Firefly Property Owners Association, Inc.
Annual Meeting

October 26, 2019

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 10:03am.
- Directors present: President Joe Pritchett, Vice President Mike Frosaker, Director Melva Dye, Treasurer Mike Kirkman and Secretary Joy Ciocca
- Directors Absent: None
- Property Owners Present: Condos 203, 204 Lots 2, 3, 6, 7, 10, 11, 12, 13, 14, 15, 17, 18, 21, 24, 28, 29, 33, 34, 35, 40, 45, 47, and 49.
- Property Owners Represented by Proxy: Condos 101, 102, 201, 202 Lots 4, 9, 19, 20, 23, 26, 27, 36, 37, 38, 39, 51, and 52.
- Property Owners Absent: Lots 1, 5, 8, 22, 30, 31, 32, 41, 42, 43, 44, 48, 50, 53 and 55.

Greeting:

- President Pritchett welcomed all property owners present and thanked them for coming and thanked everyone for paying their dues in full and on time.

Proxies:

- Secretary Ciocca certified all the proxies.

Quorum:

- Secretary Ciocca announced that there being a sufficient number of property owners represented, 42 (25 property owners present, and 17 property owners represented by proxy), a quorum was established.

Certification of 2018 Annual Minutes:

- The minutes from the Annual Board meeting of October 20, 2018 for the Firefly Cove Property Owners Association were approved by motion, second, and by a vote of 42-0. Prior to the vote, Property Owner Smith stated for the record that the membership never formally approved the dredging or the appropriation of funds for the dredging. President Pritchett stated that the board had the authority to handle without a membership vote.

Election of New Board Member:

- President Pritchett's (board appointed position after Director Hinkle vacancy, 10/21/17) three (3) year term and Vice President Forsaker's three (3) year term expire on October 26, 2019. Director Dye called for other nominations from the floor. There were no other nominations from the floor. Director Dye introduced the nominees who had submitted their application for the Firefly Cove Board. The nominees were Mike Frosaker and Mark Helms. Property Owners had the opportunity to ask the nominees questions. Director Dye then called a yes/no vote of the Directors, which was unanimous vote of 42-0.

Election of New Board Member Results:

- Director Dye declared that Mike Frosaker and Mark Helms were elected to the Board. Mike Frosaker and Mark Helms will serve a new three (3) year term to the Firefly Cove POA Board. Their terms will expire in October 2022.

Financial Report:

- Treasurer Kirkman reported that last year we were expected to have $3000 at 12/31/2018 but due to clean up from a flash flood along the creek we ended up with $438 and half of this was put into the reserve account. Property Owner Jayne Mann spoke about the flash flood event and Treasurer Kirkman showed photos of the damage.

- Treasurer Kirkman reported as of today we have $13,711 in our operating account, with three more dues payments to be collected. We are projected to have an operating balance of approximately $2,000 at 12/31/2019 and project to deposit half of that, $1,000 into the reserve account.

- Treasurer Kirkman reported we have 28,748 in our unrestricted reserve account and $2,596 in our restricted reserve account (Reserved for Road Repairs). Both numbers are net of the any compliance fees being held that may need to be returned after construction completion.

- Treasurer Kirkman stated that in 2019 the board prepared the Reserve Maintenance study, which was sent out in the annual meeting packet. This study represents our best guess as to items that will need to be replaced/repaired, the expected cost and the anticipated replacement date. Property Owner Smith stated that he did not agree with the study. He felt that some amounts were understated and there may have been items left off in error. He fears, if this study is relied on for budgeting, it may lead to insufficient available funds and subsequent assessments to the property owners. Treasurer Kirkman and President Pritchett encouraged property owners, should they feel the study is not sufficient, to present their own report to the board for consideration.

- Treasurer Kirkman discussed three items that the board is considering in the long-term planning. They are construction of a gate at the Pinnacle as soon as a home is built, professional landscaping improvements and replacement of the lodge AC units.

New Business:

- **2020 Budget:** Treasurer Kirkman presented the proposed 2020 budget to the property owners; this was included in your annual meeting packet. This budget includes a dues increase to $486/quarter. The board worked hard to cut operating costs where it could, but cost cutting has been exhausted, subsequently the board passed this increase for 2020 to defray the increased costs of COA Dues, utilities, sanitation, insurance, landscaping, and pool maintenance. After a brief discussion a motion was made that the membership approves the proposed 2020 budget. The motion was seconded and approved by a 42-0 vote.

