

Firefly Property Owners Association, Inc.
Annual Meeting
October 20, 2018

Location:

- Firefly Cove Lake Lure, North Carolina – Firefly Lodge

Roll Call/Call to Order:

- The meeting was called to order by President Joe Pritchett at 10:05am.
- Directors present: President Joe Pritchett, Vice President Mike Frosaker, Treasurer Mike Kirkman and Secretary Joy Ciocca
- Directors Absent: Director Bill Walker
- Property Owners Present: Condos 101, 102, 201, 203, 204 Lots 2, 3, 5, 6, 11, 12, 13, 14, 15, 17, 18, 20, 23, 24, 28, 29, 33, 34, 35, 36, 37, 45, 47, 49, and 51.
- Property Owners Represented by Proxy: Condos 202, Lots 1, 4, 7, 8, 10, 19, 21, 22, 26, 30, 31, 32, 38, 39, 40, 43, 44, and 52.
- Property Owners Absent: Lots 9, 27, 41, 42, 48, 50, 53 and 55.

Greeting:

- President Pritchett welcomed all property owners present and thanked them for coming. He noted that we had record attendance for this meeting. He introduced new property owners and offered thoughts and prayers to those property owners that could not be with us for the meeting.

Proxies:

- Secretary Ciocca certified all the proxies.

Quorum:

- Secretary Ciocca announced that there being a sufficient number of property owners represented, 49 (30 property owners present, and 19 property owners represented by proxy), a quorum was established.

Certification of 2017 Annual Minutes:

- The minutes from the Annual Board meeting of October 21, 2017 for the Firefly Cove Property Owners Association were approved by motion, second, and by a vote of 49-0.

Election of New Board Member:

Treasurer Kirkman's (board appointed position after Director Hinkle vacancy) three (3) year term and Secretary Ciocca's two (2) year term (as per change in election sequence per board vote) expire on October 20, 2018. President Pritchett called for other nominations from the floor. There were no other nominations from the floor. President Pritchett introduced the nominees whom had submitted their application for the Firefly Cove Board. The nominees were Joy Ciocca, Melva Dye and Tom Smith. Each nominee introduced themselves and provided a brief statement. Property Owners had the opportunity to ask the nominees questions. President Pritchett asked for 2 volunteers to assist Treasurer Kirkman in counting the votes of the election. Property Owners Kathi Duniec and Rick Stockdale volunteered. President Pritchett then called for the vote of the 2 Directors. There was a ten-minute break held to give time to count the votes.

Election of New Board Member Results:

- Treasurer Kirkman declared that Joy Ciocca and Melva Dye were elected to the Board. Joy Ciocca and Melva Dye will serve a new three (3) year term to the Firefly Cove POA Board. Their terms will expire in October 2021.

Financial Report:

- Treasurer Kirkman reported that we have 53,314.22 in our reserve account and \$18,085.97 in our operating account, this number is net of the \$9,000 compliance fees being held. We are projected to have an operating balance of approximately \$3,000 at 12/31/2018 and project to deposit half of that, \$1,500 into the reserve account; \$10,400 of the boat dock fees collected will also be deposited into the reserve account in the next few weeks. With these deposits, the reserve account balance at 12/31/2018 is expected to be \$65,214.22 plus additional interest earned.

- Treasurer Kirkman went over the report that was sent out to all property owners via email. Treasurer Kirkman informed the property owners that the board has voted to include this report with the board meeting minutes on a quarterly basis. Each quarter totals of the current year will be shown.

New Business:

- **2019 Budget:** Treasurer Kirkman presented the proposed 2019 budget to the property owners. (See Attachment A) After a brief discussion a motion was made that the membership approves the proposed 2019 budget. The motion was seconded and approved by a 49-0 vote.
- **Financial Procedures:** Treasurer Kirkman presented the 2019 Financial Procedures (See Attachment B) and highlighted the changes made from the previous year:
 - Required reporting from the bookkeeper
 - Authorized General Repair Hourly Costs from \$50/hour to \$20/hour
 - Addition of Article X –Reserve Account Treasurer Kirkman stated that this article was added to put protections into the financial procedures for a minimum amount to be maintained and to prevent any board from withdrawing more than 30% of the monies in the Reserve account without a majority of the property owner’s approval.
 - Addition of Article XI which will now require approval of a majority of the property owners to make changes to the Financial Procedures.

