

LAKE ROYALE PROPERTY OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
April 18th, 2009
9:05 A.M. – CLUBHOUSE

Call to Order - The meeting was called to order by Acting President Ryan Walker. Present: Ryan Walker, Ken Smith, Bill Wakefield, Danny Pearce, John Goodwin, Gina Louise and Ruby Gavin. Staff Present: Robert VanGraafeiland, Jarrett Umstead, and T. R. O'Neill.

Pledge of Allegiance – Chief Umstead

Approval of Meeting Minutes:

- Motion by John Goodwin to approve the minutes of the March 21st open meeting of the Board of Directors. Seconded by Bill Wakefield. **Motion Carries.**
- Motion by Gina Louise to approve the minutes of the March 21st closed meeting of the Board of Directors. Seconded by John Goodwin. **Motion Carries.**

Treasurer's Report – T. R. O'Neill, in the absence of the Treasurer, reported the following:

March 31, 2009 Status:

OPERATIONS ACCOUNT

• Beginning balance	\$ 121,369.51
• Deposits	\$ 862,259.93
• Net Transfers In/(Out)	\$ 15,423.52
• Interest Earned	\$ 121.51
• Checks and Bank Charges	\$ (207,751.39)
• Ending Balance	\$ 791,413.08
• Increase/(Decrease) for Month	\$ 670,043.57

RESERVE ACCOUNT

• Beginning balance	\$ 1,078,202.43
• Net Transfers In/(Out)	\$ (15,413.52)
• Interest Earned	\$ 1,564.22
• Ending Balance	\$ 1,064,353.13
• Increase/(Decrease) for Month	\$ (13,849.30)

Mr. O'Neill reported that collection of dues was running very close to the budgeted amount of 86% and that approximately 150 Property Owners had utilized the "no cost" payment plan approved by the Board of Directors for the 2009-2010 budget year.

Finance Committee Minutes – Attached

Board of Adjustments Report – Attached

Building Committee Minutes – Attached

Other Committee Reports - Beautification Committee and By-Laws and Covenants Committee reports attached.

General Manager's Report - Robert VanGraafeiland:

- Reported that distribution of POA membership cards and vehicle stickers was proceeding satisfactorily.
- Stated that the POA would meet with County Permitting staff to ensure that the swimming pool conforms to current government requirements.
- Reported that the FY 2008-2009 budget shortfall was approximately \$136,000.00. As a result of cuts to projected spending in the 2009-2010 budget, approximately \$140,000.00 has been identified to offset this shortfall.
- Noted that insurance (general liability) costs were lower than in prior years and that the possibility of obtaining an umbrella policy was being explored.
- Announced that the POA Audit would begin during the week of April 27th.
- Noted that the POA office continues to accept credit cards and staff members are working on a website that will include online payment access.
- Reported that POA staff had participated in CCR and pond/lake maintenance sessions.
- Announced the following events: the Basketball Tournament (April 25th), Lake Royale Clean-Up Day (April 25th), Boater's Safety Course (May 9th), Coast Guard Vessel Check and Boat Sticker Issue (May 16th), Ice Cream Social (May 23rd), a Gospel Sing (May 23rd) and Lake Royale Yard Sale (May 30th). He also noted that the Pancake Breakfast was now scheduled for July 3rd at 8:00 AM and a Volleyball Tournament was scheduled for July 3rd.

Property Owners' Forum

- Bob Schmidt spoke about the need for a weight room.
- Gary Hair indicated that he would submit a concept for converting the Clubhouse Patio into a weight room for Board consideration.
- Earl Nichols addressed the performance of the POA attorney.
- Richard Wainwright reminded everyone of the Lake Cleanup Day scheduled for April 25th and the hot dogs and chips lunch scheduled for volunteers at the Clubhouse.