- **Financial Procedures:** Treasurer Kirkman presented the 2020 Financial Procedures. There were no changes made from the 2019 procedures. Treasurer Kirkman stated that the Quarterly Income and Expense Reports once approved by the board will be included in the board minutes, on the website and will also be emailed to property owners.

- **Sale Of Lot 56:**
  Vice President Frosaker reported that Lot 56 is up for sale. We had one very interested buyer but they could not get the financing, so it fell through. No other serious interest, but that is in line with lots for sale in Lake Lure. The contract with the current real estate agent expires in December. The board will reevaluate the agent and the price at that time.

- **Medical Airlift:**
  Vice President Frosaker reported that the Firefly Cove Common area is now an approved site for Medical Airlift landing through Mission Hospital. Procedure will be to call 911 as normal and then the EMT personnel will determine if airlift will be needed. Everyone has the GPS coordinates so that they can call for this location. This service will be available to Firefly Cove property owners as well as our surrounding neighbors.

- **Use of Common Area:**

  President Pritchett started a discussion on the proposed changes to the Special Use of Common Area and Facilities Agreement that was included in the annual meeting packet. He reported that the board has worked on revising this policy for many hours and to develop an effective policy to meet the needs of all property owners. After discussions it was felt that the agreement needs some revisions, especially to define events more specifically. The board agreed to create a committee to review and revise this agreement to present to the board for approval and implementation.

- **Parking Problem:**

  President Pritchett started a discussion regarding parking at the lodge and the dock. Property Owners and guests need to be respectful that there is not enough parking. Suggested that Friday, Saturday and Sunday from May through September, parking spaces in both areas should be limited to Property Owners only. Guest and overflow are permitted to park on the road along the curbed side. Parking on the grass is not permitted at any time. Parking on another property owner's property is not permitted unless previous permission has been granted. Keep in mind, there are underground irrigation pipes that will break if driven or parked on. Parking is not permitted directly outside the lodge. This area is for emergency vehicles and loading and unloading. All vehicles must be attended while in this area.

- **President's Report:**

  - **Operating Expense:**

  President Pritchett reported on the operating expense contracts for the POA. He highlighted in his presentation the main areas of expenditures: Service Contract, Landscaping Contract with specific notation of the application of mulch/pine straw and special projects, and the Swimming Pool with notation that we have spent over $18,000 on pool costs, including maintenance, repairs and replacement needed. His discussion included a comparison of costs from 2017, 2018 and 2019 (see attached presentation report). President Pritchett noted that the hiring of property owners to do one-time projects as well as monthly contracts has been invaluable to the community, specifically considering costs as well as availability. President Pritchett went over specific pool and pool deck repairs that were made this year as well as some that will need to be done in the next year.

  - **Boat Docks:**

  President Pritchett reported that all the boat dock fees have been put into the reserve account for 2017, 2018 and 2019. He also noted that issues with parking boats in the day slip needs to be treated with common sense as well as notification to the board or the committee. President Pritchett mentioned there is a need for a boat dock committee to help manage the boats and he thanked those that helped throughout the year during storms and the dredging project.

President Pritchett stated that the renters are permitted to use the pool and the non-motorized boats. They are not permitted to use the boat slips. COA rental rules will be posted to the website for property owners' information.

- **Dredging:**

President Pritchett reported on the dredging project. The presentation included a series of photographs of the cove showing the buildup of silt/sand as well as photos of the dredging being completed. It was noted that the town is responsible for the dredging to up to 10 foot from the docks, however, the town was not likely going to get to our cove anytime soon with the financial constraints the town is currently facing. We presented the town with an offer to split the costs which enabled us to get the dredging done in 2019. The town approved our proposal and the dredging was completed in April. 350,000 cubic feet of dirt/silt was removed from Firefly Cove. We believe this saved our summer and our cove; all boats slips became usable, swimming was nicer and the fish and birds returned and we maintained our property values. Property Owner Smith noted his opposition to the fact that the dredging was paid for with an assessment and that reserve account money was used without membership approval and that we did not wait until Lot 56 was sold to use that money. President Pritchett clarified that the board acted within it's duties to have an assessment and use the reserve account for these purposes and that the board still intends to put the proceeds from the sale of Lot 56 into the reserve account. Several other property owners, including Karen Chapman, Jayne Mann, and Charles Dye, all stated the importance of dredging Firefly Cove, not only for swimming but to protect the beauty of our cove and the value of our properties. President Pritchett

