

Wolf Laurel Road Maintenance & Security Homeowners Association
Minutes of the Meeting of the Board of Directors
January 19, 2018

The meeting was called to order by President Smith at 10:00 A.M.

Directors in attendance in person: Kessler, Krueger, McCaghren, Moeller, Pendleton

Directors in attendance by telephone: Romero, Simmons, Smith

Directors absent: Shook

Staff in attendance: Brown, Connor, Porche, Wyatt

Audience: 8 in attendance

Minutes: Upon motion by Simmons and seconded by Krueger, the Minutes of December 15, 2017 meeting were approved 8-0.

Finance: Louise Wyatt

Wyatt presented the financial report and balance sheet for December 2017. Operating expenses are in line with last year. The 2018 Assessments went out December 29, 2018. So far, we have received around \$300,000. Homes are 95% to 96% collected and lots are 85% to 86% collected for 2017.

McCaghren requested a clarification of the reserve accounts. Wyatt noted that the equipment reserve accounts went down due to the purchase of equipment, but that a corresponding increase was made in the value of assets. Wyatt stated that funds reflected in the budget maintain their identity on deposit and equipment reserves.

Roads: Jason Brown (written report read into the minutes edited to condense)

Since last report: Wolf Laurel has received 6.82 inches of snow and ice including extreme cold temperatures along with rapid warming trends resulting in severe thawing damage to May Apple Ln. Bee Tree Ln. Lookout, Upper Lookout, Upper Haw, Grouse Thicket, Trillium, Puncheon and the list grows every day the sun comes out and it gets above freezing. The damage to May Apple was caused by 4 concrete trucks which came in at 8am. By the time they left, the road had thawed and the trucks destroyed May Apple from one end to the other.

Roads:

WLRM crew has plowed and salted all paved roads multiple times using 53.5 hopper loads of salt mix since last meeting. "Each hopper is 2 tons =107 tons we use a 3 part mix 1 part salt 1part sand 1 part p-gravel that being said just since last meeting we have used a little over 35 tons which is over half of our usual yearly salt quota"

Spread and graded out 10 loads of gravel to try to make muddy spots passable where possible. Repaired washed out shoulder on Buck house near Bee Tree. Graded out all ruts where possible with tractor and box blade. Removed leaves from ditches and RROW's. Cut and split firewood for

maintenance shed. Mixed salt, sand, and p-gravel. Hauled in 20 loads of sand. Cleaned and organized maintenance shed. Insulated both of the office water meters "possible small leak at the one closest to the office."

Equipment:

Washed, oiled, and serviced all equipment. Installed bulk fuel tanks on white GMC pickup. Refurbished loader bucket on CAT 416 backhoe. Refurbished digging bucket on Cat 305 excavator also sanded and painted undercarriage. Replaced small side window on CAT 416 backhoe. Replaced front axle on green Chevy pickup. Checked out and serviced all chainsaws. The dump truck is in service. The Mahindra tractor has been sent back to the dealer for repair.

Brown noted that we will need to regrade and re-do May Apple due to damage caused by the construction activity. The present road deposit posted by the home owner is insufficient to cover the work needed to correct the damage. Steve McKnight noted that with new construction, the home owner is not limited to the initial road deposit and that the homeowner must replenish the road deposit so that it does not fall below 2/3rds of the original deposit.

Romero asked if there was a different material that could be used that would be less susceptible to weather conditions. Brown commented that complete reconstruction of the roads i.e. correcting drainage, correcting road base deficiencies, re-contouring and resurfacing is a major infrastructure project, and that routine maintenance, even with different materials, would not produce the same results. A major infrastructure project to address all the roads that need reconstruction would require more resources and equipment than we presently have.

Security: Ken Porche (Written report read into the minutes)

Security is short one employee due to an injury unrelated to work. Security and Roving Patrol have been busy the last month, since ski lodge has gotten busier. From 12-17-17 until 12-31-17 the gate signed in 3095 vehicles; from 1-1-2018 until 1-14-2018 the gate signed in 3125 vehicles averaging approximately 240 cars a day. A ski visitor entered through the exit gate, narrowly missing the gate guard. Because of the near miss, the individual was escorted out of Wolf Laurel and is banned. Roving Patrol has intercepted 8 ski visitors who were straying away from the ski area.

