

Regular Meeting of the Board of Directors

December 14, 2016

Board Members Present: Willie Charles, Bob Crawford, John Desautels, Mark Wilson, Jim Barr, Karol Queen.

Board Members Absent: Spencer Stegall, Jayne Nendorf, and John Cronin

Management Present: Jerry Watson, Gold Crown Management

Homeowners/Guests: Charmaine Gillow, Documents Committee, Social Committee members Diane Smith and Betsy Smentek, Mark Rippe ARC committee and , David Demarest.

Call to order

The meeting was called to order at the Heritage Trust Federal Credit Union at 1129 Park West Boulevard, Mount Pleasant, SC by President Willie Charles at 5:36 PM

I. Approval of Meeting Agenda as Presented

A motion was made by John Desautels and seconded by Jim Barr and approved unanimously to accept the agenda as presented by email.

II. Final Approval of Meeting Minutes from the November 9, 2016 Board Meeting.

A motion was made by Jim Barr, seconded by Willie Charles and approved unanimously to approve the final minutes of the November board meeting distributed by email on December 7, 2016.

III. Consent Agenda Items

Ratify email approval for dredging of W5 at a cost of \$8800.

A motion was made by Mark Wilson and seconded by Jim Barr to approve the expenditure of \$8800 to dredge the inlet of W5. The motion was carried unanimously. This item was distributed by email and had been approved by a majority of the board by email prior to this board meeting.

IV. Committee Reports

A. ARC – Bob Crawford

Applications Received and Processed:
Approved:

4028 Harleston Green - New 4' Black Iron Back Yard Fence
1340 Royal Links Drive - New Roof

1164 Ballyliffen Drive - New Garage Door
1349 National Drive - New Palm Tree Front Yard
3219 Heathland Way - New 4' Picket Fence Back Yard
3433 Oxfordshire Lane - New Roof
3306 Heathland Way - New Solar Panels on Roof
1188 Old Course Lane - New Roof
1243 Haig Lane - Pod in Driveway while moving

New Construction: None

Pending: None

Denied: None

Mr. Crawford discussed a previous violation of ARC regulations by a homeowner that was fined for having a black screen covering his garage door. Their fine was previously forgiven for a promise of retracting the screen unless in use. Mr. Crawford indicated that the screen is again in violation. Ms. Watson was directed to inform the homeowner by letter that they are again in violation and the original fine will be reinstated.

B. Financial – Jayne Nendorf

Jayne was absent and did not provide a financial report.

Mr. Charles asked if there were any questions regarding the October financial report. No one had any questions. A motion was made by Jim Barr and seconded by Willie Charles to accept the October financial report as presented by Gold Crown. The motion was carried unanimously.

Mr. Wilson asked about the statement in the newsletter regarding the delinquent dues payments received this year. The subject was discussed and clarified.

The draft financial review for 2015 was discussed. There were a few corrections pointed out by Ms. Watson and Mr. Wilson regarding the draft review. The report will be updated to reflect 823 homes. A motion was made by Bob Crawford and seconded by Jim Barr to accept the 2015 financial review with the corrections discussed. The motion was carried unanimously. This will result in a final report by the accounting firm.

There was discussion regarding the last time a financial audit was completed. John Desautels reported that an audit was completed in July 2002 for the calendar year 2001 by Hyland Ruddy & Garbett. Ms. Watson indicated she has searched her files and has not been able to locate subsequent audit documentation. The board recommended a financial audit be completed in 2017 for calendar year 2016. A few board members and Jerry Watson will research accountant candidates to complete the audit and report back at the next monthly board meeting.

Mr. Barr brought up a concern about over expenditures in 2015 and asked if this was typical or an unusual event. Ms. Watson indicated she would have to review the records but felt the 2015 deficit was larger. A lengthy discussion of the budgeting/expense management process including reserve monies was held. Concern was raised that as the

community ages, maintenance expense may increase and more detailed focus will be needed to insure this is managed properly. To facilitate this understanding the board agreed that a reserve study should be performed in 2018. The delay was chosen to provide the board the opportunity to budget the funds for such a study. A reserve study may cost \$3K - \$5K. Mr. Charles indicated that as we move forward in 2017 we need a better budgeting process and improved controls on expenditures.