President Pritchett explained the areas where the town is working on preventing the ongoing silt build up in the lake. He also noted the work that property owners Moore and McKensey have done and plan to do to improve the streams. President Pritchett further explained that the storms continue to bring silt and debris into our cove. To combat this we plan to perform additional dredging in 2020. This will be done this winter when the lake is down and we will bring in an excavator to clear out the west stream. In addition, we plan to get a committee together to determine the areas around the boat dock that need further dredging and how we will go about doing that. President Pritchett went over the costs involved, excavation costs are expected to be approximately $14,000 with additional dredging to be approximately $8,000.

- **Security:**

President Pritchett spoke about security. Firefly Cove has relatively no crime. There were two pictures stolen from the lodge and a boat battery from a boat in the boat storage area. We had a proposal to install cameras but that was put on hold due to budgeting. Key fobs are now being handled by Joy Ciocca and the cost of those used to be $25 are now free.

- **Utility Easement:**

The town has approached Firefly Cove for an easement for a water pumping station to be installed in the boat storage area. This is required to help Firefly and other town properties with water supply to connect to Chimney Rock. This will be at no cost to Firefly Cove and the construction will be done sometime in the summer of 2020.

- **Reserve Study:**

President Pritchett discussed the reserve studies completed over the years and the obligations. The community started with $6,000 in the bank and a $12,000 debt due to the COA. Then a security system was put in for $8,000, then a gate was installed. The reserve account didn't start until 2013, with a small amount. After that, the board strongly thought to protect the reserve. An assessment for $950 for the road and $350 for the dredging. $34,000 was used from the reserve for the road and $51,000 for the dredging. A total of $86,000 was taken from the reserve account to fund those two projects. The reserve account today is currently $29,000. $115,000 has been put into the reserve account over the years since it was established. Over the last eight years dues have been roughly $100,000 per year, $800,000 for eight years. The board has pulled from this money for repair and replacement and not taken money from the reserve account, except for the road and the dredging. Examples of repairs/replacements paid for out of operating funds include, to name a few: $7,000 Pool Equipment, $2,000 Plumbing, $3,000 Pumps, $2,500 drain, $10,000 doors, $1,500 lodge floor, $3,000 Chairs, $5,000 outdoor furniture, $3,000 kayaks, $3,000 stationary bike, $11,000 boat dock path, $5,000 boat dock furniture, $1,800 boat dock cushions. When you add all these repair/replacement costs paid for out of the operating funds it comes to about $160,000 spent over the last eight years. $160,000/$800,000 is 20%, that means $0.20/dollar of dues being spent on reserve items.

- **2020 Plan:**

2019 year-end balance, 2020 dues payments and boat dock fees will all be placed into the operating account in order to pay for upcoming dredging, pool repairs and landscaping projects. The board does not intend to have an assessment for these items. It will be very tight, especially because many of these and other operating expenses occur in the beginning part of the year; $15,000 dredging in January, $9,000 mulch in April, $5,000 pool repairs by May 1st. Because of these front-end outlays, we may need to dip into the reserve account and then replace it later in the year, bar any unforeseen expenses. It is imperative that property owners pay their quarterly dues timely and we appreciate all those that have done so each quarter. Property Owners need to keep in mind, the board continues to operate with the lowest dues as possible, but also needs to realize that to do that use of the reserve account and assessments may need to occur.

- **Recognition:**

  President Pritchett recognized all property owners that are willing to help out the community and specifically noted the following: John and Karen Chapman for suggesting the Medical Airlift and Mike Frosaker for making it happen, John Moore and David McKinsey for the work on stream restoration, Jayne Mann for finding our landscaper, Mark Helms and John Chapmen for moving the boats during dredging, Karen Donovan for taking care of basic maintenance in the lodge and the doing the planters out front and in the pool and organizing the events and to the board for all their hard work.

- **POA Website:** Treasurer Kirkman introduced the new POA website.
  www.fireflycovepoa.com
  password: ffcPOA57
  All information on the POA is available on the website to include; all board meeting minutes, last two years of financial reports, rules and regulations and a new, member only forum. The forum is there for you to post to the members, for example, if you have an item for sale, or want to invite everyone to an event. Secretary Ciocca recognized and thanked Treasurer Kirkman for taking his own time in creating this site free of charge for our community. This was a savings of at least $3,000.

