

**Firefly Property Owners Association, Inc.**  
**Annual Meeting**  
**October 17, 2015**

**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 10:01am.
- Directors present: President Joe Pritchett, Vice President Bob Cameron, Treasurer Doug Newton, Secretary Mike Kirkman, and Director Jonathan Hinkle
- Directors Absent: None
- Property Owners Present: Condo 101, Condo 102, Condo 201, Condo 202, Condo 203, Lot 2, Lot 3, Lot 4, Lot 5, Lot 11, Lot 12, Lot 14, Lot 17, Lot 24, Lot 28, Lot 29, Lot 31, Lot 32, Lot 33, Lot 34, Lot 35, Lot 45, Lot 47, and Lot 51
- Property Owners Represented by Proxy: Condo 204, Lot 1, Lot 6, Lot 7, Lot 8, Lot 13, Lot 15, Lot 18, Lot 21, Lot 22, Lot 26, Lot 27, Lot 36 , Lot 37, Lot 38, Lot 39, Lot 42, Lot 44, Lot 50, and Lot 55
- Property Owners Represented by Limited Proxy: Lot 40, Lot 48, and Lot 49

**Proxies:**

Director Hinkle certified all the proxies.

### **Quorum:**

Director Hinkle announced that there being a sufficient number of property owners represented (24 lot owners present and 20 lot owners represented by proxy), a quorum was established.

### **Election of New Board Member:**

Treasurer Doug Newton's 3 year term expires on October 17, 2015. Director Hinkle called for other nominations from the floor. There were no nominations from the floor. Director Hinkle introduced the nominees whom had submitted their application for the Firefly Cove Board. The nominees were Doug Newton and Rick Stockdale. Each nominee introduced themselves and provided a brief resume. Director Hinkle asked for a volunteer to assist him in counting the votes of the election. Jack Buckingham volunteered to assist with the counting the ballots. Director Hinkle then called for the vote of the Director.

### **Election of New Board Member Results:**

Director Hinkle declared that Doug Newton was re-elected to the Board. Doug Newton will serve a new three (3) year term to the Firefly Cove POA Board. Doug Newton's term will expire in October 2018.

### **Certification of 2014 Annual Minutes:**

The minutes from the Annual Board meeting of October 18, 2014 for the Firefly Cove Property Owners Association were approved by motion, second, and by a vote of 44-0.

### **Financial Report:**

Treasurer Newton presented the financials of the association from January 2015 through June 2015. Treasurer Newton reported that the Board will continue to provide the membership with quarterly financial updates. Secretary Kirkman stated that he would email the Quarterly Financial statement to each property owner upon the receipt from Treasurer Newton and also post the results on the association website. Treasure Newton projected the amount in the reserve account at the end of 2015 will be approximately \$42,621.

### **New Business:**

#### **2016 Budget:**

Treasurer Newton presented the proposed 2016 budget to the property owners. (See Attachment A) After a brief discussion, Property Owner Bob Robinson made the motion that the membership approves the proposed 2016 budget. The motion was seconded and approved by a 44-0 vote.

#### **Change in Quarterly Assessment:**

Treasurer Newton explained the reasons for the increase of the quarterly assessment from \$435.36 to \$438.00. The change in the assessment will begin January 1, 2016. Property Owner Tom Smith made a motion that the membership approves the increase of the quarterly assessment. The motion was seconded, and approved by a 44-0 vote.

#### **Reserve Account:**

Treasurer Newton presented the plan to fund the Reserve Account. The Board allocates \$4,200 per quarter for the Reserve Account. The projection for the Reserve Account is as follows: (2015:\$42,200)(2016:\$59,000)(2017:\$76,200)(2018:\$93,000 - \$70,000 for the Road Top Coat)(2019:\$39,800). Treasurer Newton also recommended that the association maintain a minimum Reserve Account of \$30,000 and a maximum amount of \$100,000.

