

Sandpiper Cay Condominium Owners Association
Annual Meeting
March 12, 2011

The Sandpiper Cay Condominium Owners Association met on Saturday, March 12, 2011 at 9:00 am at Kitty Hawk Town Hall. Board Members Steve Kinnier, Linda Craig, Pat Ambrose, Tom Watkins, and Liz Puma were present. Emily Lewis, Ansley Miller and Leslie Sanders were present representing Village Realty. There were a total of sixty-three units represented by proxy and forty units were represented in person.

Mr. Kinnier called the meeting to order. He appointed Ms. Miller as the recording Secretary for the meeting. Ms. Puma led the attendees in the Pledge of Allegiance. Ms. Ambrose asked for a Moment of Silence for those in the community that had passed away in the past year.

Mr. Kinnier stated that there were eleven unit owners who were unable to vote for the Board of Directors Election for being more than thirty days delinquent on their association dues. This number is down from the nineteen owners that were unable to vote at last year's meeting. Mr. Kinnier stated that a quorum of at least 25% of owners, a representation of seventy units, had to be established in order to hold the meeting. Mr. Kinnier confirmed that a quorum of unit owners were present in person or by proxy.

Mr. Kinnier welcomed the owners and thanked everyone for attending. He introduced the members of the Board, the representatives of Village Realty, and the members of the Election Committee; Pat Ambrose, Bella Reber and Barbara Lawrence.

The approval of minutes from last year's Annual Meeting held on March 12, 2010 was first on the agenda. On a motion by Ms. Craig and a second by Ms. Ambrose, the 2010 minutes were approved as distributed.

Mr. Kinnier turned the proceedings over to Ms. Craig, the association's Vice President, to conduct the Election of Directors. The terms of Mr. Kinnier and Ms. Puma were expiring and they were both seeking re-election. Mr. Kinnier and Ms. Puma were the only candidates to submit a valid Nominating Petition to the Election Committee by the deadline stated in the proxy statement that was mailed to all Unit Owners. There were no other Nominating Petitions received and therefore, Mr. Kinnier and Ms. Puma were the only persons nominated for the positions.

Both Mr. Kinnier and Ms. Puma stated their reasons for seeking re-election to the Board. Ms. Craig asked all owners voting in person at the meeting to vote and turn in their ballots for counting.

Mr. Watkins introduced the guest speaker, Debbie Kuhn of Southern Insurance Agency. Ms. Kuhn is the insurance agent for the association.

She discussed the changes in the wind insurance. In the past, the wind deductible was \$75,000 per occurrence for any wind damage. The new changes that went into effect September 1, 2010, stated that the \$75,000 per occurrence deductible would remain for any damage from a "non-named storm". Any "named storm" damage would be subject to a 1%, 2% or 5% per building deductible. In order to keep the wind insurance premium consistent with the 2009-2010 wind policy, the Board decided to go with the 5% per building deductible. Going with the 1% or 2% deductible would have resulted in a significant increase in the annual premium.

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It was noted that the coastal regions end up paying higher wind premiums when history shows that more damage is done to the interior regions of the state. Information on this is available on the website www.nc-20.com. This is a lobby group that represents the twenty coastal counties in North Carolina on issues such as insurance.

Ms. Kuhn also discussed that all owners should have an HO6 policy to cover upgrades and improvements, contents, liability and loss of use. There is also an HO4 policy that is available for renters. There was a question regarding whether different insurance is needed if the unit is a second home, primary residence or rental unit. Ms. Kuhn replied that it will all depend on the upgrades, improvements and contents in the unit.

Jeanne Griffin questioned the wind deductible. She stated that the deductible on a loss from a "named storm" could be very expensive. Ms. Kuhn replied that under the terms of the policy if all the buildings in Sandpiper Cay are damaged more than 5% in a "named storm", the deductible would be around \$2 million. The Board discussed that the decision on the wind insurance was very difficult to make. Choosing to go with a lower deductible would have resulted in a much higher premium and consequently, higher dues assessments.

James Ballard asked what hazards are covered in an HO6 policy. Ms. Kuhn replied that covered hazards will always depend on the cause of loss and have to be evaluated by an insurance adjustor to make a determination on whether the loss is covered.

Otto Wegman asked if a discount on insurance is available for having hurricane shutters installed. Ms. Kuhn replied that a credit is available on personal insurance policies.

Hank Sprenger asked what is covered under the loss assessment coverage. Ms. Kuhn replied that if the association had to assess owners for lack of sufficient coverage, the loss assessment endorsement would cover the assessment. This would not apply to Sandpiper Cay since they have an Umbrella Policy.

Linda Whitely asked if the association has a flood policy and if not, if flood insurance is recommended. The association is not required to have flood insurance due to the fact that the community is in an X flood zone. Ms. Kuhn stated that as an insurance agent, she always recommends flood insurance. Mr. Kinnier asked if owners can get their own flood policy. Ms. Kuhn replied that owners can get flood insurance for their unit.

Mr. Watkins asked if Ms. Kuhn had any indication on whether the wind insurance would increase again. She stated that another association had a small increase.

June Hodes thanked Ms. Kuhn for always being so prompt at getting insurance certificates to her mortgage company when they are requested.

The Board thanked Ms. Kuhn for attending the meeting.

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Ms. Craig announced the election results.

Liz Puma – 102 votes

Steve Kinnier – 101 votes

Betty Peet – 1 vote

Penny Stallings – 1 vote

Mr. Kinnier presented the President's Report. He stated that there was no increase in dues for the following reasons:

- The wind insurance premium did not increase. The coverage changed, but the cost remained consistent with the prior year.
- The roofs are not failing any faster than anticipated.
- The service vendors (Beach Mowing and Village Realty) did not increase their costs.
- There are not as many delinquent accounts as there have been in the past.

