

***Sandpiper Cay Condominium Owners Association***  
***Annual Meeting***  
***March 6, 2010***

The Sandpiper Cay Condominium Owners Association met on Saturday, March 6, 2010 at 9:00 am at the Kitty Hawk Town Hall. Board Members Steve Kinnier, Linda Craig, Pat Ambrose, Tom Watkins, and Liz Puma were present. Dorie Fuller, Emily Lewis, Leslie Sanders and Ansley Miller were present representing Village Realty. There were a total of 108 units represented either in person or by proxy.

Mr. Kinnier called the meeting to order. He appointed Ansley Miller as the recording Secretary for the meeting. Mr. Kinnier stated that there were 19 unit owners who were unable to vote for the Board of Directors Election for being more than 30 days delinquent on their association dues. Mr. Kinnier stated that a quorum of 25%, representation of 70 units, had to be established in order to hold the meeting. Mr. Kinnier confirmed that a quorum was present.

Mr. Kinnier welcomed the owners and thanked everyone for attending. He introduced the members of the Board, the representatives of Village Realty, and the members of the Election Committee, Linda Craig, Gene Schwenk and Reuben Greene.

Mr. Kinnier noted that the approval of minutes from last year's Annual Meeting on March 21, 2009 was first on the agenda. On a motion by Jim Coughlin and a second by Andrew Reed, the 2009 minutes were approved as distributed.

Mr. Kinnier noted that Pat Ambrose's term was complete and that she has agreed to run for re-election. Mr. Kinnier stated that Ms. Ambrose was the only candidate to submit a valid Nominating Petition prior to the deadline of January 4, 2010. No other Nominating Petitions were received and therefore Ms. Ambrose was the only person nominated for this position. Mr. Kinnier asked Ms. Ambrose to introduce herself and briefly address the owners. All owners who had not voted by proxy were then asked to mark their ballots and the ballots were collected.

Mr. Kinnier gave the President's Remarks. (See attached.)

Mr. Kinnier introduced the guest speaker, Mr. Jack Flythe, Environmental Health Supervisor for Dare County Department of Public Health. Mr. Flythe briefly discussed the responsibilities of the Health Department and then started his presentation on maintaining septic tanks and drainfields. He discussed each component of a septic system and described the purpose of each component and how they work together. He passed out a flyer with tips on maintaining a septic system. The list included items that should not be put into a toilet or sink. The effect that garbage disposals have on septic systems was discussed. It was noted that since excessive foods should not be put into a septic system, the Association would remove a garbage disposal free of charge. All owners who still have a garbage disposal should contact the office to schedule to have it removed.

Mr. Kinnier asked Mr. Flythe if there are any signs to show that a system is failing. Mr. Flythe responded that the distribution box can be uncovered and if the water level half way up the distribution box, then there is a problem.

An owner asked if using Drano was alright to use. Mr. Flythe responded that it is alright as long it is used in moderation.

There was a question on whether owners should be adding Rid-X to the toilets. Mr. Flythe responded that systems that are used on a daily basis do not need additives and to beware of using any type of additives.

Jeanne Griffin asked if it was possible for septic water to get into the well water and if there is any way to have the water tested. Mr. Flythe responded that septic systems and wells are required to be fifty feet apart from each other. The County will not test water, but a private company like Culligan will test the water for a fee. Mr. Kinnier asked Village Realty to look into having the well water tested.

Mr. Kinnier thanked Mr. Flythe for attending the meeting.

Mr. Kinnier announced the election results. Ms. Ambrose received a total of 103 votes, Betty Peet received a total of 2 votes and Dan Burke received 1 vote. Two votes cast were not included in the official count because the votes were cast for an owner who is ineligible to be elected to the Board due to a delinquent account. Mr. Kinnier congratulated Ms. Ambrose on being elected to another 3 year team on the Board.

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

Fran Hammersla stated that some of the windows in her unit are cloudy and asked if the Board had stopped replacing windows. Ms. Miller responded that the Association is still replacing windows and doors that are eligible to be replaced based on the guidelines established. Ms. Miller asked Ms. Hammersla to contact her at the office to arrange to have Wayne take a look at the windows. Ms. Hammersla informed the Board that she liked the idea of having dog clean up stations around the community as stated in Mr. Kinnier's Presidents remarks. She also asked if there were further measures that could be taken to collect from owners who have delinquent accounts. Mr. Kinnier replied that everything that can be done is being done and briefly explained the pros and cons of the foreclosure process.

