

**LAKE ROYALE PROPERTY OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING**

May 16th, 2009

9:00 A.M. – CLUBHOUSE

Call to Order - The meeting was called to order. Present: Stuart Nottingham, Ryan Walker, Ken Smith, Bill Wakefield, Tom Nichols, Danny Pearce, John Goodwin, Gina Louise, and Ruby Gavin. Staff Present: Robert VanGraafeiland, T. R. O'Neill, Peter Engberg, Nicole Clift, and Jarrett Umstead.

Pledge of Allegiance – Ken Smith

Approval of Meeting Minutes:

- Motion by Ryan Walker to approve the minutes of the April 18th open meeting of the Board of Directors as amended. Seconded by John Goodwin. **Motion Carries.**
- Motion by Danny Pearce to approve the minutes of the April 18th Appeal Hearing of the Board of Directors. Seconded by Gina Louise. **Motion Carries.**
- Motion by Ryan Walker to approve the minutes of the April 18th closed meeting of the Board of Directors. Seconded by John Goodwin. **Motion Carries.**
- Motion by Tom Nichols to approve the minutes of the April 28th Executive Committee meeting. Seconded by Danny Pearce. **Motion Carries.**
- Motion by Ken Smith to approve the amended minutes of the May 9th Executive Committee meeting. Seconded by Tom Nichols. **Motion Carries**

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

April 30, 2009 Status:

OPERATIONS ACCOUNT

• Beginning balance	\$ 791,413.08
• Deposits	\$ 698,280.73
• Net Transfers In/(Out)	\$ 380,870.39
• Interest Earned	\$ 340.48
• Checks and Fees Charges	\$ (414,128.37)
• Ending Balance	\$ 922,680.91
• Increase/(Decrease) for Month	\$ 131,267.83

RESERVE ACCOUNT

• Beginning balance	\$ 1,064,353.13
• Net Transfers In/(Out)	\$ 153,225.01
• Interest Earned	\$ 1,592.37
• Ending Balance	\$ 1,219,170.51
• Increase/(Decrease) for Month	\$ 154,817.38

BANK BALANCES as of April 30th, 2009

OPERATIONS ACCOUNT

- Beginning Balance \$ 791,413.08
- Change in Balance \$ 131,267.83
- End Balance \$ 922,680.91

RESERVE ACCOUNT

- Beginning Balance \$1,064,353.13
- Change in Balance \$ 154,817.38
- End Balance \$1,219,170.51

Finance Committee Minutes – Attached

Board of Adjustments Report – Attached

Building Committee Minutes – Attached

President's Report – Stuart Nottingham noted that with the coming of the Memorial Day weekend that population at the Lake would increase and urged all to exercise caution. He thanked everyone for the cleanup effort in April. He announced an “Emergency Preparation Town Hall Meeting” at the Clubhouse on June 27th at 9:00 A.M. and urged everyone to attend. A number of Emergency preparedness agencies will be present. He noted receipt of a letter regarding the Board’s communications with State agencies regarding TESI. He reminded everyone that the work on repairing the dam/spillway was underway and that the lake water level would be slightly lower than it had been. Finally, he thanked everyone for their help during his tenure as Board President.

General Manager's Report - Robert VanGraafeiland:

- Remarkd that the Lake Clean-Up Day was a success and thanked all involved.
- Noted that the POA had received a response to the letter sent to the NC Utilities Commission on TESI supplied water and that a letter would be sent to NCDENR.
- Informed the Board that the swimming pool inspection was scheduled for Monday and that the pool was scheduled to open on time.
- Reported that Mr. Gary Hair is working with the Recreation Committee on a conceptual and pricing plan for the Weight Room.
- Noted that work on the Spillway has underway.
- Reported that work on Retention Ponds has been delayed because of a hold placed on matching state funds.
- Announced a POA Property Auction will be conducted on May 29th 6pm; auctioneers will be holding an open house for properties on May 24th.
- Noted the following scheduled events:
 - Kids Fishing Derby June 6th.
 - Reserve/Capital Workshop June 17th.
 - Teen Beach Party June 27th.
 - Emergency Preparedness Town Hall Meeting, June 27th.