#### **Financial Procedures:**

Secretary Kirkman presented an explanation on the 2016 Financial Procedures developed by the Board. (See Attachment B) The Financial Procedures are guidelines for the Board to follow. The Board will review these guidelines annually and present changes, if any, to the membership at the Annual Meeting. The changes for 2016 include the addition of Section 7 (Essential General Maintenance/Repairs) in the Financial Procedures as recommended by Treasurer Newton and reviewed by the Board attorney.

### **Change in Covenants to prevent future building in the common area:**

President Pritchett stated the reasons for leaving the common area by the lake in its current state. After a brief discussion President Pritchett recommended that the membership approve the change in the Covenants. (See Attachment C) The recommendation was seconded, and approved by a vote of 47-0.

### **Future Expansion of the Pool Deck:**

Vice President Cameron started a discussion on the long range planning for the expansion of the pool deck. Vice President Cameron presented a concept design for the membership to examine.

### **Future Use of the POA Property:**

Secretary Kirkman started a discussion of possible uses, if any, of the 0.95 POA owned property. Secretary Kirkman explained that in order to do anything with the property approval from at least 80% of the property owners would be required. Secretary Kirkman stated that the Board would like to sell the property and deposit the proceeds into the Reserve Account to be used for future projects like the Road Top Coat and the Pinnacle Security Gate. Property Owner Tom Smith stated that he would like the POA to use the property to build storage units. Property Owner Tim Shellenberger suggested that the POA obtain a market analysis from a local real estate agent to determine the value of the property. It was decided by the consensus of the property owners present at the annual meeting that the Board should proceed with a vote from the membership to determine if at least 80% of the property owners want to proceed with doing something with the property. Secretary Kirkman stated he would research the correct way to proceed with the help from the Board's attorney.

### **Road Top Coat for Lakefront, Village, and Lodge Parking Areas:**

Director Hinkle reported to the property owners that the Board has scheduled the Road Top Coat to be installed in the Spring of 2018. Director Hinkle reported that the estimated cost to complete the project would be approximately \$70,000 and that the Board has projected that the association would have enough funds in the Reserve Account to complete the project at that time.

## **President's Report:**

President Pritchett presented a detailed report of the past 4 years (2012-2015) and a projection for the next 4 years (2016-2019)

### 2012-2015

- average annual Revenue of \$103,375
- average annual Operating Expenses \$71,375
- cash in Reserve Account end of 2015: \$42,600

### Projects Completed

- Village Security Gate
- The Ridges Security Gate
- Lodge Security System
- Replace Lodge Furniture
- Replace Treadmill
- Replace Roof on Kayak Rack and Boat House
- Lower the Kayak Deck
- Installed Stone Columns on Bridge to Lakefront Lots
- Installed Path and Parking Area to the Lake
- Installed Pool House Ventilation System

### 2016-2019

- average annual projected Revenue: \$110,700
- average annual projected Operating Expenses: \$73,000
- cash in Reserve Account 2019: \$39,800

### Possible Projects 2016 – 2019

- Road Top Coat
- Dredging
- Pinnacle Security Gate
- Replace Lodge/Pool Furniture
- Replace Gym Equipment

### **Open Forum:**

A Property Owner asked about making the Trails usable. There was a dispute on the legality of crossing private property with the association trail system. A property owner stated that non-residents were using the associations dumpster. A property owner stated that non-residents are using the pool. It was suggested that the property owners need to police the common area. If a property owner observes a violation they should take action. A property owner suggested posting a "No Diving" sign on the dock because the lake is too shallow to allow safe diving. A property owner asked about the use of the kayak and paddle board. President Pritchett stated that the association owns all the kayaks and the paddle board and is available to use by any property owner. The paddles and life jackets will be moved to the outside pool storage room from mechanical room. President Pritchett thanked several property owners for their contributions to Firefly Cove this past year. The Board instituted an annual "Gardener of the Year" award. Congratulations to Tibor Pflum for being chosen the 2015 "Gardener of the Year".

### **Adjournment of Meeting**

- The meeting was adjourned at 12:37am by motion, second, and unanimous vote.

