscaping supplies (mulch, flowers, weedkiller, etc.) for entrance	\$ 300.00	
Subtotal Community Maintenance	\$ 1,700.00	
Road Maintenance		
Entrance area mowing	\$ 1,230.00	
Roadside mowing	\$ 4,000.00	Mowing 2 times.
Snow Removal	\$ 1,100.00	
Culvert Repairs	\$ 500.00	Culvert repair only; does not include asphalt repair
Grass Seed (erosion control)	\$ 200.00	
Road repairs	\$ 5,620.00	This amount will <i>not</i> fix all the road cracks
Landslide & Ditch repairs (2 yr history)	\$ 2,250.00	May not be sufficient funds to do the job properly, especially if there is a large landslide
Ditch / culvert cleaning	\$ 1,600.00	Quote from Richard Banks
Subtotal Road Maintenance	\$ 16,500.00	
TOTAL EXPENSES	\$ 20,000.00	
<i>There is no allowance for reserve funds to cover unexpected or necessary major repairs</i>		