Security responded to 20 vehicle calls due to driving conditions, assisted a property owner returning from the hospital to home when road were impassable, made 12 requested well fare checks and responded to one report of fireworks. Security reported a waterline break to Carolina Water. Security responded to a report that a door was open on a house on English Ridge, checked the house, and contacted the property owner for instructions. Security responded to a carbon monoxide alarm on Trillium Lane until fire department arrived. Security also stopped a homeowner who entered through the exit gate, and denied a different homeowner to exit through the entrance gate.

Roving Patrol stopped a vehicle cutting doughnuts in parking lots. Roving Patrol also monitored that no heavy equipment entered on days that the roads were closed due to muddy conditions, noting that propane deliveries do have priority to enter when other heavy vehicles are restricted.

Committee Reports

Communications & Community Relations: Larry Smith

An email blast was sent informing corporations they could make early payments on their assessments. Smith wrote three articles for the Top of the Bald. Board members have received a copy of the website traffic report.

Insurance / Finance Committee: Dick Moeller and David Pendleton

Pendleton commented that the implementation of the benefits package (health insurance and Simple IRA) achieved what we wanted to achieve and the participation is great.

Legal: Brent McCaghren and Cynthia Kessler No Report

Security: Carol Krueger

Krueger thanked Ken and his staff for the work they put in this past month. She also reported that the gate on the exit to deter people trying to enter through the exit is in the works for the front gate, but cannot be installed during this winter weather. Finally, the security committee has been in touch with the Preserve to discuss the back gate.

Road Maintenance & Equipment: Jim Simmons

Simmons thanked Jason Brown and his crew for the job they have been doing. Simmons commented that corrective work on the road damage is delayed by weather conditions, and will be addressed as soon as possible. Twenty 20 loads of sand were purchased at half price and Simmons thanked Brown for these cost savings.

Simmons reported that all gas companies, contractors and suppliers are supposed to check with the gate in advance of scheduling deliveries to confirm that the roads are suitable for heavy truck traffic due to the extreme damage they cause when the roads are thawed and wet.

The committee is discussing hiring contract labor for some work such as mowing and daylighting of roads in order to shift the road crew's attention to road work. Romero asked if we would get bids for work being contracted. Simmons said we would.

The property owner of the construction site on May Apple will be getting a bill to pay for what has happen to May Apple due to the construction of their home.

Property and Facilities: Dick Moeller

Plans to have the sidewalk paved/concreted will be discussed when the weather permits the work to be done.

ARB: Steve McKnight

McKnight noted that the ARB guidelines require a construction fee deposit for new construction which has to be maintained at a two-thirds balance until the project is completed. Damage attributable to the project can be paid for out of the deposit, and the homeowner notified to replenish the deposit.

Two Minor applications
One Major application
One Tree application
Three projects completed
Bob Super continues to monitor projects that are ongoing.

Smith noted that policies concerning heavy truck traffic would be addressed later in the meeting in an ARB proposal under Old Business.

Long Range Planning: Larry Smith No report

POA Liaison: Larry Smith No report

Old Business:

WWTP Agreements

Kessler made a motion to approve two letters of intent; one with the POA and one with the potential buyer for the waste water treatment plant. Moeller seconded the motion.

Kessler explained that a letter of intent is a pre-contract that outlines the essential terms that would be included in a fully negotiated, mutually acceptable agreement, and is appropriate where the proposal involves unknown factors, multiple parties or changing conditions. WLRMS and WLPOA propose to construct and install a replacement septic system so we will no longer be using the waste water treatment plant and reducing ongoing operating expenses. The letter of intent with WLPOA outlines the proposed terms and enables the parties to proceed with the design, cost estimates and permitting of the system. RMS and POA contemplate that the WWTP would be sold to an interested buyer. That letter of intent outlines terms and conditions that WLRMS and WLPOA and the proposed buyer require as a premise of proceeding with any sale discussions. There is an interested buyer and should the sale happen, the sales proceeds could defer costs associated with the replacement system.