Discussions were had regarding the minimum amount to be required in the reserve account. Treasurer Kirkman reported that the board came up with the greater of \$100,000 or an amount equal to the annual dues based on a review of state laws/requirements around the country. It was noted that at the present time approximately 38 states have laws/regulations governing the minimum amounts required in a reserve account, but North Carolina does not presently have any such laws/regulations. It was suggested by several property owners that a review of the POA assets be performed and a long-term assessment plan be made to further determine the needs of the reserve account. It was recommended that the board review when this was done last and to possibly create a financial committee to be created to perform and oversee the review.

After discussions, a motion was made to approve the 2019 Financial Procedures. The motion was seconded and approved by a 49-0 vote.

President Pritchett stated that to date we have always been able to collect 100% of the dues in a timely manner and that the POA currently has no debt. He thanked everyone for their prompt payment. He also thanked Treasurer Kirkman for all his work he does for the POA, especially for preparing the new reports and going back and pulling 2016

and 2017 information and for agreeing to continue to assist the POA board with the preparation of these reports.

➤ **President's Report:**

President Pritchett reported on the operating expenses of the POA and highlighted in his presentation four main areas of expenditures: Lodge Cleaning Contract, Service Contract, Landscaping Contract with specific notation of the application of mulch/pine straw and special projects, and the Swimming Pool. His discussion included a comparison of costs from 2016, 2017 and 2018. President Pritchett noted the scope of work in each area and the changes to this scope that has been made to better serve the community to provide the services needed; in many cases the changes resulted in a savings. The board will continue to review and adjust the contracts on an ongoing basis.

Various property owners made comments or suggestions regarding specific services they felt were needed or were handle well (plant watering–was lacking, lodge cleaning–looks great and pool maintenance–never better)

➤ **Dredging Report:**

Vice President Frosaker reported on the need for dredging of Firefly Cove in order to preserve property values. The presentation included a series of photographs of the cove showing the buildup of silt/sand. He included a rough estimate of costs to dredge our cove which was \$96,000. It was noted that the town is responsible for the dredging to up to 10 foot from the docks, however, the town is reported to be two years behind. The need to dredge our cove is now and if we were able to go to the town with an offer to split the costs we could likely get the dredging done in 2019.

➤ **Sale Of Lot 56:**

Vice President Frosaker reported that the board wanted to consider selling POA owned Lot 56 and use the proceeds to pay for the dredging project. He discussed the prior attempt in 2016 to put this lot up for sale. At that time the POA failed to provide the required 80% needed to move forward with the sale. There was a brief discussion on selling the lot. Concerns about drainage and road frontage were expressed. Some property owners expressed it was a good time to sell, that we should sell and that we shouldn't sell. A poll of those present by a show of hands indicated that more than a majority was in favor of the board moving forward with selling the lot. The board will gather more information on appraisals and real estate comps and will provide to property owners with an official ballot to vote in the coming months.

➤ **Future Dues Increase:**

Secretary Ciocca started a discussion on the need for an increase in the POA dues. It was noted that the POA dues were last increased in 2016 however, that increase was under \$11/year for each property. Secretary Ciocca discussed that the board does

everything to keep costs down but this becomes difficult as everything increases in cost, except our dues. She asked for property owner input on what they felt the dues should be and ideas for increases or other avenues of income to avoid a dues increase. COA President Bob Robinson noted that the COA voted to increase their dues. The overall feeling of those at the meeting was that our dues were low and that regular increases would be a good idea and are preferred over assessments.

The discussion continued to discuss wants of the community. A 2013 survey was reviewed and noted that the top priorities at that time, have all been accomplished. It was agreed that Secretary Ciocca would put out a new survey to all property owners in the near future.