## ATTACHMENT A

### Firefly Cove Property Owners Association Proposed Budget 2016

	<u>2016 Budget</u>
<b>Income:</b>	
Boat Slip Fees	\$ 5,600
Operating Dues	99,262
Transfer Fees	870
Architectural Review Fees	-
Easement Fees	-
Total Income:	<u>\$ 105,732</u>
<b>Other Income:</b>	
Interest Income	\$ 13
Total Other Income:	<u>\$ 13</u>
<b>Total Revenue:</b>	<u>\$ 105,745</u>
<b>Expenses:</b>	
<b>Administrative Expenses:</b>	
Bookkeeping Fees	\$ 4,800
Insurance Expenses	2,540
Legal Fees	1,200
Office Supplies	1,000
Permits & Licences	750
Tax Preparation Fees	-
Total Administrative Expenses:	<u>\$ 10,290</u>
<b>Operating Expenses:</b>	
Boat Dock Area Expenses	\$ 2,000
Gate Area Expenses	1,540
Landscaping Expenses	29,200
Lodge Expenses	30,000
Pool Area Expenses	7,500
Trail Expenses	-
Total Operating Expenses:	<u>\$ 70,240</u>
<b>Capital Expenditures:</b>	
General Reserve for Capital Expenditures	\$ 25,000
Total Capital Expenditures:	<u>\$ 25,000</u>
<b>Total Administrative ,Operating &amp; Capital Expenditures:</b>	<u>\$ 105,530</u>
<b>Increase in Cash</b>	<u>\$ 215</u>

## ATTACHMENT B

### FIREFLY COVE FINANCIAL PROCEDURES 2016

#### **Article I Contracts**

- 1.1 Contracts for goods or services will be negotiated and executed by the President or another Board member at the President's direction.
- 1.2 Contracts over \$1000 require approval of at least two Board members.
- 1.3 Contracts over \$5000 require the Board of Directors approval.
- 1.4 Copies of all contracts will be kept on file by the Treasurer and the Bookkeeper.

#### **Article II Invoices and Receipts**

- 2.1 Invoices or receipts will be required for all goods and services provided to the Firefly Cove POA. This paperwork must include a clear description and cost of the product and/or service provided. Any Board member with involvement generating an invoice or receipt should include "OK to Pay" notation dated and signed.
- 2.2 All invoices or receipts must be delivered to the Bookkeeper for payment.

#### **Article III Payments**

- 3.1 A Board member will review all invoices or receipts with the Bookkeeper and consult as needed with other Board members for approval.
- 3.2 Check signing authority:
  - 3.2.1 Checks written up to \$1000 requires one Board member's signature.
  - 3.2.2 Checks written for over \$1000 requires two Board member's signature.



- 3.3 Check payments will be disbursed by the Bookkeeper.
- 3.4 A check disbursement log must be maintained for Monthly to Date and Yearly to Date reporting.
- 3.5 Any Invoice or receipt paperwork must be noted with traceability to a check number and Income Statement Line Item charged.

#### **Article IV**

##### **Dues**

- 4.1 Quarterly dues remittances will be delivered by a Board member to the Bookkeeper for recording. A log of property owner dues payment status will be maintained by the Bookkeeper and reported on a monthly basis as part of financial statements.
- 4.2 All payment of dues will be deposited into the POA checking account by a Board member or the Bookkeeper.
- 4.3 Delinquent dues payments will be handled as follows:
  - 4.3.1 When property owner dues become 30 days past due, the Secretary will send an email reminding the property owner that the past due balance must be paid as soon as possible to prevent further action by the Board.
  - 4.3.2 If property owner dues become 60 days past due, the Treasurer with assistance from Board will be responsible for determining an appropriate course of action. Phone calls, E-mails, letter indicating legal action are possible remedies.
  - 4.3.3 Dues payments greater than 60 days in arrears will be assessed an interest penalty of 18% per annum. The penalty can be negotiated as part of a payment plan.

**Article V**  
**Financial Reporting**

- 5.1 Bookkeeper will issue monthly POA financial reports no later the 25<sup>th</sup> day following the close of the previous month.
- 5.2 Reports will include
  - 5.2.1 Monthly to Date and Yearly to Date Income Statement with Budget and Variance Columns
  - 5.2.2 Month End Balance Sheet
  - 5.2.3 Log of check payments for the month with explanations as needed
  - 5.2.4 Summary of property owner dues pre-payments & delinquencies
- 5.3 Reports will be distributed to all Board members via email. Financial reports will be available to property owners if requested.

