

**Golfmaster HPR
Annual Meeting 2016
December 2, 2016**

Roll Call

Bob Holmes called the meeting to order and ask if a quorum had been reached. Cissy Facenda from High Tide Associates stated there was a quorum of 68.235% of ownership present in person or by proxy. Mr. Holmes introduced himself and Board members Kevin Corbett and Lisa Bender. Cissy Facenda represented High Tide Associates. Mr. Holmes asked for all owners to introduce themselves and their unit numbers.

Proof of Notice

Mr. Holmes stated that the reaching of a quorum and the members present were sufficient proof of notice of the meeting.

Reading of the 2015 Annual Meeting Minutes

Mr. Holmes noted that the 2015 Annual Meeting Minutes were included in the Meeting package and requested a motion to waive the reading of the minutes. This motion was passed without opposition.

Report of the President

Mr. Holmes reported that the financial condition of the association is strong. This assertion was based on having adequate cash on hand, significant cash reserves, low owner delinquency, and a long range plan to accomplish major projects without special assessments. Of course, Hurricane Matthew is testing our ability to absorb a major unplanned expense.

Mr. Holmes reviewed the resolution early this year of the insurance claim resulting from the flood in Unit 506 in late 2015 caused by the rupture of a refrigerator ice maker hose. The regime insurance paid \$66,657.00 to restore the as-built condition. The Owner's insurance paid additional costs to cover improvements, furnishings, and the POA's \$5,000.00 deductible. Lessons learned: Turn off your water when the unit is empty for extended periods and understand how your Homeowner's Insurance works with the POA's insurance.

The POA has been dropped from a slip and fall lawsuit against the people who owned unit 304 in 2012. This is due to the fact that the association has no duty to inspect the interior of your units.

We accomplished two major projects in this year using our reserve funds.

The 1300 building roof failed after 15 years. This was a much shorter life span than we had planned. After consultation with independent experts, we concluded that we needed to significantly upgrade the type of roof on this building at a cost of \$50,000.

We repaved the parking lot in front of the 100-500 buildings at a cost of \$58,000. We have also reached an agreement with Golfmaster II on cost sharing for the remainder of the paving and plan to do this work in 2017.

We were very fortunate in our brush with Hurricane Matthew. We had minor structural damage to 1805, 306, and 106. There is interior damage to 1305 and to a lesser extent 1301 that may have been due to wind driven rain. Significant fresh water flooding occurred in the crawl spaces and the parking lot and drained away. The removal of an immense amount of downed tree limbs and hazardous hanging tree limbs is on going.

You should be aware of the way POA insurance works after a named storm. In this case our deductible is 2% of the replacement value of the building or about \$28,000. Damage in different buildings cannot be combined to meet a deductible. If the entire building is destroyed, each unit owner's exposure is about \$4,600. This is less than the \$5,000 deductible for an ordinary insured event. As noted earlier, the POA assesses the deductible to the owners affected in proportion to their loss and the owners collect from their homeowner's policy under the loss assessment provisions. But, if a tree hits your unit and only your unit, your deductible is \$28,000, probably exceeding your maximum loss assessment. Coverage for this type of loss is simply not affordable.

Finally, Mr. Holmes stated that he has been doing this job for 14 years and has begun to think about his legacy. He has chosen to focus on two issues: (1) improvement of the crawl spaces and (2) resolution of Master Deed issues.

The technical issues involved in improving our crawl spaces are daunting. The most obvious solution of using closed cell foam insulation on the underside of the sub-floor is not recommended since it could invalidate our Termite Bond, leaving the unit owner responsible for termite damage costs. The alternative is to improve the moisture barrier lying on the ground. However, we need to evaluate how this type of improvement could have been counter-productive in the recent hurricane induced flooding.

Our Master Deed and the associated By-laws, as one lawyer said, are not exactly models of clarity and consistency. However, the Master Deed requires 100% approval of the owners to change. Since the By-laws require the approval of 67% of the owners to change, the Board decided to start with this document. The intent was to submit a revision of the By-laws to the owners for comment and ultimately a vote by referendum.