Due to breaks in the community irrigation system CNCA has incurred significant expense for irrigation water. John Desautels reported on the effort to protect against such overcharges. One company was found that had a wireless cloud connection to monitor each of the community meters. Emails were exchanged with this company but costs had not been determined as of the meeting. However, the Mount Pleasant Water department is in the process of implementing a real time monitoring system which the community could use to guard against excessive water expense. It is not known at this time when the roll out will be available to the public. John will follow up with the water department to obtain an implementation date. Water department personnel stated the water department will forgive excessive charges one time per year. Ms. Watson will follow up with the water department to determine if the community could obtain a financial credit for its most significant overage.

C. Maintenance – Lagoons – Jim Barr

Mr. Barr has volunteered to become chair of the lagoon committee to replace Willie Charles who is now board president. The board agreed with this change. Thank you, Jim. Jim did a site tour with Willie on all lagoons for an initial exposure.

W5 work accomplished on Dec 12, 2016. Not sure if more cleanup is required on surrounding turf(mentioned it to Carl and will confer with Willie and Jerry). There is mud on turf and may be on owner's property (not sure of the property line). There is some debris on edge of lagoon, but not sure if property owner pulled it up or laborers. Met with Ron Hanson (CNCA volunteer and previous lagoon chair) and Bob Horner (Weston and Sampson engineer) on 13 Dec 2016. They gave me a useful CN11 101 education. Sandra Bungerz (CNCA volunteer) has joined the committee but was unable to attend the meeting. - Bob indicated salinity levels in CN10 are good after Weirs (Lids) were added. Tim is happy with control of saltwater upstream as far as Bob is aware.

There was a board discussion about options regarding the CN11 outfall pipes. Mr. Barr plans to have discussions with several parties to get up to speed on a method to move forward on CN11.

Ms. Gillow asked about responding to the community about the letter CNGC sent to entire community. There have been several questions from homeowners about this letter. The board discussed options but no final position was taken at this time. This will be discussed at a future board meeting. Jerry Watson recommended that Mr. Barr draft a memo of response that would be emailed to all homeowners.

D. Maintenance – Landscape/Irrigation/Lighting/Signs/Structures – John Cronin

Mr. Cronin was absent and did not provide a committee report.

Mr. Desautels reported that there are vines growing over our shrubs at the north entrance to the community. Ms. Watson will see they are removed.

E. Safety & Traffic Awareness – Jim Barr

Work has been done on sidewalk near lagoon UD2. Sidewalk cut out with gravel in spot. Not sure what permanent solution is, but will call Gary at Mt Pleasant.- Erika already reported on bridge damage, no update to report, but will add to list when I talk with Gary.

F. Social – Karol Queen

Karol Queen and her committee members were recognized by the board for an outstanding job in planning the community holiday party at Dunes West Country Club. Great party. Ms. Queen indicated the next focus for the committee was the spring garage sale.

G. Documents – Charmaine Gillow

Completed Tasks:

- 1. Annual Assessment Packet 2017.** The packet for mailing to all CNCA Members included a Letter from the Board to accompany the 2017 annual assessment invoice and budget summary.
- 2. Fall 2016 Newsletter.** The issue was approved and emailed to Owners who have signed up to receive electronic communications from the Board and Management.