A vote was taken: 8 – yes, 0 – no. Motion carried.

Selection of Auditor

The Finance Committee received four bids for the audit. The committee reviewed the bids and spoke to the prospective firms to confirm that each was a reputable, qualified CPA firm, that the firms could each perform an independent audit and tax preparation to our expectations, for the price quoted.

Pendleton made a motion that RMS use Tim Thomas CPA, LLC Firm to do the audit. Simmons seconded.

Kessler confirmed the firm will perform the audit, file the taxes including exercising their professional opinion about the appropriate forms we need to file, and their make recommendations about appropriate practices we should adopt.

Moeller added the quote for the independent certified audit is lower than the cost of a less intensive review performed by the firm used last year. Kessler noted for the minutes that Moeller disclosed at the work session that he is a customer of the CPA firm but that there is no relationship with or benefit to him.

A vote was taken: 8 – yes and 0 – no. Motion carried.

Redefining Part Time Employees

McCaghren made a motion to change the definition of a full-time employee from those working 24 hours to those working 30 hours to conform the definition with the definition used in the health plan offered to employees. Kessler seconded.

A vote was taken: 8 – yes and 0 – no. Motion carried.

Approving Adjustments to ARB Fees

McKnight presented three adjustments to the Architectural Guidelines (AG) as a recommendation of the ARB for board approval:

1. Proposed change to construction fee deposits for major and minor exterior and major interior repairs or renovations from the current fixed amounts to a sliding scale that would read: up to \$750 for minor exterior repairs, up to \$1500 for major exterior repairs and up to \$600 for major interior repairs. The intent is to allow the ARB Administrator discretion to adjust the deposit amount to the scope of the project. In many instances the deposit could be less than the current fixed amounts.
2. Proposed change to the deposit for Minor, Major and Interior Project which require heavy equipment usage: Reduce the minimum required to be maintained on deposit from a minimum of two-thirds to one-half of the required deposit.
3. Proposed addition to the AG: during inclement weather, construction vehicles may be restricted and requiring contractors confer with the ARB Administrator about any heavy deliveries prior to scheduling those deliveries.

McKnight added these changes will be printed on the application cover sheets.

Simmons made a motion to approve the changes to the AG. Krueger seconded.

Brown asked whether the term “inclement weather” was sufficient because the issue was whether the roads were in a condition that can support the heavy vehicles.

McCaghren moved to amend the motion to allow flexibility to describe either inclement weather or adverse conditions resulting from inclement weather or both. Simmons agreed to the amended motion, Krueger seconded. A vote was taken: 8 – yes, 0 – no to amend the motion

Romero suggested contractors be contacted. Simmons responded that they have been contacted. McKnight again noted that it would be on the application cover sheets.

Amended motion was voted on. 8 – yes, 0 – no.

Approve Modified Sick Leave Policy

McCaghren moved that the sick leave policy of three sick leave days per year for full time employees be modified to seven sick leave days per year for full time employees, two of which could be taken as personal days. Pendleton seconded.

A vote was taken: 8 – yes, 0 – no. Motion carried.

New Business:

Approve Election Amendment to Bylaws

McCaghren moved to amend Article III of the Bylaws briefly summarized as: a) to clarify that Wednesday is the weekday when the ballots for the board election have to be received, b) to clarify to be eligible as a candidate for the board of directors the property owner must be current in all monetary obligations owed to RMS whether their own or of the owner they represent. The amendment also includes that an employee cannot be on the board. If an employee runs for the board and is elected, they must terminate their employment.

Krueger seconded.

A vote was taken: 8 – yes, 0 – no. Motion carried

Approve Policy on Harassment

Kessler made a motion to approve the Policy on Sexual Harassment which was drawn from the National Council of Non-Profit and AICPA Recommended Policies and discussed in Work Session. Moeller Seconded. A vote was taken: 8 – yes, 0 – no. Motion carried.