Property Owners' Forum - No Property Owner desired to address the Board

OLD BUSINESS

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

- Danny Pearce reported progress on his goals to improve Lake POA administrative processes.
- Bill Wakefield reported progress on investigating road repairs and a road loan, and that the Dock rental project would be discussed later in the meeting.
- Gina Louise reported that the Miniature Golf Course upgrade was complete.
- John Goodwin reported that more than 100 bags of trash had been collected during the “Clean Up” weekend.
- Board President Stuart Nottingham reported progress on attempts to erect a County EMS Station at the Lake.
- Ken Smith reported that the Protect Our Lake Committee Water Monitoring project would begin in early June with samples collected from six locations. He also noted that drafts of Contract Service Agreements and Renting the Clubhouse Procedures were being circulated and were tentatively scheduled for consideration at the June Board of Directors meeting.

Gate Subcommittee – John Goodwin showed planned color samples for the Gatehouse and noted that Burnett Home Builders had submitted the winning bid for construction of the facility. 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 consultations with the NC Wildlife resources personnel to determine where buoys were needed. He noted that Ed Smith had donated a boat to the POA that would be used by the Lake Royale Company Police and the Lake Royale POA for this and parallel projects. President Nottingham expressed the Board’s thanks, on behalf of the POA, for this generous gift. Bill Wakefield noted that one of the problems with a float had been resolved.

Dock Subcommittee:

- Motion by Bill Wakefield to designate two Marinas (Chippewa Marina and Park and Squaw Marina and Park) as rental docks. Seconded by Ken Smith. No more than half of each dock will be designated for rental purposes. **Motion carries.**
- Motion by Bill Wakefield to build walkways/marina wings 16 feet out from the existing docks. Seconded by Tom Nichols. **Motion carries.**
- Motion by Bill Wakefield to permit Property Owners to pay 50% of the annual rental fee (rental fees are \$240.00 for boats; \$120.00 for jet skis; \$60.00 for canoe rack space) in order to reserve space at the designated Marinas and Parks. Seconded by John Goodwin. **Motion carries.**
- Motion by Bill Wakefield to approve Resolution 0910-001, Rules and Regulations II (Marinas and Rentals) as amended. Seconded by Ken Smith. **Motion carries.**

Potential Ballots – The Board considered eight proposals for the General Membership to consider as part of the Annual Meeting.

- Motion by Danny Pearce to place on the annual ballot a proposed change to the Lake Royale POA Covenants titled “Camping – Cottage: Allow Stick Built or Off-Frame Modular Construction.” Seconded by Ken Smith. **Motion carries.**
- Motion by Tom Nichols to place on the annual ballot a proposed change to the Lake Royale POA Covenants titled “Camping – Cottage: Change Rear Setback from 25’ to 15’.” Seconded Gina Louise. **Motion fails on a Roll Call vote (4-3).**
- Motion by Danny Pearce to place on the annual ballot a proposed change to the Lake Royale POA Covenants titled “Camping – Roofed Deck: Allow Plastic Panels During Winter Months.” Seconded by Gina Louise. **Motion carries on a Roll Call vote (4-3).**
- Motion by Ken Smith to place on the annual ballot a proposed change to the Lake Royale POA Covenants titled “All Lots – Covenants Supplemental Sheets” and a Change to the Lake Royale POA By-Laws titled “All Lots – By-Law Supplemental Sheets.” Seconded by Danny Pearce. **Motion carries.**
- Motion by Bill Wakefield to place on the annual ballot a proposed change to the Lake Royale POA By-Laws titled “Multi-Family Unit Dues Structure.” Seconded by Ken Smith. **Motion carries.**
- Motion by Danny Pearce to place on the annual ballot a proposed change to the Lake Royale POA By-Laws titled “All Lots – Freeze Dues for Ages 65 and Over.” Seconded by Gina Louise. Following extended discussion and amendments, **Motion fails on a roll call vote (4-3) with one abstaining.**
- Motion by Bill Wakefield to place on the annual ballot a proposed change to the Lake Royale POA By-Laws titled “All Lots – Subsidizing Adjoining Lots.” Seconded by Ryan Walker. Motion by Bill Wakefield to amend to allow combining three lots for Cottages and Roof-Overs when necessary to obtain 12,000 square feet. Seconded by Ken Smith. **Amendment Carries.** Further Discussion ensued. Motion by Danny Pearce to Table. Seconded by Gina Louise. **Motion to Table Carries.**