Open Forum

- Director Dye recognized and thanked President Pritchett for all the work he has done for the POA, especially the work he has done to spearhead the dredging.

Adjournment of Meeting

- President Pritchett adjourned the meeting at 12:34pm.

2019
Financial Report

At the Annual Property Owners
Meeting in October 2018
Projected Balance of Operating Account
On December 31, 2018

$3000

Cost to Clean up after the
Flash Flood

$2,930

Actual Balance of Operating Account
December 31, 2018

$438

½ was Deposited into
Reserve Account
January, 2019

Bridge Behind Mann House and Smith House

Bridge

Moore House
Flowers House

Moore House
POA Dock

Current Balance of Operating Account as of Today

$13,711

Projected Balance of Operating Account
December 31, 2019

$2,000

Current Balance of Unrestricted Reserve Account as of Today

$28,748.43

Current Balance of Restricted Reserve Account as of Today

$2,595.81

In 2019 the Board conducted the 2020 Reserve Study

A Copy is in your Annual Meeting Packet

Long Term Planning

- Construct Gate to The Pinnacle - $25,000
- Replace Lodge Air Conditioners
  3 Units - $30,000

The 2019 Proposed Budget

Quarterly Dues Increase $438 to $486

- Quarterly Dues 2009 – 2012 $386.26**
- Quarterly Dues 2012 – 2015 $435.36
- Quarterly Dues 2015 – 2019 $438.00,
  an increase of $2.64
- Quarterly Dues 2020 - Future $486.00,
  an increase of $48/qtr or $16/month

Dues Increase

- Cost Cutting is at its limit

- Increase in Condo Owners Association dues
- Increase in water and electricity
- Increase in sanitation
- Increase in insurance
- Increase in landscape
- Increase in pool costs
- Increase in POA repairs

Firefly Cove POA Proposed Reserve Budgets 2020

Unrestricted Funds				
Deposit				
		Boat Dock Fee		$ 13,000.00
assuming 1 sale of propery in Firefly Cove		Reserve Replacement Fee		$ 438.00
assuming 1 new construction start		Compliance Fee		$ 3,000.00
		Special Assessment		
		Miscellaneous		
		Interest Income		$ 800.00
Total Deposit				***$ 17,238.00***
Expenses				
assuming Completion of 1 new construction		Transfer to Operating		$ 3,000.00
		Miscellaneous		
Total Expense				***$ 3,000.00***
Cash at end of 2020 estimated (2019 end of year cash + 2020 budget)				*$ 48,800.00*
Road Impact Restricted Funds				
Deposit				
assuming 1 new construction start		Road Impact Fee		$ 2,000.00
27 acres road easement fee thru Ridges		Easement Fee		$ 600.00
		Interest Income		$ 30.00
Total Deposit				***$ 2,630.00***
Expenses				
		Transfer to Operating		
assuming Completion of 1 new construction		Refund to Property Owner		$ 1,000.00
		Bank Charge		
		Miscellaneous		
Total Expenses				***$ 1,000.00***
Cash at end of 2020 estimated (2019 end of year cash + 2020 budget)				*$ 4,230.00*

Firefly Cove POA **Proposed Operating Budget** **2020**

	A	B	C	D	E	F
1					**2019 Budget**	**2020 Budget**
2					**$438 Dues**	**with Dues Increase**
3	**Income**					**from $438 to $486/qt**
4						
5	57 lots X 4 quarters X $438		POA Dues		$ 99,864.00	$ 110,808.00
6			Kayak Storage Fee		$ 500.00	$ 500.00
7			ARC Fees			
8			Insurance Payout			
9			Lodge Rental Fees			
10	Boat Fees and 27 acre Road Fee		Miscellaneous		$ 10,950.00	
11						
12	***Total Income***				***$ 111,314.00***	***$ 111,308.00***
13						
14						
15						
16						
17	**Expenses**					
18						
19	***Adminstration Expenses***					
20						
21	5% increase		Bookeeping Contract		$ 4,800.00	$ 5,040.00
22			POA Insurance		$ 3,500.00	$ 3,800.00
23			Legal		$ 900.00	$ 750.00
24			Office Supplies/Refunds/Charges		$ 200.00	$ 200.00
25	kayak, paddle board, fire inspection		Permits/Licenses/Tax		$ 1,100.00	$ 1,200.00
26	file federal/state annual tax form		Tax Prep/CPA		$ 650.00	$ 650.00
27			Service Contract		$ 5,300.00	$ 2,000.00
28	dumpster in storage area		Sanitation		$ 1,600.00	$ 2,000.00
29			Fire Alarm Monitor		$ 600.00	$ 600.00
30	increase COA Dues $625/yr starting 2020		COA Quarterly Dues		$ 3,964.00	$ 4,628.00
31			Website		$ 150.00	$ 150.00
32			Pest Control		$ 1,000.00	$ 1,200.00
33			Return of Compliance Fee			
34						
35						
36						
37						
38						