➤ **Maximization of POA Assets:**

President Pritchett opened a discussion on ways to maximize the POA assets. He suggested examples of ways the POA can raise money: raise boat dock fees to market rates, charge for use of the storage boat area, charging for non-motorized boat slips, charge for use of lodge, and increase the reserve replacement fee paid by buyers. He further discussed that the biggest need for money in the near future is going to be for the dredging. He discussed the 2018 'one-off' expenses (boat dock path, boat dock painting, irrigation system, tree removal and storm damage cleanup, dock cushion replacement and a new grill.) He noted potential 'one-off' 2019 expenses will be for pool repairs, kudzu removal and repair of the stream from storm damage. He also discussed the need to build our reserve account up. It was suggested by a property owner to have a \$250/quarter assessment for a year to build up the reserve account.

Adjournment of Meeting

- President Pritchett adjourned the meeting at 12:50pm.

2018

Financial Report

Operating Account

Year 2018

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		2018	2018	2018	2018
Deposits					
POA Dues		\$29,358.00	\$23,226.00	\$23,226.00	
Boat Dock Fees		\$9,600.00	\$800.00	\$0.00	
Kayak Storage Fee		\$0.00	\$476.00	\$0.00	
Easement Fee		\$574.34	\$0.00	\$0.00	
Reserve Replacement Fee		\$0.00	\$0.00	\$0.00	
ARC Fee		\$0.00	\$0.00	\$0.00	
Road Impact Fee		\$0.00	\$0.00	\$0.00	
Compliance Fee		\$0.00	\$0.00	\$0.00	
Insurance Payout		\$0.00	\$0.00	\$0.00	
Special Assessment		\$0.00	\$0.00	\$0.00	
Lodge Rental Fee		\$0.00	\$0.00	\$0.00	
Miscellaneous		\$792.46	\$300.00	\$0.00	
<i>Total Deposits</i>		<i>\$40,324.80</i>	<i>\$24,802.00</i>	<i>\$23,226.00</i>	
Administrative Expenses					
Bookkeeping Contract		\$1,200.00	\$1,200.00	\$1,200.00	
POA Insurance		\$956.66	\$956.67	\$956.67	
Legal		\$43.58	\$302.87	\$0.00	
Office Supplies		\$6.70	\$0.00	\$0.00	
Permit/Licenses		\$0.00	\$950.00	\$40.34	
Tax Prep/CPA		\$2,265.00	\$0.00	\$0.00	
Service Contract		\$800.00	\$1,320.00	\$1,320.00	
Sanitation		\$403.50	\$403.50	\$403.50	
Fire Monitor		\$221.70	\$110.85	\$110.85	
COA Quarterly Dues		\$984.38	\$984.38	\$984.38	
Website		\$0.00	\$0.00	\$0.00	
Pest Control		\$330.00	\$470.00	\$120.00	
Return Compliance Fee		\$0.00	\$0.00	\$3,000.00	

Operating Account

Year 2018

Boat Dock Expenses		\$0.00	\$0.00	\$0.00
Gate Expenses		\$0.00	\$0.00	\$0.00
Lodge Expenses				
Cleaning Contract		\$2,039.75	\$800.00	\$1,200.00
Cleaning Supplies		\$114.58	\$27.79	\$198.42
Internet		\$189.62	\$121.26	\$181.89
TV Cable		\$165.66	\$165.66	\$165.66
Telephone Lodge/Gates		\$537.23	\$643.90	\$622.36
Propane		\$132.91	\$111.94	\$8.57
Electric Lodge/Gate/Dock		\$1,700.86	\$1,641.24	\$1,272.03
Water / Sewer		\$702.11	\$570.33	\$1,371.75
Landscaping Expenses				
Landscaping Contract		\$2,400.00	\$3,075.00	\$2,050.00
Landscaping Projects		\$1,048.00	\$7,844.30	\$850.00
Turf Management		\$0.00	\$0.00	\$595.83
Pool Expenses				
Pool Service Contract		\$0.00	\$1,200.00	\$3,600.00
Maintenance/Supplies		\$0.00	\$0.00	\$0.00
Pool Repairs		\$0.00	\$0.00	\$350.00
Propane		\$0.00	\$720.28	\$74.40
Capital Expenses				
POA Reserve Account		\$0.00	\$0.00	\$0.00
POA Repairs/Replacements		\$501.36	\$8,470.57	\$3,706.76
POA Projects		\$5,000.00	\$6,964.50	\$0.00
POA Purchases		\$0.00	\$1,152.96	\$603.15
Increase to Cash		\$0.00	\$0.00	\$0.00
Total Expenses		\$21,743.60	\$40,208.00	\$24,986.56