NEW BUSINESS

Rules and Regulations, Part II, Solicitations – Motion by Ken Smith to approve Resolution 0910-003, Rules and Regulations II, (Solicitations). Seconded by John Goodwin. **Motion carries.**

Rules and Regulations, Part II, (POA Cards and Their Use) – Motion by Ken Smith to approve Resolution 0910-002, Rules and Regulations II, (POA Cards and Their Use). Seconded by Danny Pearce. Discussion ensued. Motion by Bill Wakefield to Table. Seconded by Danny Pearce. **Motion to Table carries.**

Board of Adjustment Vacancy – Motion by Tom Nichols to appoint Bill Milark to the Board of Adjustments to fill an existing vacancy. Seconded by Danny Pearce. Mr. Milark responded to Board questions. **Motion carries.**

Finance Committee Recommendations:

- Motion by Ryan Walker to approve carry over of previously approved funding for POA facility signs from FY 2008-2009 to FY 2009-2010 in the amount of \$2,026 (account 9233-200). Seconded by Tom Nichols. **Motion carries.**
- Motion by Tom Nichols to approve adoption of the Policy and Procedures for the Lake Royale POA Motor Vehicle Fleet. Seconded by Danny Pearce. **Motion carries.**
- Motion by Tom Nichols to deny a request for funding the Casino Party Aces contract as recommended by the Recreation Committee. Seconded by Ryan Walker. **Motion carries on a Roll Call vote (4-3).**

Adjournment

Motion by Ken Smith at 11:45 A.M. to adjourn. Seconded Ryan Walker. **Motion Carries.**

Meeting adjourned

Kenneth V. Smith
Secretary

Board of Adjustment Report

April 23, 2009

The Board of Adjustment meeting was called to order at 7:00 PM on April 23, 2009, at the clubhouse. Members present were Hib Affleck, Bob Crickmar, Ray Creek, Bill Donati, Don Gould, Pat Phillips, Beth Styers, and Paul Wygovsky. Nicole Clift, the CC&R Inspector, and Robert VanGraafeiland, the General Manager, represented the Property Owners' Association.

There being no variances or appeals to be heard, the compliance portion of the meeting was convened. A total of 13 cases were presented to the board, one of which was a partial hearing held over from the month of March. Two property owners appeared before the board for their cases.

One case was deferred until May.

Two cases were withdrawn as corrected by the time of the meeting.

Five cases received a recurring fine. The violation was corrected by the time of the hearing but the recurring fine will be assessed should the same violation reoccur within a reasonable time.

Five cases were assessed both an initial fine and a recurring fine.

There being no additional cases to be heard, the meeting was adjourned and the business meeting was convened.

The Hearing Meeting minutes of March 26, 2009, were approved as amended.

The Board of Adjustment members were updated on the status of the gate house and the request for variance in Franklin County.

The Board of Adjustment studied and discussed the Lake Royale Restrictive Covenants pertaining to the Property Owners' Association requirement to apply for a variance to erect a boat dock protruding into the lake more than 10 feet.. It is the considered opinion of the Board of Adjustment that recreational parcels owned by the POA are not addressed under the limitations imposed on residential and camping lots Sections One and Ten of the Restrictive Covenants and a variance is not required.

The Board of Adjustment was advised that the appeal of a fine scheduled to be heard at the Board of Directors Meeting on April 18, 2009, was rescheduled for the May meeting due to a lack of quorum.

The Board of Adjustment discussed the possibility of two meetings being required in June. The dates decided upon are June 18, for a special meeting and June 25, for the regular meeting.

