

Dunes South Home Owners Association
Annual Meeting April 18, 2009
1:00 Sea Ranch Hotel, Ocean Pearl Room
Minuets of the Meeting

Dr. Bryant called the meeting to order promptly at 1:00.

Dr Bryant thanked the owners in attendance and introduced the Board of Directors and the management staff.

Dr Bryant asked the owners to read over the minutes for 2008 Annual Meeting. The minuets were approved.

Dr. Bryant asked if a Quorum had been reached. A total of 322 were required to reach a quorum. A total of 247 were present and accounted for which did not meet the number required by current By-Laws. (See requirement below.)

- a. Definition of a Quorum – Section 5 of the Bylaws state that ... ‘the presence in person or by proxy of fifty (50%) of Members entitled to vote there at shall be necessary to constitute a quorum...’
- b. Definition of a Member – Article II(F) states “...refer to all those Owners who are members of the Association as provided in Article II, Section 1 of the Declaration recorded in Book 297, page 725 Dare County Registry. Article II, Section 1, Dunes South Declaration of Covenants and Restrictions states “Every person who is an Owner of any Lot which is subject to this Declaration’s assessment (or the assessment of any supplement thereto) by the Association shall be a member of the Association.
(1 deed = 1 proxy)

A discussion on how the procedure to meet a quorum could be changed. The current by-laws state that a 2/3 majority of the owners entitled to vote must be present to change the by-laws. The matter was discussed with the associations attorney as to weather a procedure could be changed without a quorum. The suggested method was to allow the privately owned houses to represent 52 proxy’s and the timeshares represent one proxy per deeded week owned. Attorney Brad Ling is going to look into that as a suggested method to count proxy’s on behalf of the association.

Since a quorum could not be established the meeting continued as an informational and question session with those present.

Unfinished Business

a. Septic Issues with the Town of Nags Head – Those present were informed of the recent completion of the cut-off switch and single meter for the septic system at the resort. Copies of the invoice totaling \$9,650.26 were included for review. Questions were raised as to why this was necessary and shouldn’t the resort be grandfathered by the building codes at the time the resort was built. The Board explained that fighting the Town of Nags Head was not beneficial as a legal battle would have cost more than the repairs.

b. 2008 Financials – The financial records were reviewed and a questioned as to the cost of the grounds maintenance. Angie Jernigan, Managing Agent explained that beach pushes; fencing cost, sand fencing and beach nourishment were included in that amount. The common area (privately owned properties) is responsible for 37% of the total cost for grounds maintenance and the remaining portion was the responsibility of the timeshare owners. It was pointed out that in 2008 the common area paid more than the timeshare for ground maintenance. Mrs. Jernigan stated she would find the answer for that and make that answer available to everyone.

c. Foreclosures – Foreclosures totaling \$ 41,543.84 are currently in process. Owners will be notified of these weeks as they come back into inventory.

d. Revitalization Progress - Building 319/320 is currently underway as a result of an offer from CertainTeed the siding manufacture. CertainTeed has offered and the Board has accepted for free siding, trim in exchange for testing a new color method for CertainTeed. The product is fully guaranteed as all other siding purchased and will present a nice savings to the HOA. Units 305 – 314 and units 323, 327 and 328 are complete with units 301, 302, 315, 316, 326 to begin renovations in the fall of 2009.

An owner asked if the Duct work in the houses were also being replaced. Managing Agent Angie Jernigan responded with No. The grills and covers were replaced but no the actual duct work of the house. The owner expressed her concern for mold in the duct work. She explained that she witnessed mold on the grill covers and was concerned. The Board authorized managing agent to contact a company that specializes in mold detection, prevention and clean-up to investigate the matter further.

e. Insurance Review - Questions on the cost of the HOA insurance and what would happen in the event of a catastrophe were brought up. It was explained that in the event that a building becomes condemned due to storm, fire or other catastrophic means, the BOD has to decide if the unit can be repaired. If it can be repaired then estimates are obtained and the repairs are made. The insurance funds are used to offset the cost of the repairs. If the building is not able to be rebuilt or repaired for use, the BOD will have to decide how to proceed. One option would be; the building torn down and cleaned up. The insurance would pay based on the policy limits for the structure. The funds received could be used to offset that cost. Any funds remaining could be distributed equally between the owners of that building. A definite answer can not be given as it depends entirely on the situation of the condemned property and any options available at that time.

New Business

- a. Election or discussion of new Officers – Without a Quorum election can not proceed. Under Roberts Rules of Order the acting Board remains in place.
- b. Credit Card Payments – A show of hands was requested from those who would use a credit card to make payments. Of the 45 – 50 people present only about 4 – 6 raised their hands. When asked if they would use a credit card if they had to pay a fee to do so all responded with no.
- c. Beach Erosion cost of recent effects from erosion – The owners present were informed of the relocation of the electrical transformers feeding many of the units in the resort. This relocation made it necessary for the HOA to pay a contractor to run new lines from the new transformer to the units. The cost of this work was not foreseeable and not planned in the 2009 budget. The total cost of the project was approximately \$27,321.69 and involved units 309 – 320.
- d. Possible Pool Relocation – Guest Speaker:
 - a. John Delucia from Albemarle and Associates, LTD was introduced and discussed the current regulations on commercial public pool construction and maintenance. The conservative estimate from start to finish, building a new pool where the tennis courts currently sits would be around \$160,000. It was mentioned that in order to budget for this expenditure the figure should probably be raised to \$200,000. The Board informed the owners that they would not make the decision weather to build a new pool. Dr. Bryant stated that the owners would have to vote. The suggestion was made that when the next cycle of annual dues bills are mailed

that a Referendum be included that would explain the proposed pool and its cost to each person. The owners would then have to vote yes or no and that by voting yes and signing the Referendum they agreed to the amount listed as an assessment if the majority of owners voted in favor of the pools construction. This Referendum will be discussed further with the HOA attorney and the BOD.

- e. New Business from the floor – Some owners expressed concerns about the pet policy. Some owners want to vote to change the resort to a non-pet resort. It was explained that without a quorum a vote could not happen. The only change that can be made was the policy on pets and the fees charged. The cost to the resort to allow pets includes extra cleaning fees from the housekeeping contractors, extra exterminations for fleas, and extra wear and tear on the carpets, furniture and bedding. Currently the pet fee is \$75.00. The owners present expressed that this should be raised and a limit as to how many pets can be in a unit. The board stated that this matter would be discussed during their executive session and a new policy would be adopted.

VII Closing Statements – Dr. Bryant thanked everyone for coming and extending their comments. The meeting was adjourned at 3:30.

- a. Door Prize Drawings – 11 door prizes were awarded. One gift basket and 10 gift certificates to various restaurants. All gifts were donations from local businesses.