Operating Account

Year 2018

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		2018	2018	2018	2018
Notes					
Deposit - Miscellaneous	Refund of COA Propane Error	\$792.46			
Landscaping Project	hook up irrigation system to lake pump	\$1,048.00			
POA Repairs/Replacements	dumpster locks	\$47.50/\$501.36			
POA Repairs/Replacements	Replace Lightbulbs	\$33.89/\$501.36			
POA Repairs/Replacements	treadmill repair	\$125/\$501.36			
POA Repairs/Replacements	re-key office/shower valve	\$294.97/\$501.36			
POA Project	Stone for New Parking/Path to Dock	\$5,000.00			
Deposit - POA Dues	shortfall due to pre-pays Qt 1		\$23,266.00		
Deposit - Kayak Storage Fee	\$100-\$24 credit from POA Dues + 4 rental fees		\$476.00		
Deposit - Miscellaneous	Reimburse Tree Removal from property owner		\$300.00		
Administrative - Permits	POA Kayak/Paddle Board Permits		\$500/\$950		
Administrative - Permits	Annual Fire Inspection		\$450/\$950		
Landscape Project	Mulch		\$180/\$7,844.30		
Landscape Project	Pine Straw		\$2,025/\$7,844.30		
Landscape Project	Tree Removal		\$1,300/\$7,844.30		
Landscape Project	Mulch and Pine Straw/Labor		\$1,047/\$7844.30		
Landscape Project	Mulch and Pine Straw/Labor		\$2,432/\$7,844.30		
Landscape Project	plants/flowers/clean drains		\$860.30/\$7,844.30		
POA Repairs/Replacements	Repair Dock & Paint		\$5,120/\$8,470.57		
POA Repairs/Replacements	Replace Lodge Exit Lights		\$215.57/\$8,470.57		
POA Repairs/Replacements	Replace Lost Dock Cushions		\$775/\$8,470.57		
POA Repairs/Replacements	Repair Pool Arbor/Fence Post/kayak rack		\$1,890/\$8,470.57		
POA Repairs/Replacements	Replace Lost Dock Cushions		\$410/\$8,470.57		
POA Repairs/Replacements	Painting of Picnic Tables		\$60/\$8,470.57		
POA Project	New Parking/Path to Dock		\$400/\$6,964.50		
POA Project	New Parking/Path to Dock		\$6,564.50/\$6,964.50		
POA Purchases	New Paddle Board/Life Vests		\$534.98/\$1,152.96		
POA Purchases	2 new single kayaks		\$617.98/\$1.152.96		