There being no further business, the meeting was adjourned at 10:08 PM.

Respectfully submitted

Raymond S Creek

LAKE ROYALE BUILDING COMMITTEE MINUTES APRIL 14, 2009

The Building Committee met at 7:00PM with the following members present: Ken Smithwick, Tom Peters, Ed Hudson, Ryan Walker, Louis Whitman, Rhonda Lipinski, Danny Pearce, Randy Lee and Nicole Cliff as C.C. &R. Inspector. A motion was made by Ryan Walker to approve the agenda, seconded by Rhonda Lipinski and passed unanimously. The minutes of the March 24, 2009 meeting were read. A motion was made by Louis Whitman and seconded by Ed Hudson to approve the minutes. This was passed unanimously. No property owners were present for the Open Forum.

Packets were reviewed as follows:

- Michael Kenowski, Lot 432C, 117 Pinto Dr.: Request for porch and shed. Questions raised about porch vs awning. A motion was made by Ryan Walker and seconded by Tom Peters to grant the permit but to note that the permit is for a porch with a gravel floor. The motion was passed 7:1. C0409-7354.
- Greg Walker, Lot 1870R, 123 Hatchet Dr.: Permit for room addition was approved unanimously. R0409-5003.
- Dorothy Chilton, Lot 1794C, 126 Catoose Dr.: Permit for deck/walkway, shed approved unanimously. C0409-7357.
- Thurman Whitman, Lot 290C, 104 Moccasin Dr.: Permit for deck approved unanimously. C0409-7356.
- Stock Builders, Lot 2383R, 1108 Sagamore Dr.: Permit for deck approved unanimously. R0409-5004.
- Stock Builders, Lot 2646R, 152 Nakoma Dr.: Permit for deck approved unanimously. R0409-5005.
- Michael Nolan, Lot 1636C, 135 Cree Dr.: Permit for shed approved unanimously. C0409-7355.
- Jimmie Gupton, Lot 999R, 207 Shawnee Dr.: Permit for carport approved unanimously with note that it must meet 10' rear setbacks. R0409-5006.
- Charles Boykin, Lot 943C, 1589 Sagamore Dr.: Permit for porch and shed requested. Discussion followed pertaining to the fact that there is no permit for an existing roofover. Lengthy discussion about Park Models and holding tanks. Danny Pearce made a motion seconded by Ryan Walker to approve permit and make a note to property owner that he must be aware that Franklin County septic options are either septic system or maximum 35 gal. portable holding tank. The motion carried 7:1. C0409-7358.
- Norm Davis, Lot 716/717C, 163 Creek Dr.: Permit for 3' fence was approved unanimously. C0409-7359.

Committee members discussed concerns they wished to be brought before the Board of Directors:

1. Increase fees for permit requests for structures that have already been built prior to requesting a permit.
2. Metal carports in residential area (perhaps at May board meeting)
3. Survey to be done by surveyor prior to initial structure being built.
4. Park Model follow up questions as the committee needs more information about them.
5. What form do we need in the packets from Franklin County?

Meeting was adjourned at 8:40PM my Chairman, Louis Whitman.

Respectfully submitted by Rhonda Lipinski, Secretary

LAKE ROYALE BUILDING COMMITTEE MINUTES APRIL 24, 2009

The Building Committee meeting was called to order by Chairman, Louis Whitman at 7:00PM. Members present were Randy Lee, Ken Smithwick, Ed Hudson, Louis Whitman, Ryan Walker, Rhonda Lipinski, Danny Pearce, and Nicole Clift, C.C.& R. Inspector. A motion was made by Danny Pearce and seconded by Ed Hudson to approve the agenda. It was passed. A motion was made by Rhonda Lipinski and seconded by Ryan Walker to approve the minutes of the April 14, 2009 meeting. It was passed. There were no property owners present for the open forum.