OLD BUSINESS

Board of Directors Goals – Members of the Board of Directors discussed their individual goals:

- Gina Louise reported that the Miniature Golf Course renovations were about complete and thanked everyone who participated for their tremendous work.
- Danny Pearce reported that he would be submitting Covenants and By-Laws Changes later in the meeting.
- Bill Wakefield noted that progress was being made on investigating road repairs and a road loan, and that the Dock rental project would be discussed later in the meeting.
- John Goodwin noted that bids for the Gate Project would be discussed in closed session.
- Ken Smith reported the 2009 Telephone Book project was complete and that books were available for pick up at the POA Office. Distribution is based on one per household; additional copies are available for \$3.00
- Ken Smith also reported that he had drafted and was circulating to Committee and Board members draft Policies and Procedures relating to: Management of the POA Motor Vehicle Fleet, POA Contractual Agreements, and Renting the POA Clubhouse. He also noted that he would be contacting members of the Nominating Committee regarding the effectiveness of the Nominating Committee Policies and Procedures.

Gate Subcommittee – On May 18th, Franklin County officials will consider a UDO amendment that will permit construction of the Lake Royale Security Gate House as proposed by the Lake Royale Gate Subcommittee.

Buoys and Rafts Within Lake Royale – Chief Umstead reported that measurements were underway to determine where buoys were needed.

Road Patching and Paving – The General Manager reported that the POA is researching costs for road repaving. A report is expected at the May Board of Directors meeting.

Dock Subcommittee:

- Motion by Ken Smith to designate all POA owned docks as Marinas. Seconded by Danny Pearce. The impact of renting Marina slips on insurance and tax expenses was discussed. **Motion carries.**
- Motion by John Goodwin to construct Marina facilities using wood for the slip facilities. Seconded by Gina Louise. Discussion focused on modular design alternative materials presented to the Committee as well as the lack of specific costs and plans. **Motion carries.**
- Motion by John Goodwin to adopt an annual fee structure for Marina dock slips as follows: \$240.00 for boats; \$120.00 for jet skis; \$60.00 for canoe rack space. Seconded by Danny Pearce. Discussion included timing and construction schedules for all categories of water craft. **Motion carries.**
- The General Manager was directed to proceed with engineering plans and development of costs for Benton Harbor.
- Board Secretary Ken Smith received approval to make technical and grammatical corrections to the proposed changes to the Rules and Regulations related to the Marina initiatives.

NEW BUSINESS

North Carolina Utilities Commission Communication – Motion by Danny Pearce to send a letter to the North Carolina Utilities Commission noting that TESI had for the third year in a row reported a violation of drinking water standards. Seconded by Gina Louise. Ken Smith asked if the POA staff or the Board knew if the violation was the fault of TESI or of Franklin County that supplies water to TESI, and suggested that forwarding the letter be held in abeyance until the issue could be resolved. **Motion carries with Ken Smith dissenting.**

Rain Barrel Use on Lake Royale Property – Motion by Bill Wakefield to permit the Engineering Staff to install a POA owned rain barrel at the POA Clubhouse. Seconded by Ken Smith. **Motion carries.**

Finance Committee Recommendations:

- Motion by Ken Smith to approve expenditure of \$5,000 for the July 4th fireworks display (bid provided by Hale Artificier, Inc.). Seconded by John Goodwin. **Motion carries.**
- Motion by Ken Smith to approve the Finance Committee recommendation relating to the Protect Our Lake Committee as follows: The General Manager will make available up to \$400.00 for the first project (Horseman). The General Manager will make available up to \$450.00 for each of the remaining three projects (Quarterhorse, Buckaroo and Sagamore) after the previous project is finished providing the total does not exceed \$1,600.00. Seconded by

John Goodwin. Discussion focused on the rationale for split funding (new storm water management procedures). **Motion carries on a roll call vote (3-2).**

Clarification of February Budget Decision - Board Secretary Ken Smith asked the Board to clarify a February decision relating to whether or not it was the intent of the Board to earmark Reserve Account funds for the Front Gate Auto Entry Camera System and the Docks (Reserve and Sub Committee) for a total of \$86,220.00, or just approve the projects for planning as noted in the minutes of the February meeting. He noted that these items were “below the line” in the budget proposal. Acting Board President Ryan polled the Board members present and ruled that the intent of the Board was to earmark funds from the Reserve Account for these two projects in addition to the “above the line” projects.