Operating Account

Year 2018

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		2018	2018	2018	2018
Deposit - POA Dues	shortfall due to pre-pays Qt 1			\$23,266.00	
Deposit - Miscellaneous	Reimburse Tree Removal from property owner			\$100.00	
Administrative - Permits	Real Estate Tax on POA Property			\$3,84/\$40.34	
Administrative - Permits	Fire Extinguisher Certification			\$36.50/\$40.34	
Landscape Project	Tree Removal Gate Entrance			\$200/\$850	
Landscape Project	Tree Removal Storm Damage			\$350/\$850	
Landscape Project	New Landscape Maintenance			\$300/\$850	
Pool Repairs	Repair pool Broken Pipe/Flood Clean Up			\$350.00	
POA Repairs	Gym Equipment Repair Contract			\$175/\$3,706.76	
POA Repairs	Dock Pressure Wash/Maint.			\$100/\$3,706.76	
POA Repairs	Lodge Fire Alarm Batteries			\$57.76/\$3,706.76	
POA Repairs	repair gate			\$326/\$3,706.76	
POA Repairs	install new software/build new database			\$475/\$5,706.76	
POA Repairs	purchase required security software			\$682/\$3,706.76	
POA - Repairs	Replace Irrigation Pump			\$875/\$3,706.76	
POA -Repairs	Repair Irrigation lines/heads/rock cover/pressure tank			\$1016/\$3,706.76	
POA Purchases	New Gas Grill/Cover			\$512.37/\$603.15	
POA Purchases	Food - Annual 4th of July Cookout			\$90.78/\$603.15	

The Board will
publish the Yearly
Income/Expense Report
by Quarter
in the Board Minutes

Current Balance of Operating Account of Today

\$18,085.97

Projected Balance of Operating Account
December 31, 2018

\$3000

Current Balance of Reserve Account of Today

\$53,314.22

Projected Balance of Reserve Account December 31, 2018

\$10,400.00 - boat dock fees

\$1,500.00 - ½ Year-End Operating Account

\$65,214.22

Long Term Planning

- Construct Gate to The Pinnacle - \$25,000
- Dredging of Cove \$25,000 - \$80,000
- Replace Lodge Air Conditioners – 3 Units
\$7,000 each unit

The 2019 Proposed Budget

	A	B	C	D	E
1					
2					
3					
4	Income				
5					
6	57 lots X 4 quarters X \$438		POA Dues		\$ 99,864.00
7	13 boat slips X \$800		Boat Dock Fees		\$ 10,400.00
8	5 storage racks X \$100		Kayak Storage Fee		\$ 500.00
9	easement to 27 acres		Easement Fee		\$ 550.00
10			Reserve Replacement Fees		
11			ARC Fees		
12			Road Impact Fees		
13			Compliance Fee (Refundable)		
14			Insurance Payout		
15			Special Assessment		
16			Lodge Rental Fees		
17			Miscellaneous		
18			Bank Interest (Reserve Account)		\$ 100.00
19	Income				\$ 111,414.00
20					
21					
22	Expenses				
23					
24					
25	Adminstration Expenses				
26					
27			Bookeeping Contract		\$ 4,800.00
28			POA Insurance		\$ 3,500.00
29			Legal		\$ 900.00
30			Office Supplies		\$ 200.00
31	kayak, paddle board, fire inspection		Permits/Licenses		\$ 1,100.00
32	file federal/state annual tax form		Tax Prep/CPA		\$ 650.00
33			Service Contract		\$ 5,300.00
34	dumpster in storage area		Sanitation		\$ 1,600.00
35			Fire Alarm Monitor		\$ 600.00
36			COA Quarterly Dues		\$ 3,964.00
37			Website		\$ 150.00
38			Pest Control		\$ 1,000.00
39					

	A	B	C	D	E
40					
41					
42					
43	Lodge Expenses				
44					
45			Cleaning Contract		\$ 4,800.00
46			Cleaning Supplies		\$ 400.00
47			Internet		\$ 750.00
48			TV Cable		\$ 700.00
49	lodge/pool emergency		Telephone		\$ 1,300.00
50			Propane		\$ 400.00
51			Electric Lodge/Gates/Dock		\$ 6,600.00
52			Water / Sewer		\$ 4,500.00
53					
54					
55	Landscaping Expenses				
56					
57			Landscaping Contract		\$ 12,300.00
58	mulch, pine needles		Landscaping Projects		\$ 6,600.00
59			Turf Management		\$ 3,200.00
60					
61	Pool Expenses				
62					
63	open/close pool/daily check & clean/chemicals		Pool Service Contract		\$ 6,000.00
64			Pool Equipment Repairs		\$ 1,500.00
65			Propane		\$ 2,500.00
66					
67	Capital Expenditures				
68					
69	boat fees + \$1,600/qt. from operatiing		POA Reserve Account		\$ 16,800.00
70			Bank Interest to Reserve Account		\$ 100.00
71	pool pump door/drain, rotten lodge beams		POA Repairs/Replacements		\$ 11,300.00
72	upgrade irrigation system		POA Projects		\$ 5,500.00
73			POA Purchases		\$ 2,400.00
74					
75	Expenses				\$ 111,414.00