Pending Project:

Restatement of Covenants, Conditions, and Restrictions (C&Rs). Attorneys with the law firm McCabe, Trotter, and Beverly have determined that a simple restatement of the C&Rs is not an allowable approach to revision of the original document. Instead, any changes to the 1992 Covenants must be approved by 75% of all CNCA Members. The number of signatures of approval must be based upon the total number of owners, including multiple owners of a single house lot or condo unit. Electronic approval is not acceptable and all signatures ultimately must be notarized. Attorney Ansley Willis also suggested doing a title search to determine that we have and know all the governing documents in the Charleston National chain and have evidence that all lots and units are subject to them. I believe it is unlikely that a title search is needed except to compare Charleston County entries against the documents we already have. I have provided the attorneys with a list of all governing documents currently in our files. A recent legal search by an abstractor verified that every lot is subject to CNCA Membership, and therefore subject to CNCA governing documents, and within the past year the Board verified that all condo units are under the aegis of CNCA as well.

The issue now is whether the Board decides to proceed with the 2016 proposed revision. It is mostly identical to the 2005 revision that received nearly 60% of the signatures required at the time. The differences are additions/changes that reflect the current Bylaws and passages from the most recent Restrictions and Easements so that all governing documents echo each other and are not or do not appear to be contradictory. Two items in the 2005 version have been omitted – the levying of a Transfer Fee upon sale of a property, and the failure of an Owner to execute and return a proxy form constituting proxy to and for the majority voting. Some legal expenses will be incurred for attorney review, mailings, and any title search, even if a limited one.

I have agreed to meet in January with attorney Ryan McCabe if the Board approves pursuing the revision. I will edit the document for presentation to the Board for review and edit and final legal endorsement and will write up the packet of information for our homeowners, including the instrument for signature. This time, though, I am unable to oversee the approval process through the Block Captain Program and am stepping down from that position. I hope that a Board Member will volunteer to chair the committee, and I offer to help the new chair organize the campaign if he/she wishes. In 2005 over two dozen Block Captains contacted nearly every homeowner to get signatures of approval for the earlier version of the C&Rs revision. Since then, our population has grown with build out and we will need more homeowner volunteers, including for Victory Pointe and for The Retreat and The Legacy neighborhoods.

Discussion on this part of the report ensued. The board requested Ms. Gillow to forward the documents to them so they can evaluate whether the document changes warrant the gargantuan effort required to obtain approval signatures from all homeowners for 75% of the community.

Mr. Barr asked about the process for the Handbook of Restrictions and Easements. His main concern is that the handbook cannot be considered a governing document. If it were it would need approval of two thirds of the homeowners of the community. Charmaine indicated that the C & R's are the governing document and the handbook is a convenient reference. This is the position of the three attorneys that have been involved in the detailed review of the handbook. Charmaine was requested to forward to the board the attorney letter(s) regarding the approval of the Handbook. Ms. Gillow will review and edit (if necessary) the handbook for any reference to the handbook being a governing document.

Future Projects:

- 1. CNCA Logo.** The newly-adopted CNCA logo needs to replace the original logo on our various documents and on the website. The new logo replaces two dates with two golf clubs and includes the color yellow in the design.
- 2. CNCA Website.** At the request of a homeowner, I will write up a brief history of CNCA to post on our website.
- 3. Deeds.** I plan to verify that we have all deeds for CNCA-owned property.

H. Holiday Decorations – Spencer Stegall

There has been positive feedback to this year's holiday decorations which include banners on light posts.

I. Nominating Committee – Bob Crawford

The committee believes there will be sufficient vetted candidates for the three positions for the March 2017 annual meeting elections.

V. New Business

VI. Old Business

At the November Board Meeting, Spencer Stegall discussed a new committee regarding storm water management and tidal control. He was not present to clarify objectives and activities of such a committee. According to the Bylaws, any new committee would have to be approved by resolution of the board. This has not been done and therefore the committee does not exist. All future discussions on this topic will be handled by the existing Lagoon Committee.

VII. Next Meeting Date – January 11, 2017

VIII. Adjourn

A motion was made by John Desautels and seconded by Mark Wilson and unanimously approved by all to adjourn the regular board meeting at 6:58 PM. The board then went into Executive Session.

Minutes submitted by John Desautels