Proposed Changes to POA Covenants and By-Laws - The following proposals were introduced as candidates for consideration during the annual election and ballot procedure scheduled for July 2009. Acting Board President Ryan Walker directed the POA General Manager to refer the proposals to the appropriate POA Committees for recommendations and schedule follow on discussions and voting for the May Board of Directors meeting.

- Danny Pearce proposed a change to Paragraph G, Section 3 (Dues), of the By-Laws as follows: “Dues for property owners who are full time residents and attain the age of 65 years old shall be frozen at the annual rate that was paid by the property owner the previous year. Dues for property owners who are 65 years of age or older who purchase property to be used as their full time residence shall be frozen at whatever the present years dues are on the date of their purchase.”
- Danny Pearce proposed a change to the third sentence of Paragraph 2, Item C, Section 3 (Camping Lots) of the Covenants. The new sentence would read as follows (changes underlined): “The maximum living space of the cottage may not exceed 899 square feet and the cottage must be stick-built (may not be a mobile home, Park Model trailer, or any other similar type of structure but may be either site stick-built or true off-frame modular construction).
- Gina Louise proposed a change to the next to the last paragraph of Item C, Section 3 (Camping Lots) of the Covenants. The new sentence would read as follows (changes underlined): In addition, each camping lot may have one open, Roofed Deck. It may not have any solid walls but can be screened, and during the winter months only, beginning October 1st and ending April 1st it can have removable plastic panels of ¼ inch or greater, or removable Plexiglas panels of 1/8th inch thick or grater; panels may not be of any other type material.

Adjournment

Motion by Ken Smith at 11:00 A.M. to adjourn. Seconded John Goodwin. **Motion Carries.**

Meeting adjourned

Kenneth V. Smith
Secretary

MINUTES - LAKE ROYALE FINANCE COMMITTEE

April 11, 2009

Members present: Chairman Bill Wallace, Karen Wienke, Ken Smith, and Dave Turner, Secretary. Also present were BOD President, Stuart Nottingham; and BOD Treasurer, Aimee Sharrett. Members absent: Gary Kytte, Nancy Kizer, Pam Owen, Dylan Bunch, and Ann Marie Della Morte. Staff present: T. R. O'Neill and Robert Van Graafeiland.

1. The meeting was called to order at 9AM.
2. A quorum was determined to be present.
3. The agenda was approved as presented
4. The March 14, 2009 minutes were approved as presented with one correction: Stuart Nottingham, BOD President, should be listed as ex officio - not as a committee member.
5. The POA financials were discussed as well as a report (Ye Budget Deposit Analysis) on the 2008-2009 budget shortfall was included in our packets.