2019

Financial Procedures

5.2 Reports will include

5.2.1 ~~Monthly to Date and Yearly to Date Income Statement with Budget and Variance Columns~~ Profit & Loss Statement. A year to date Profit & Loss Budget Performance Statement

5.2.2 Month End Balance Sheet

5.2.3 A copy of the Association's Bank Statement

5.2.4 A monthly Account Receivable Aging Summary

5.2.5 A monthly Deposit Detail

5.2.6 ~~Log of check payments for the month with explanations as needed~~
A monthly Check Detail

~~5.2.5 Summary of property owner dues pre-payments & delinquencies~~

7.2.3 Hourly rate for services performed is not to exceed ~~\$50.00~~. **\$20.00**

7.3.4 Hourly rate for services performed is not to exceed ~~\$50.00~~. **\$20.00**

Article X

Reserve Account

- 10.1 The Board shall maintain a Reserve Account with the minimum amount equal to the annual amount of Firefly Cove POA assessments or \$100,000 whichever is greater.**
- 10.2 If there is not sufficient funds equal to the amount described in section 10.1, the Board shall deposit all of the annual boat slip fees and 50% of the year end cash balance into the Reserve Account until the Reserve Account is fully funded.**
- 10.3 The Reserve Account shall not be lowered by more than 30% during a calendar year without the approval of the majority of the property owners.**

Article XI

11.1 Any changes to this document must be approved by the majority of the Property Owners at the Annual Meeting or a majority of the Property Owners at a called Special Meeting.

The End

Lodge	2016	2017	2018
Cleaning Contract	\$10,200	\$10,200	\$5,240

Savings of \$4,960

Administrative Expenses	2016	2017	2018
Service Contract	\$2,400	\$2,400	\$4,760

Increase cost of **\$2,360**

Average Cost for
Mulch/Pine Needles/Labor
2013 - 2015

\$14,000 per year

Landscaping Projects (does not include contract cost)

2 nd Quarter	2016	\$7,099
2 nd Quarter	2017	\$7,629
2 nd Quarter	2018	\$6,048

4 th Quarter	2016	\$8,424
4 th Quarter	2017	\$9,684
4 th Quarter	2018	\$0

Pine Straw/Mulch/Labor

4 th Quarter	2017	\$6,961
2 nd Quarter	2018	\$5,684

Estimated Landscaping Savings

\$2,000/year for not mulching path to boat dock

\$3,000/year from pine straw/mulch/labor reduction

\$2,300/year eliminating special project

Total Savings 2018 vs 2017 = \$7,200

Swimming Pool Costs	2016 May - Sept	2017 May - Sept	2018 May - Sept
Labor/Chemicals	\$2,182	\$3,847	\$6,000
Propane	\$831	\$1,805	\$795
Total	\$3,013	\$5,652	\$6,795
		October	
Labor/Chemicals		\$1163	
Propane		\$705	
Total	\$3,013	\$7,520	\$6,795