Edward Diehm asked why the vote that he cast for Doug Seay did not count. Mr. Kinnier replied that Mr. Seay is delinquent in association dues on both of the units that he owns and is not eligible to be elected to the Board and therefore votes cast for him do not count. Mr. Diehm suggested that all meetings begin with the Pledge of Allegiance.

Anna Ferko stated that she works for a tax department in Virginia and they are able to put a lien on tax refunds and paychecks for those people who do not pay their taxes. She asked if this could be done with some of the owners with delinquent accounts. Mr. Kinnier replied that they are not able to do this because the association documents do not allow this. Jeanne Griffin asked if this could be changed when the Bylaws are rewritten. Ms. Lewis responded that this would involve changing the Declaration, which requires the written approval of a large majority of owners and mortgagees which is very difficult to obtain.

Dan Burke asked if the association could get a loan to replace the roofs that Mr. Kinnier discussed in his President's remarks. Mr. Kinnier replied that the association's attorney has advised against this. He recommends only taking a loan if absolutely necessary in an emergency situation.

Virginia Stephen stated that she thinks that the Board should be careful when making accusations regarding the lawsuit. Mr. Kinnier replied that everything that he said about the lawsuit was cleared by the attorney. She asked why the association payments are now being mailed to Arizona. Ms. Miller replied that the payments are now being mailed directly to the bank lockbox for processing. The bank is a division of Mutual of Omaha that specializes in home owners associations called Community Association Bank. She stated that sending payments directly to a lockbox is more secure and processes the payments faster. Mr. Kinnier added that the bank also allows automatic draft as a free service to the owners.

Caroline York expressed concern over the increase in association dues and asked the Board not to raise the dues again. Mr. Kinnier replied that the Board will do everything that they can to keep the dues down but that the Board has a duty to make sure all necessary expenditures are properly budgeted.

Louis Elliot expressed concerns about some tenants living in his building. They are loud and disruptive and wondered what the association could do. Ms. Miller stated that she can send a letter to the owner of the unit, but also encouraged owners who have this problem to call the police department as this will have more of an impact than a letter sent by her.

Jack Stephen wanted to thank the auditors and stated that he feels that it is unlikely the association will get any money from the lawsuit and suggested that the Board move on. Mr. Kinnier replied that the Board is going to continue with the lawsuit, but will make sure that they will not spend money unnecessarily on the lawsuit.

Terry Howard asked about the dog clean up stations. He wondered how much they cost and who will empty them. Ms. Miller replied that she has found some for \$300-\$400 per station and that the service department is responsible for emptying the trash.

Paul Blanock asked if Doug and Susan Seay have been reported to the Real Estate Commission. Ms. Lewis replied that they have been reported. She noted that the Real Estate Commission's caseload is quite large and that it can take quite a while for them to investigate a case.

Ms. Stephen asked what the current insurance deductibles are. Ms. Miller replied that she can get the figures for Ms. Stephen. The commercial package deductible is \$25,000 and the NCIUA Wind and Hail deductible is \$75,000. Ms. Stephen asked for a copy of the master insurance policy. Ms. Miller stated that she would have the insurance agent send it to her.

Sandy Standley suggested that renters receive the newsletter so that they are aware of community news. It was noted that renters who have an address on record with the association are sent the newsletter. Ms. Standley also stated that after rain sand washes off from behind the 1900 building onto the road at Sand Dollar Circle. Ms. Miller stated that she is aware of the situation and maintenance does clear the sand off the road when the sand is really bad and that they will continue to monitor this issue.

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Ms. Griffin asked about the number of rental units in the community. Ms. Miller replied that to the best of her knowledge there are 130 second homes, 70 rental units and 80 owner occupied units. Ms. Griffin expressed concern that these numbers can make it difficult for buyers to obtain financing because the number of rental units is high. She stated that this may make it difficult for owners to sell their units.

Barbara Lawrence gave a report for the Social Committee. She encouraged all owners to sign up for the committee or to attend events. All social events are posted on the website and are included in the newsletter.

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

Respectfully Submitted,

Ansley Miller  
Assistant Property Manager