6. OLD BUSINESS

- A. Karen reported that the Dam/Spillway Sub-Committee will be meeting this week with the contractor, H. R. Reynolds, with work expected to begin within the next few weeks - the water level will probably need to be lowered.
- B. Robert reviewed the status of foreclosures - report on page one of our packets.
- C. Robert reported that the Carriage Manor sale will hopefully close in two to three weeks. He is working with our attorney, reviewing our documents to determine assessments on the new owners.
- D. T. R. reported the BOD approved two of our recommendations: 1) Nine accounts in Budgeted Reserves to be continued in 2009-2010 budget; and, 2) that \$1,400 to be transferred from the Reserve to Operating funds for the replacement of the Maintenance garage door. Our third recommendation on POLC incorporation as a 501C3 non-profit was tabled.
- E. Robert reported on current Capital Improvements - report is on page two of our packets.
- F. T. R. gave his Office/Finance Manager report: 1) 100 owners have applied for the payment plan as opposed to only 40 last year; 2) the Auditors will begin on April 27th - nearly a month earlier than last year; 3) Our insurance bills have been received with a savings of over \$10,000.
- G. T. R. presented research on refinancing our current road loan (pages 3-9 in our packets). No action was taken at this time pending receipt of estimates of complete road paving up to state standards. Once a cost is determined then a recommendation as to paying off our current loan and securing new financing for a complete road upgrade.
- H. T. R. reported on Bank Deposit Liabilities - North State would like to have all our deposits - additional funds will be added to FCB Money Market account.
- I. T. R. reported that further research is needed on the Policy and Procedures Manual for Processing Funds.
- J. Ken reported that the new phone book printing (2,750 copies) come in under budget. 210 were distributed on the first distribution. A second distribution is being conducted today - April 11, 2009.
- K. Several adjustments and additions were made to the Chairman's list of FC member adopting different budget departments.
- L. T. R. reported that the staff has been meeting with FC staff on matching grants - awaiting copies of documents.
- M. Bill and Ken reported that the Vehicle logs (now two months of data) are now available for review and the review will begin shortly.

8. NEW BUSINESS

A. Action of the Rec. Committee's "Contract Services" (page 10 of our packet) was deferred until the Rec. Committee adds specificity to the Procedures for Contract Services. At which time the Procedures and Agreement be submitted to the BOD for approval.

B. THE FC RECOMMENDS TO THE BOD APPROVAL OF THE REC. COMM. REQUEST FOR APPROVAL OF THE JULY 4TH FIREWORKS IN THE AMOUNT OF \$5,000 TO HALE ARTIFICIER. Dissatisfaction of not following the standard of submitting three bids was expressed.

C. The decision to remove phones from the Comfort Centers was discussed. Some complaints had been received. Vandalism of these phones was discussed as well as the cost savings. Some public notification should be expressed.

D. Public notification should also be expressed on the fact the pool is in full compliance with NC regulations.

E. THE POLC REQUEST TO EXPEND UP TO \$2,600 OF BUDGETED FUNDS FOR REPAIR AND MAINTAINCE OF DITCHES WAS ALSO RECOMMENDED FOR BOD APPROVAL. It was noted that the POLC should provide more details for this project.

F. A discussion for the altering of office staff holidays in the Spring, Summer, and Fall, was held as many POA owners are here often only during holidays. Perhaps a rescheduling of staff holidays might be in order. Several suggestions were noted.

The meeting was adjourned at 12:10PM.

Respectfully submitted,
Dave Turner, Secretary

Board of Adjustment Report

March 26, 2009

The Board of Adjustment met a 7:00 PM on March 26, 2009, with the following members present: Ray Creek, Bob Crickmar, Don Gould, Pat Phillips, and Beth Styers. Nicole Clift, the CC&R Inspector and Robert VanGraafeiland, the General Manager, represented the POA.

The chairman called the meeting to order. There were no appeals or variances to be heard. The Compliance Hearings were opened. Fifteen (15) cases were brought before the board.

In four (4) cases the property owners were found to be out of compliance and both initial and recurring fines were assessed.

In eight (8) cases the property owners were found to be out of compliance at the time of the citation, but in compliance at the time of the hearing with the violation corrected. No initial fines were assessed, but recurring fines were assessed in each case should the same violation re-occur.

Three (3) cases were withdrawn.

The compliance hearings were closed and the Business Meeting was convened.

In delayed consideration, the Business Meeting Minutes and the Closed Session Minutes for January 22, 2009, were approved as presented.

The Hearing Minutes for February 26, 2009, were approved as presented.

The Business Meeting Minutes for February 26, 2009, were approved as amended.

The Chair reported to the BOA the results of the variance hearing at Franklin County concerning the site of the proposed gate house. The Chair also reminded the members that a vacancy still exists on the Board of Adjustment and recommendations are welcome.

There being no further business, the Business Meeting was adjourned.