Cost to Open Swimming Pool in October

	2017 October	2018 October
Labor/Chemicals	\$1,163	\$1,200
Propane	\$705	\$800 (est.)
Total	\$1,868	\$2,000 (est.)

Dredging

















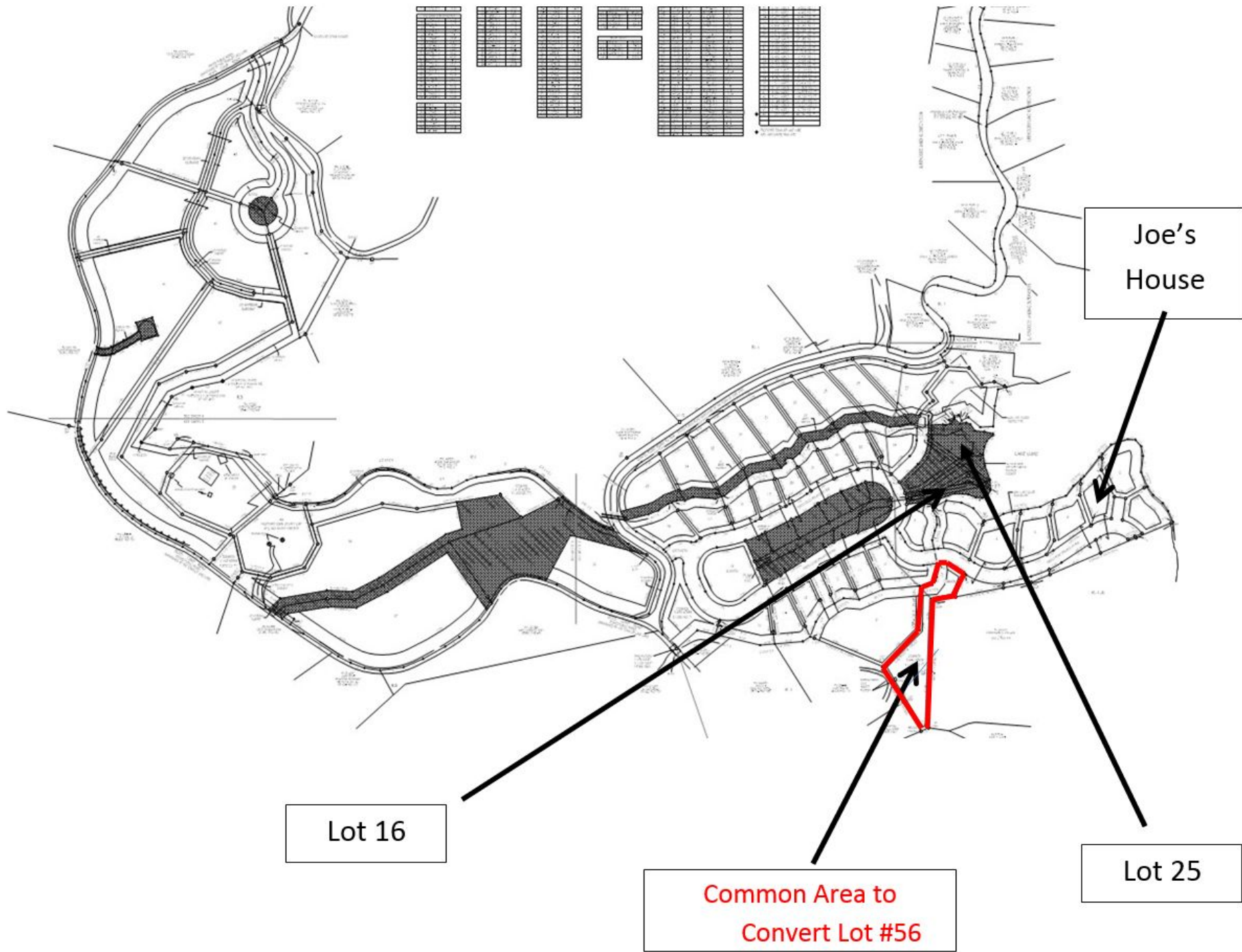
Dredging

Cove is One of Our Most Important Assets

- Protect Property Values
- Today's Average Depth is Only 2' – 4'
- Remove 8,000 yds.' (approximately 2')
- Estimated Cost - \$96,000 Half paid for by Town of Lake Lure Half Fire Fly

Lot 56

- Lot 56 Owned by Firefly Cove
- .95 Acres
- Last Appraisal - \$65,000 (2016)
- Eliminate Need for Any Special Assessment
- 80% of Home Owners Need to Approve.



Tax Parcel #1643116