Extended discussion ensued. The major issue was responsibility for the maintenance of the 126 wood decks on the 7 original design buildings. The Master Deed is ambiguous. The Board policy has always been that these decks are the responsibility of the owner, except for a period between 2008 and 2012. During this period, the Board, concerned about the deteriorating condition of the decks, began treating deck maintenance as a common expense. The original policy was restored in 2012 after the Board reviewed an assertion by owners in the 1300 building that the new policy was unfair to them, since their building has no wood decks.

Mr. Holmes concluded the discussion by observing that no consensus had emerged and that the issues could not be resolved by simply changing the By-laws. Therefore, the Board would proceed with the more difficult task of developing revisions to both the Master Deed and By-laws for the owners to consider.

Financial Report

The financial reports were provided in the Meeting Package. The Balance Sheet shows the following balances in our three bank accounts as of October 31, 2016:

Checking	\$9,087
Capital Reserve	\$80,718
Insurance	\$5,315

The accounts receivable indicate that the owner of unit 406 is \$6,674 delinquent. This includes regime fees, the 2016 insurance assessment, accumulated finance charges and legal fees, and \$2,200 to replace a window to preserve the external appearance of the unit. This owner is on a \$1,000 per month payment plan with inconsistent compliance. The Board continues to monitor this situation and will proceed to foreclosure when it deems appropriate.

There are no Liabilities.

The Equity section at the bottom of the Balance Sheet shows the balances in our bank accounts at the close of business for 2015. The large negative Net Income merely indicates that we used money from our savings accounts to finance major projects without assessments.

The Budget vs Actual spending were reviewed in detail. The bottom line is that we are currently 3.9% over budget year to date. This deficit should moderate during the last two months of the year and is within the amount of working capital available.

Storm related expenses are being segregated. We believe that they will be relatively moderate compared to other nearby regimes. We believe that this good fortune is due, in part, to the \$8,000 in tree maintenance we did earlier this year.

The insurance market was very competitive this year and we received a much more favorable rate than we anticipated. The excess insurance assessment was transferred to the Capital Reserve Fund.

The Capital Reserve Fund shows the major projects discussed and as well as the fence improvements at the pool and some additional engineering work on the crawl spaces.

The 404-406 Roof repairs are routine mid-life re-coating. At this point all pre-1999 roofs have been done. The post-1999 roofs are of a different design and do not require this degree of mid life maintenance. All our roofs were inspected after Hurricane Matthew and are sound. The 500 building roof has a problem with water pooling in low areas and

will require a second coating application soon. This roof will need to be replaced in the next few years.

2017 Budget

The 2017 Budget is attached to the meeting package. It shows annualized budget comparisons for 2016 and 2017. It includes a 2.5% increase in the Golfmaster II regular amenity fee and a 2.9% average increase in our regime fees. This is the first increase in regime fees since 2012. Of course, a budget is just a plan and a guide. We will do what needs to be done in 2017 and we will pay all our legitimate bills. As a last resort, this could mean special assessments, but we have reserve funds and a good track record of avoiding special assessments. It remains to be seen if we will need a special assessment to cover storm related expenses, but preliminary indications are that we can avoid one. Of course, we will have a planned insurance assessment, as we do every year. This year, we currently plan to use the same formula that resulted in a substantial over assessment last year. The Board believes that the coastal Carolina insurance market is much more unpredictable this year.

Elections

Cissy Facenda was appointed Inspector of Elections without objection.

Three candidates were running for the two available seats:

Lisa Bender
John Byler
Tom Coulton

An opportunity was given for anyone to speak on behalf a candidate. Following these remarks, a written ballot was taken. The results were

Lisa Bender	62.750%
John Byler	52.082%
Tom Coulton	16.153%

Lisa and John were declared elected to three year terms on the Board.

Other Business & Questions

Since there was no further business or questions, the meeting was adjourned.