Respectfully submitted

Raymond S Creek
Chairman

Building Committee Meeting March 10 2009 Page 1 of 2

The building committee of Lake Royale was called to order at 1950 By Louis Whitman acting Chairman, Present were: Tom Peters, Danny Pearce, Ed Hudson, Ryan Walker, Nicole Cliff CC&R Inspector,

Meeting was started late because we had to call around and get enough people for a quorum. All present members read the agenda for the meeting and motion was made by Louis Whitman and 2nd by Ed Hudson to approve the agenda.

All present members looked over the February 24^h minutes. A motion was made by Louis Whitman and 2nd by Ed Hudson to approve the minutes from February 24^h 2009. The property owners form was open, although there were no property owner's in attendance. Discussion Topics: Breezeway.
Breezeway Section 3.3 RRI

A member of the community wanted to know if they could build a breezeway from their camper to their shed. Lots of discussion concerning, size, width, location, roof style, open or closed, roof pitch, length, attaching, setbacks, door to door, dictionary definition, is it a structure, use. The committee decided to research more and put on the addenda for the next meeting. During the next meeting of March 10^h after discussion a motion was made by Ryan Walker and 2nd by Tom Peters not to allow the property owner to build a breezeway from their camper to their shed. Motion carries 4-1 Danny Pearce against.

Review and sign building permits: CLOSED SESSION

- Revising Shed permit number R0209-4984 lots 3128R. Property owner changed location of shed to the other lot and the other lot is in the wife's name. New permit issued R0309-4997 in Patricia Anderson name. Motion made by Ed Hudson and 2nd by Ryan Walker to approve revision. Motion carried 5-0. R0309-4997
- Eddie Deem 114 Choctaw Dr. lot #639R. Application 15 x 14 Deck. Motion made by Ryan Walker and 2nd by Tom Peters to approve. Motion carried 5-0. R0309-4999
- Michael Mullin 410 Sagamore Dr. lot# 774R. Application for a 10x10 Gazebo. Motion made by Louis Whitman and 2nd by Danny Pearce to approve. R0309-4998
- Bob Burgess 117 Nashua Dr lot# 2613R. Application for a New Home. Motion made by Tom Peters and 2nd by Louis Whitman. Motion carried 5-0 R0309-5000
- Archie Aycock 111 Tonto Dr. lot# 984C. Application for a awning- revised plans from deck to Porch. Motion made by Louis Whitman and 2nd by Danny Pearce to approve. Motion carried 5-0 C0309-7349.
- Marianne Froelich 145 Oklahoma Dr. lot#'s1315R & 1316R. Application for and 10 x 12 shed. Motion made by Tom Peters and 2nd by Louis Whitman to approve. Motion carried 5-0 R0309-4996

Building Committee Meeting March 10 2009 Page 2 of 2

- Danny Shean 412 Osage Dr. lot#2342C. Application for a 10 x 10 deck. Motion made by Louis Whitman and 2nd by Danny Pearce to approve. Motion carried 5-0 C0309-7348
- Larry Voorhees 755 Sagamore Dr. lot#1544R. Application for a Room Addition 10 x 20. More information was needed to permit.
- Louis Ray Whitman 109 White Eagle Dr. lot#'s1312C/1313C . Application for a 4ft front and 6ft rear fence. Motion made by Danny Pearce and 2nd by Tom Peters to approve. Motion carried 4-0 C0309-7350.
- William Tuck 1673 Sagamore Dr. lot#767C. Application for a room addition 14' x 34' + roof over 34' x 25' 8-4. Motion made by Danny Pearce and 2nd by Louis Whitman to approve. Motion carried 4-0 00309-7351

Motion to adjourn the meeting was made by Ryan Walker and 2nd by Ed Hudson. Motion carried and meeting was adjourned at 2050.

Respectfully submitted;
Ryan Walker acting secretary for Rhonda Lipinski.