**Article VI**  
**Financial Planning**

- 6.1 The Treasurer, with assistance from Board and Finance Committee, will develop the annual operating and capital budgets. The Board will review and approve these documents prior to delivering the Budget to all POA members 60 days in advance of the Annual Property Owners Meeting. Purpose is to provide information for budget discussion and ratification during the Annual POA Meeting.
- 6.2 CPA firm will be selected to file tax returns and conduct audits as needed to verify accuracy of financial reporting.

**Article VII**  
**Essential General Maintenance/Repairs**

- 7.1 Any Board Member/Officer may order or request reimbursement for items or services which are reasonable and necessary to address the essential general maintenance/repairs of Firefly Cove.
- 7.2 If the total cost for the essential items or services is less than \$200;
- 7.2.1 A Board member is not required to obtain Board approval.
  - 7.2.2 Reimbursement for items/supplies must be "at cost".
  - 7.2.3 Hourly rate for services performed is not to exceed \$50.00.
  - 7.2.4 Reimbursement for such items/services must be documented by an itemized receipt.
  - 7.2.5 Only itemized invoices, showing dates, times, hourly rate, description, etc. will be paid.
- 7.3 If the total cost for the essential items or services is greater than \$200;
- 7.3.1 Approval must be received in advance from the President of the Association or at least two Board members.
  - 7.3.2 Approval should be documented via email or other writing and attached to all receipts or invoices.
  - 7.3.3 Reimbursement for items/supplies must be "at cost".
  - 7.3.4 Hourly rate for services performed is not to exceed \$50.00.
  - 7.3.5 Reimbursement for such items/services must be documented by an itemized receipt.
  - 7.3.6 Only itemized invoices, showing dates, times, hourly rate, description, etc. will be paid.

**Article VIII**  
**Unbudgeted Spending**

- 8.1 For obligations/expenditures not included in the current year's budget, the following procedures apply;
- 8.1.1 If the obligation/expenditure is deemed an emergency (safety/health/security threat), a board member may act to obligate the POA to address the emergency but shall make a reasonable effort to contact all board members for input in an effort to best assess the threat and address the emergency.
  - 8.1.2 For non-emergency unbudgeted spending under \$500, the obligation/expenditure requires the approval of a minimum of 2 board members.
  - 8.1.3 For non-emergency unbudgeted spending \$500 or above, the obligation/expenditure requires board approval.
  - 8.1.4 Spending on all non-emergency unbudgeted obligations/expenditures may not exceed \$5,000 in any fiscal year without POA membership approval.
- 8.2 The President of the Association is exempt from 8.1.1 and 8.1.2.

**Article IX**  
**Improvement to Common Area/Amenity**

- 9.1 Any improvement to the common area/amenity that is greater than \$3,000 requires;
- 9.1.1 A design/drawing of the improvement to the common area/amenity
  - 9.1.2 At least 2 written bids
  - 9.1.3 Approval of the POA membership

ATTACHMENT C

PREPARED BY:  
Robert E. Dungan  
1 Rankin Ave, Asheville, NC 28801

STATE OF NORTH CAROLINA  
COUNTY OF RUTHERFORD

**THIRD AMENDMENT TO DECLARATION OF COVENANTS,  
RESTRICTIONS, EASEMENTS, RESERVATIONS, TERMS AND  
CONDITIONS GOVERNING FIREFLY COVE, A MASTER PLANNED  
COMMUNITY, AS RECORDED IN DEED BOOK 919, PAGE 836, AND  
PREVIOUSLY AMENDED IN BOOK 954, PAGE 649, AND BOOK 954,  
PAGE 651, ALL OF THE RUTHERFORD COUNTY REGISTRY**

THIS THIRD AMENDMENT TO DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, RESERVATIONS, TERMS AND CONDITIONS GOVERNING FIREFLY COVE, A MASTER PLANNED COMMUNITY is made this \_\_\_\_ day of \_\_\_\_\_, 2015, by the Firefly Cove Property Owners Association, Inc., a North Carolina non-profit corporation (the "Association").