Approve New Policy on Retaliation

Kessler made a motion to approve the Policy on Retaliation which was drawn from the National Council of Non-Profit and AICPA Recommended Policies and discussed in Work Session.

Krueger seconded. A vote was taken: 8 – yes, 0 – no. Motion carried.

Smith addressed the audience pointing out these policies were put into not because there has been a problem, but that it is this organization's attempt to make sure that as we make the transition from the developer to a community run organization, we have a set of practices in place to ensure the successful operation of RMS.

Audience Comments:

Tony Martin asked if the septic tank permit been received for the replacement of the sewer system and where will it be located? Kessler said perk tests have been done in a couple of areas, with good results. The next step is a design of the system, cost estimates, and then application for a permit.

Tony Martin commented that his road was not in a condition that allowed an ordinary passenger vehicle to travel the road at all times. He objected to restrictions on heavy trucks during adverse road conditions, and noted that if a heavy truck was denied access by the gate, he would personally open the gate to allow it into the community regardless of the board's policy restricting heavy trucks. Pendleton commented that we should be in contact with propane delivery companies. Porche said the gas companies have his personal phone number and are given priority access. Others noted that propane has been delivered in extreme road conditions by the delivery companies using different vehicles.

Tony Martin asked if the board or any board member was aware of any non-compliance or possible non-compliance issues related to any local, state or federal agency, including but not limited to Internal Revenue Service of the US Treasury. Kessler objected to the question, noting that the policies that have been passed concerning conflict of interest, no self-dealing, anti sexual harassment, and anti-retaliation were not in response to any particular situation or individual, but are part of the Board's commitment to adopt "Best Practices" for non-profit governance and operation. The board's decision to undergo a full independent audit is also not in response to a particular situation or individual but an appropriate step for a non-profit organization.

Monte Veal, President of the Ridges HOA, complimented RMS on the condition of the roads. He then expressed security concerns involving hunters. Porche' investigated and that concern has been taken care of as far as he knows.

Monte Veal expressed dislike of the speed bumps being used to control drainage, suggesting that curbs and gutters be used instead to control drainage. Pendleton clarified that the speed bumps were put in as traffic calming devices. They were put in at an angle for water drainage.

Monte Veal questioned the installation of the speed bump on the pond side of the gate. The board noted that it was installed because there have been several close calls concerning pedestrians and vehicles.

Monte Veal requested that the speed bumps be replaced with ones that are not so punitive, and added he was circulating a petition opposing the speed bumps. Pendleton said RMS board needs to look at and analyze the situation and come up with a solution.

Jameson Cox presented a typewritten statement complaining about road conditions and containing his recommendation of how to maintain the road, including: roads should not be graded when wet, roads should be immediately compacted after grading, washed stone should not be applied to the roads, and recommending that RMS use funds to slowly rebuild damaged areas of road bed with good material and methods. He described a proper road is constructed using 4 inches of base stone (of 4" diameter), over which 4 inches of Crush & Run stone with no more than 30% fines is compacted and contoured with a "V" crown. The road is then topped with additional fines. His statement concluded by offering to assist RMS and the Board of Directors in any way.

Brown explained that construction traffic had damaged May Apple and work was performed attempting to make it passable in the hopes that the road would refreeze. Pendleton suggested that Cox meet with Jim Simmons, Chair of Roads Committee. Simmons said that he would like to meet with Cox along with Brown and other committee members particularly because of safety concerns.

Jameson Cox also objected to restrictions on heavy truck traffic during inclement weather noting that contractors may have liability to the homeowner for failure to complete work on schedule. He suggested tying restrictions to road conditions instead of inclement weather.

Tony Martin asked what can be done to prevent a life safety issue now or in the next few days. Pendleton said we continue to do what we have the money to do, the equipment to do and the knowledge to do and we try to do the right thing.

Kessler asked both Cox and Martin what action they recommended the board to do in the next 10 days, including whether it was their recommendation to close a road temporarily due to life safety risks. There was objection to closing May Apple; Martin deferred to Cox. Cox responded that he would have to do some serious thinking on it, but that it is not within the budget to fix May Apple properly right now. Cox noted that in the spring a new approach may be needed.