	A	B	C	D	E	F
39	***Lodge Expenses***					
40						
41	Increase of 5%		Cleaning Contract		$ 4,800.00	$ 5,040.00
42			Cleaning Supplies		$ 400.00	$ 400.00
43			Internet		$ 750.00	$ 750.00
44			TV Cable		$ 700.00	$ 800.00
45			Telephone		$ 1,300.00	$ 700.00
46			Propane		$ 400.00	$ 400.00
47			Electric Lodge/Gates/Dock		$ 6,600.00	$ 7,000.00
48			Water / Sewer		$ 4,500.00	$ 5,500.00
49						
50	***Landscaping Expenses***					
51						
52			Contracts		$ 12,300.00	$ 11,000.00
53	mulch, pine needles		Projects		$ 6,600.00	$ 8,500.00
54			Turf Management		$ 3,200.00	$ 5,000.00
55						
56	***Pool Expenses***					
57						
58	Increase of 5%		Service Contract		$ 6,000.00	$ 6,300.00
59			Maintenance/Supplies		$ 500.00	$ 500.00
60			Repairs		$ 1,000.00	$ 1,000.00
61			Propane		$ 2,500.00	$ 2,500.00
62						
63	***Capital Expenditures***					
64						
65			POA Reserve Account		$ 16,800.00	**
66			POA Repairs/Replacements		$ 11,300.00	$ 17,200.00
67			POA Projects		$ 5,500.00	$ 9,000.00
68			POA Purchases		$ 2,400.00	$ 7,500.00
69						
70	***Total Expenses***				***$ 111,314.00***	***$ 111,308.00***
71						
72						
73			** 1/2 of Cash End of 2020 will be transferred to Unresticted Reserve Jan 2021			

No Changes to 2019 Financial Procedures

Quarterly
Income and Expense Report
Will be emailed to property owners
by the Secretary and is
also available in the Board Minutes
and on the
POA Website

The End

Lot 56

- Thank you for giving the Board approval to sell Lot 56
- Currently there are 354 lots for sale within Lake Lure
- Of the 354 lots in Lake Lure, eight are within Firefly

- Prices range from $89,900 - $395,000
- None sold in the last 365 days
- Current Real Estate contract ends in December. The Board will re-evaluate price at that time.

Mission Hospital Medical Airlift

- Firefly Cove has been approved as a landing area for the Mountain Area Medical Airlift

- Call 911, Lake Lure ambulance will be sent

- Ambulance driver will make the determination if the helicopter is needed

- Fire Department has provided Medical Airlift with GPS for Firefly

- Helicopter will land here within 12 minutes of receiving call

State
of the
Firefly Cove
Property Owners Association

Board Independent Contracts

	2017	2018	2019
Bookkeeping Contract	$4,800	$4,800	$4,800
Lodge Cleaning Contract	$10,400	$4,840	$5,300
Landscaping Contract	$9,600	$8,550	$9,100
Turf Management Contract	$0	$596	$3,575
Service Contract	$2,400	$4,760	$2,040
Pool Service Contract	$4,391	$6,000	$7,125

Landscape

	2017	2018	2019
Landscaping	$20,065	$14,632	$18,900
Pool Propane	$2,512	$795	$423

- Grass, Plants, Trees
- Kudzu
- Irrigation System
- New Professional Landscape Plan
- Landscape Committee