WHEREAS, the Association is the association of lot owners at Firefly Cove, a planned community organization under the North Carolina Planned Community Act, with real property governed by the Association being located in Rutherford County, North Carolina; and

WHEREAS, the Association was established as a planned community to be organized, controlled and governed by the Declaration of Terms, Conditions, Restrictions and Protective Covenants for Firefly Cove as recorded in Deed Book 919 at Page 836, in the Rutherford County Registry of Deeds, as amended by that certain Supplemental Declaration recorded in Deed Book 954, Page 649, Rutherford County Register of Deeds, and that certain further Amendment to Declaration recorded in Book 954, Page 651, Rutherford County Register of Deeds (collectively. The "Declaration"); and

WHEREAS, pursuant to that certain Termination of Declarant Rights and Special Declarant Rights and Statement of End of Declarant Control Period recorded in Deed Book 1028, Page 578, Rutherford County Register of Deeds, the Association has full control of the property governed by and subject to the Declaration; and

WHEREAS, in accordance with the provisions of Article IX of the Declaration, the owners of Lots to which sixty-seven percent (67%) of the votes are allocated cast those votes in favor of the adoption of this Third Amendment.

NOW THEREFORE, the Association declares that the Declaration is hereby amended as follows:

1. Article V is hereby amended to add a new Section 5 as follows:

Section 5. **No Additional Construction on Common Area that is Zoned Conditional R-3 and lying on Lot 25 and Part of Lot 16. Limitation on Number of Boat Slips within the Common Area.** There shall be no new or additional construction on or improvements to the Common Area zoned conditional R-3 and lying on Lot 25 and Part of Lot 16. The improvements currently existing as of the date of recordation of this Third Amendment to Declaration (which consist of a canoe rack, a fire pit, a board walk, a partially covered dock, and boat slips) may remain but may not be changed or altered in any way (other than routine maintenance or rebuilding in the event of a casualty event). Furthermore, at no time shall there be any more than 13 boat slips within the Common Area of Firefly Cove.

2. Except as amended and modified by this Third Amendment, the Declaration remains in full force and effect.
3. Whenever defined terms and words of art are used herein, as indicated by the initial capitalization thereof, such defined words and terms of art, if not defined herein, shall have the same meaning ascribed thereto in the Declaration.

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CERTIFICATION OF VALIDITY OF  
THIRD AMENDMENT OF  
DECLARATION OF COVENANTS, RESTRICTIONS,  
EASEMENTS, RESERVATIONS, TERMS AND CONDITIONS  
GOVERNING FIREFLY COVE

By the authority of its Board of Directors, the Firefly Cove Property Owners Association, Inc., a North Carolina non-profit corporation, hereby certifies that the foregoing Third Amendment has been duly adopted and approved by at least sixty-seven percent (67%) of the Qualified Voting Members currently owning Lots within Firefly Cove at the 2015 Annual Meeting of the Firefly Cove Property Owners Association, Inc. held on October 17, 2015 and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Firefly Cove. As of the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

FIREFLY COVE PROPERTY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: President

[AFFIX CORPORATE SEAL]

ATTEST:

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: Secretary

STATE OF NORTH CAROLINA  
COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a Notary Public of \_\_\_\_\_ County,

North Carolina, certify that \_\_\_\_\_ personally came before me this day and acknowledged that he (or she) is the SECRETARY of the FIREFLY COVE PROPERTY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, and that by authority duly given and as the act of the non-profit corporation, the foregoing instrument was signed in its name by \_\_\_\_\_ as its PRESIDENT, sealed with its corporate seal, and attested by himself (or herself) as its SECRETARY.

Witness my hand and official seal this the \_\_\_\_\_ of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public

Print Name: \_\_\_\_\_ My Commission Expires: \_\_\_\_\_

[AFFIX NOTARY SEAL]