**LAKE ROYALE BUILDING COMMITTEE MINUTES
MARCH 24, 2009**

The Lake Royale Building Committee meeting was called to order by Chairman Louis Whitman at 7:10PM. Present were members: Ken Smithwick, Randy Lee, Ed Hudson, Ryan Walker, Rhonda Lipinski, Louis Whitman and C.C. &R. Inspector, Nicole Clift. Louis Whitman made a motion to approve the agenda with a second from Ken Smithwick. The motion was passed. The minutes of the March 10, 2009 meeting were read by all members. A motion to approve the minutes with minor corrections was made by Ryan Walker, seconded by Ken Smithwick and passed.

The (green) Permit Approval Form was reviewed. A motion was made by Ryan Walker that any officer of the Building Committee may sign at the bottom of the permit, and if no officers are present at the meeting the Chairman will designate a Building Committee member in attendance at that meeting to sign the Permit Approval Form. This motion was seconded by Ken Smithwick and passed unanimously.

There were no property owners present for the open forum. Steve Pollard appeared before the committee to discuss future plans to build a covered dock. The size and construction materials were discussed with attention to 18" lattice sections at each of four side corners. Concern was voiced that it not be tall enough to block property owners' views of the lake.

Requests for building permits were reviewed as follows:

- Nicole Clift, lot 2789R, 1349 Sagamore Dr.: Nicole excused herself from this review. Rhonda Lipinski made a motion to approve an extension of the original permit for deck with no fee and for the Building Committee to appoint a member to make a secondary on site inspection of the plot plan. This was seconded by Ed Hudson and passed unanimously. Permit #R0107-1964. Ryan Walker was appointed to be the secondary inspection.
- Larry Vorhees, lot 1544R, 755 Sagamore Dr.: Mr. Vorhees was present to assist in discussion his plans for a room addition. After clarification of his plans, suggestions by the committee, and his being excused for the room, Ryan Walker made a motion, seconded by Randy Lee, to approve the permit with Mr. Vorhees' revisions. The vote was unanimous to approve. Permit # R0309-5002.
- Scott Floess, lot 1709R, 957 Sagamore Dr.: Ryan Walker made a motion, with a second from Ed Hudson, to approve a fence, with the suggestion that the property owner make sure the property lines are visible prior to fence installation. The motion passed unanimously. Permit# R0309-5001.
- Lake Royale POA, lot 1986C, 144 Osage Dr.: Motion made by Ryan Walker and seconded by Louis Whitman to approve fence. Passed unanimously. Permit# C0309-7352.
- Ed Hersom, lot 2206R, 101 Ottawa Dr.: Request for permit for porch 10'x22', porch 8'x8', lean-to 4'x8', hot tub was discussed. Motion was made by Ryan Walker and seconded by Randy Lee to deny permit. Vote was unanimous to deny on grounds 1) Need for railing around 8'x8' porch to be consistent with existing 10'x22' porch railing. 2) Clarify roofing material for 8'x8' porch. 3) Require Franklin County approval for 8'x8' deck (porch) covering. A denial letter so stating will be sent to Mr. Hersom.
- Ernest Long, lot 477C, 131 Tishmingo Dr.: Motion was made by Ryan Walker and seconded by Ken Smithwick to approve permit for porch, room addition and roofover. Motion passed unanimously.

Committee members voted to approve a mini portable greenhouse 56"x30"x78" (high) with no permit required. Committee approved screening around patio under deck for John Hughes with no fee. Bob Burgess, lot 2613R, 117 Nashua Dr., had a question of Nicole Clift to forward to the Committee for discussion as to when he could apply for a permit to build a shed on the property on which he intends to build a house. It was decided that he can apply for the shed permit once the house foundation is in place and the framing is ready to be started.

A discussion of combining some permit fees will be held off until the next meeting. A motion to adjourn was made by Rhonda Lipinski with a second from Ed Hudson. The meeting was adjourned at 9:50 PM by Chairman Louis Whitman.

Respectfully submitted,
Rhonda Lipinski, Secretary