The top priorities when creating the budget were:

- To continue to put 10% of the dues into the reserve account. To date there is over \$106,000 in the reserve account.
- To maintain the current level of service that has been provided in the past.
- To continue to replace roofs. To date eight roofs have been replaced. The Board contracted with a different roofing company for the last roof that was replaced. The new roofing company offered a slightly pitched roof to allow for proper drainage, which the Board decided to accept. There are two roofs budgeted for 2011, which is less than it has been in past years. This is due to the fact that as the buildings age, there is more maintenance needed. The Board decided to budget higher for exterior maintenance instead of putting these funds toward the replacement of another roof. If the budgeted amount is not needed for exterior maintenance at the end of the year, the Board may choose to put the funds toward another roof replacement.
- To continue to have an annual audit of the association's financial records.
- To continue to engage legal services to collect past due assessments. Currently there are eleven units that are more than one month behind in dues, which totals about \$45,000. Another \$50,000 has been lost due to foreclosures.

Mr. Kinnier discussed the legal complaint that was filed in 2009 against G. Douglas Seay, Susan Seay and Sandpiper Management, Inc. In 2010, the discovery phase took place. So far in 2011, the first phase of the depositions has been completed. Any updates on the complaint are included in the minutes which are posted on the website.

Mr. Kinnier discussed other items:

- Dog clean up stations were installed throughout the community. A county dog park will also be opening in Kitty Hawk across from the Fire Department. Ms. Craig stated that printouts of the dog rules were available at the meeting and would also be available in the office.
- The Board had decided to test a recycling area in the community. The cost to build the enclosure will come from the sale of a golf cart owned by the association that was no longer needed.
- A park grill and patio tables were installed near the pool area. The pool will be opening May 21st.

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- Some of the septic drainfields have failed and have had to be replaced. In one case, the Health Department required that a well be abandoned due to the proximity that it would be to the new drainfield. The Board is working on pumping any septic tanks that have not been pumped in the last three years.
- The Board is considering purchasing new playground equipment to replace the equipment that had to be removed last year.
- The failure of the cedar shakes is an ongoing and worsening problem. The maintenance staff is replacing missing shakes as time permits. The Board has discussed the long term solution of replacing the wood shakes with vinyl shakes. However, this project is about five years out since the current top priority is replacing the roofs.
- The Board encourages all owners to have their dryer vent ducts cleaned on a routine basis.
- There have been some problems with some of the chimney crowns on the Williamsburg style buildings. The maintenance staff is unable to repair these and an outside vendor had to be contacted for the repairs.
- A list of maintenance items completed in the last year was presented.
- The Bylaws Committee is in the process of updating the Bylaws.

Mr. Kinnier concluded his report by inviting all owners to attend Board meetings. He introduced Barbara Lawrence to give a report for the Social Committee.

Ms. Lawrence thanked the owners who had brought in a food pantry donations. A donation box will also be in the clubhouse for owners to drop off donations. She encouraged owners to join the committee. She stated that all social events will be in the newsletter and posted on the website. Some of the events they have planned are covered dish suppers, a 4th of July cookout, pizza parties, sundaes on Saturday, and cards played on Thursday evenings.

Mr. Kinnier opened the floor to comments and questions from owners.

Linda Whitely asked about the dryer vents. She had a leak in her vent and starting using a portable vent box. She wondered why the leak seemed to be getting bigger when she was not using the vent. Ms. Lawrence stated that she had the same problem and the solution was to relocate the washer and dryer. The dryer vent runs such a long distance through the building in some units that the hot air has time to cool off before it exits the vent. In some of the units the dryer line runs right next to the air conditioning line. Both of these can cause condensation to build up in the vent, which can result in a leak.

It was noted that having the dryer vent cleaned may help. Ms. Puma stated that a vendor is willing to give a discount if more than four owners contract with him to have their dryer vents cleaned on the same day. Ms. Craig suggested that owners contact the office if they are interested in a group discount.

Pat Ross asked if the Real Estate Commission was investigating Doug and Susan Seay. Ms. Lewis replied that an investigator had been here doing research.

Ms. Ross also mentioned that there is a material that blows off from the roof of the 200 building. Ms. Miller stated that she would have maintenance look at this.

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Ms. Whitely asked what type of account the funds for the reserve account are placed in. Ms. Miller replied that the funds are placed in a money market account with Community Association Bank, a division of Mutual of Omaha that specializes in home owners associations. The bank is FDIC insured.

Anna Ferko asked if she could power wash her patio area. Ms. Miller replied yes. She asked if there would be another community yard sale this year. Ms. Lawrence replied no.

Betsy Wegman thanked the Board for all their efforts.

June Hodes asked if the pool can stay open later in July and possibly August. Mr. Kinnier replied that the Board would put this on the agenda for the April 18th Board meeting.

Jeanne Griffin thanked the Board also. She asked the Board to consider obtaining a judgment for the owners who were foreclosed upon and owe the association money. She also asked about the depositions with Doug and Susan Seay and wondered if there was any representation for the association. Mr. Kinnier replied that Ms. Lewis attended the depositions on behalf of the association.

With there being no other questions or comments from the owners, Mr. Kinnier thanked everyone for attending and a motion was made and carried to adjourn the meeting.

Respectfully Submitted,

Ansley Miller
Assistant Property Manager