Swimming Pool

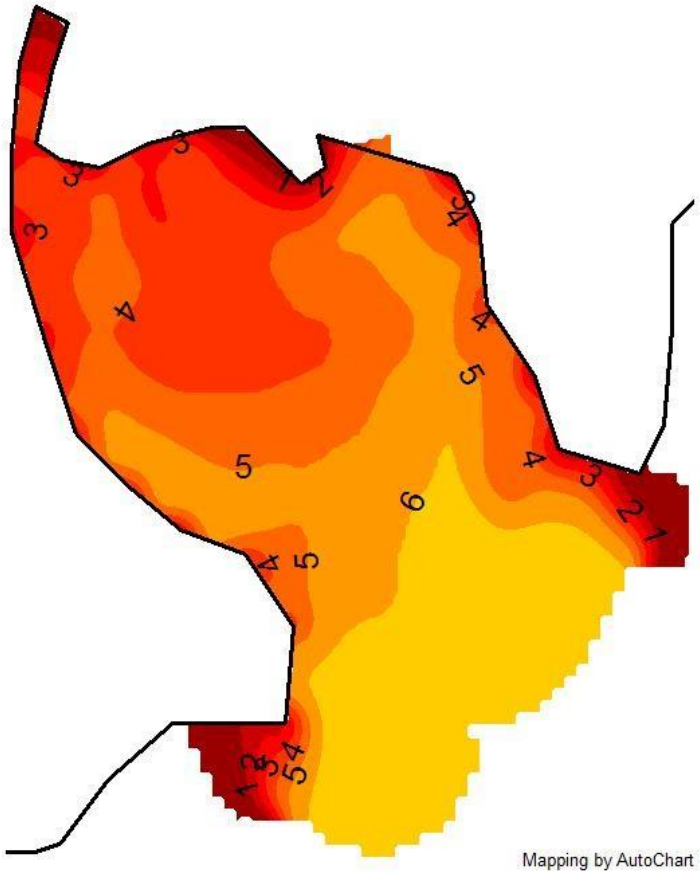
- Inspection
- Operating Cost
- Propane
- Cost of Repairs - 2020
- Pool Contractor
- Swimming Pool Committee

Boat Docks

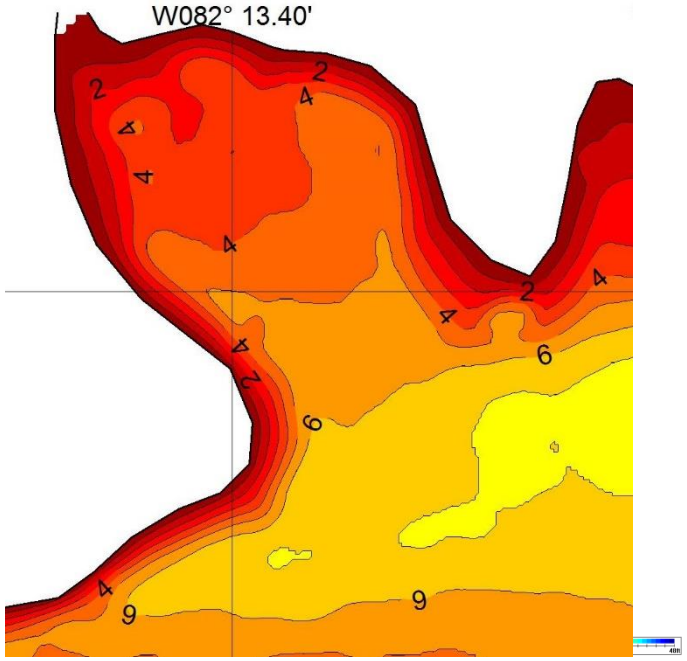
- **Revenue from Boat Docks**
- **Boat Dock Committee**