Gail Barr commented that Sarvis was in the same condition as May Apple fourteen years ago. Large rocks (ballast stone) were put down on the surface of Sarvis to make a new base and then gravel was put on top of the rocks. Since then, Sarvis has had no issues.

Doug Olson commented that assessments have gone up five percent every year. He said the monies that have been collected from property owner assessments should be spent if it's available. He requested that RMS spend some of the money out that is hiding to buy gravel and keep the roads safe.

Simmons reminded the board that because of the down pour the mountain had several months ago, we have two bad landslides (Buck House and Chestnut) and a large culvert failure on Valley View that will cost \$55,000 to repair. RMS budgets for extra ordinary road work caused by unexpected damage separate from routine maintenance.

Doug Olsen said the lot owners feel they don't access to the financial statements. Kessler said the board work sessions and board meetings are open to the public. The budget discussion took place over the course of several months of public meetings and RMS balance sheets and financial statements are public documents, posted on the website for several years. Pendleton commented that the 5% increase is the maximum increase. We don't have enough money even after the 5% increase. And we don't have enough money to repave Wolf Laurel Road that everyone wants repaved. And don't have enough money to do the road work we would like to do. We are not putting the 5% increase in a fund that someone is going to get their hands on except for the mountain. Every dime is going to expenses on this mountain. Any and all issues that are brought up are

addressed, but may not be acted upon because of our budget. Monies that are set back are in an emergency fund that does not get touched unless there is an emergency.

Doug Olson said the board needs to come up with a policy on how to use funds on the roads and that lot owners are unhappy because their land values are going down and assessments keep going up. Lot owners want relief from assessments. Simmons directed the comment to the announced 3 year rolling road maintenance plan. The number one priority in the 3 year plan is drainage. He also said that when repairs are done to the roads it is not just a band aid. The roads are repaired properly.

Smith said that WL operated for nearly 50 years with a series of developers that were generating a profit and not necessarily worrying about maintaining the infrastructure. Five years ago we took over from those developers as a community and we proceeded to try to correct things. The board commissioned a road infrastructure study, which identified many problems that have been talked about today. The cost to follow the study's recommendations was just over \$4 million dollars. The community was approached and asked if they would want a special assessment to raise \$4 million dollars to repair the roads over a three year period. The community was not ready to do that. The community was more prepared to be a little more patient and allow the board to do the improvements over an extended period of time with the assessments being collected and an increase of 5% each year. It is projected that the gradual process will take more than a decade. If the community wants the improvements to be done quicker than that, RMS is going to have to generate significantly more income than we are generating. Roads gets around \$600,000 a year and the roads crew does what they can with what they have. We also have an emergency fund for emergencies. There are reserves that will be used this spring to make repairs. The board and the roads committee are aware that drainage needs to be improved and that the base of the roads needs improving. The biggest constraint is funding. We do what we can do with the money we have. The assessments will probably keep increasing 5% each year until the roads are in the condition we need to have them. It is not a quick process and folks will have to be patient.

Steve Wilcox, owner of a home in the Shlitt property, asked if RMS could take over maintenance of his road, and why it was not currently doing so. Smith said the Shlitt bought several lots from Bald Mountain with the understanding that the family would be responsible from maintaining the roads until they sold the lots and brought the roads up to RMS minimum standards. WLRM is not responsible for maintaining the roads to those properties until all of the lots are sold. Those who have bought lots from the family should go back to the family and ask for them to maintain the roads and bring them to a condition to be accepted by RMS.

McCaghren asked for additional information on the Shlitt property from Wilcox to see what the costs would be to put the roads in condition to be accepted, how many owners were affected and were willing to participate, where the residences are located and other preliminary information. He pointed out that the budget for WLRMS is tight.

The meeting was adjourned by President Smith.

Next RMS HOA Board meeting is scheduled **February 16, 2017, at 10:00 A.M.**

Respectfully submitted, **Cynthia Kessler, Secretary**