Dredging of Cove

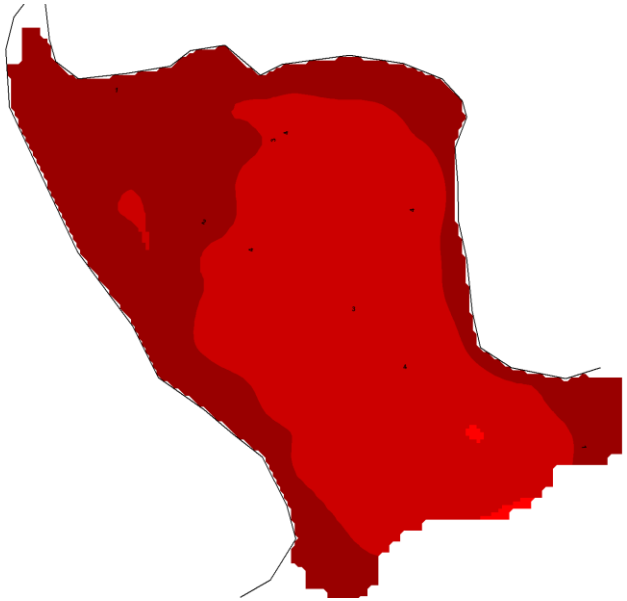
2015



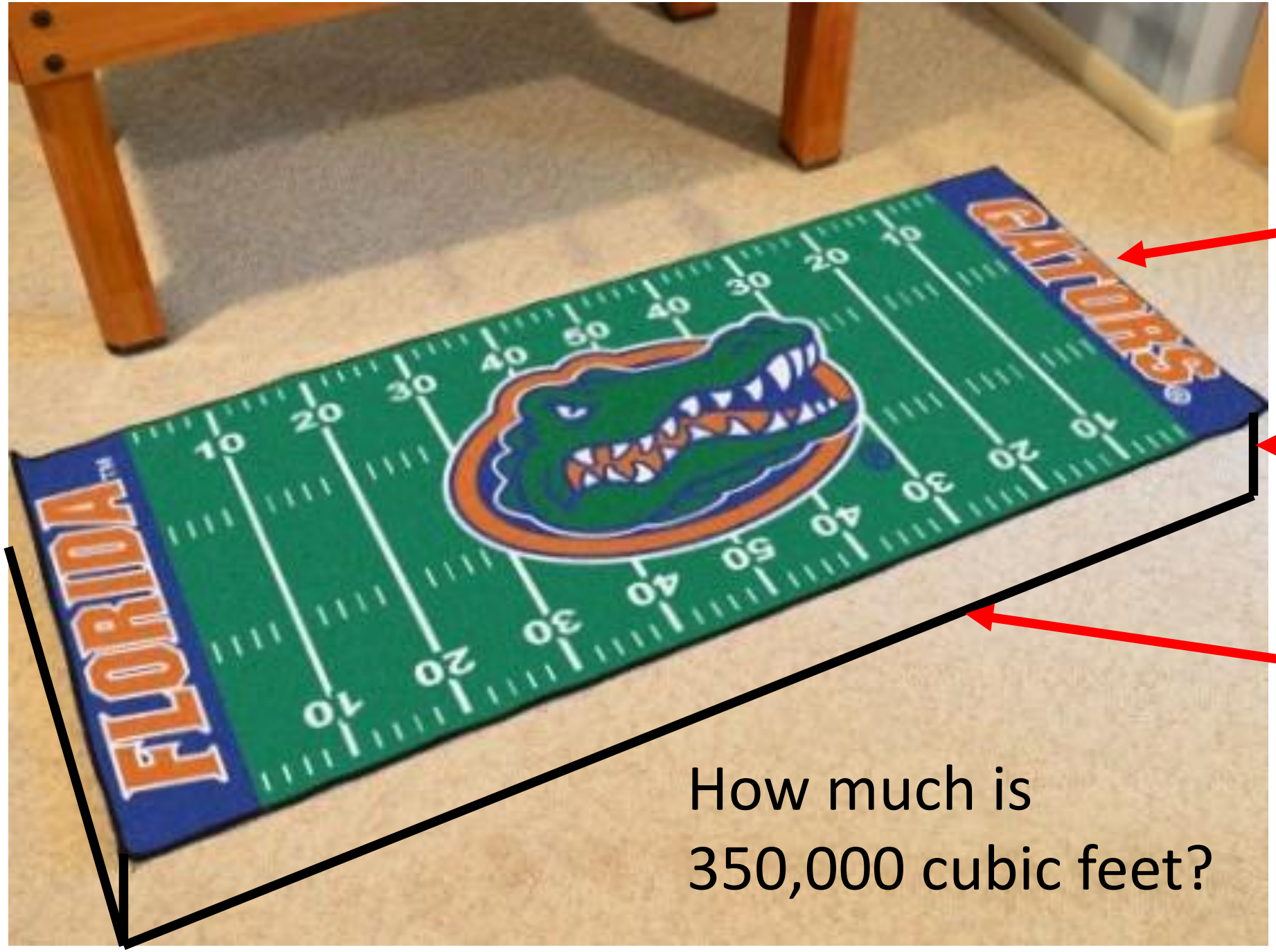
2018
Before Flood



2018
After Flood



CAT
Tyvek


FLORIDA
GATORS
159 feet
6 feet
360 feet
How much is
350,000 cubic feet?

Reserve Account History

2020 Plan for Reserve Account

New Property Owners Website

www.fireflycovepoa.com

Password: ffcPOA57

Thank You Property Owners