Discussions were held concerning the following topics:

- Extra fees for structures built without permits: The Building Committee decided that we would highlight any requests for permits for structures already built. We will be able to keep track of these thru Oct. 2009.
- Surveys required for all permits: Discussion was held regarding marking corner pins vs a complete survey. The Permit Packet does state that all corners have to be marked. Further discussion will be held at the next meeting.
- What documentation is needed in the packet from Franklin County: Franklin County permit application is the one piece of documentation that is the most helpful to Nicole.
- Park Models: Basically they are manufactured homes with a living space of less than 400 sq. ft.. It may or may not have a holding tank.
- Metal carports in residential section: This discussion will be tabled until the next meeting.

Thomas Younce, Lot 766C, 1675 Sagamore Dr., came to the meeting to present his request for a permit for a dock 6'X21'. The discussion centered around the narrowness of the channel between his proposed dock and the island near his home. After Mr. Younce left the meeting a motion was made by Ken Smithwick and seconded by Ed Hudson to approve the permit. After some discussion a vote was held. The motion was passed 5:1. The permit will be held by Nicole Clift until the Franklin County permit is sent to her. (Nicole has spoken to the Franklin County and was assured that the permit was issued.)

The following permit requests were reviewed and signed:

- Martha Parrish, Lot 958C, 1561 Sagamore Dr.: permit request for deck was approved unanimously. C0409-7362.
- Richard Burkee, Lot 370C, 130 Pawnee Dr.: permit request for retaining wall was approved unanimously. C0409-7361.
- Harry Neville, Lot 1695C, 325 Cree Dr.: permit request for deck was approved for deck after discussion concerning placement of camper and side set-back. A reminder was placed on the permit that a 5' set-back must be honored. C0409-7364.
 - Harry Neville, Lot 315, Cree Dr.: permit request for carport was approved unanimously. C0409-7363.
 - Leo Breton, Lot 533R, 114 Apache Dr.: permit request for handicap ramp was approved unanimously. R0409-5007.

- Ric Normand, Lot 1543C, 151 Red Wing.: permit request for shed was approved unanimously. C0409-7366.
- Raymond Aldredge, Lot 719C, 169 Creek Dr.: permit request for retaining wall approved unanimously. C0409-7365.
- Kelly Malpass, Lot 821C, 146 Papoose Dr.: permit request for shed and lean-to approved unanimously. C0409-7367.
- Don Peck, Lot 1731, 121 Mahto Dr.: permit request for shed approved unanimously. C0409-7368.
- Ed Hersom, Lot 2206R, 101 Ottawa Dr.: permit request for hot tub, porch, deck and lean-to was approved unanimously. R0409-5008.
- Robert Heyward, Lot 2817R, 1271 Sagamore Dr.: permit request for boathouse was approved unanimously. R0409-5009.
- Chris King, Lot 52C, 114 Sagamore Dr.: permit request for roofover camper. Motion was made by Ryan Walker and seconded by Ken Smithwick to approve roofover with the addition to the permit that Nicole Clift will verify the side set-backs and add those measurements to the plot plan. C0409-7369.

Plans from Robert Thompson for a roofover, room addition and porch were presented by Nicole Clift for consideration. Discussion centered around a 14' gable on the backside of the structure. A 14' gable is not considered a gable but is a shed dormer with a kneewall and is not permissible.

The meeting was adjourned at 9:45PM.

Secretary

Respectfully submitted by Rhonda Lipinski,

MINUTES - LAKE ROYALE POA FINANCE COMMITTEE
May 9, 2009

Members present: Chairman Bill Wallace, Karen Wienke, Ken Smith, Pam Owen, and Dave Turner, Secretary. Also present were BOD President, Stuart Nottingham; and BOD Treasurer, Aimee Sharrett. Members absent: Gary Kytte, Nancy Kizer, and, Dylan Bunch. 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 April 11, 2009 minutes were approved as presented.
5. The POA financials were discussed as well the 2008-2009 budget shortfall. The projected \$136,000 shortfall was covered with planned cuts of \$140,000. Auditor adjustments should cut the margin even more.
6. OLD BUSINESS

A. Karen reported that the dam repairs began and were delayed after one day due to the rain. Water lowering will begin again on Monday. Funding for an added Performance Bond was referred by motion to the Executive Committee for approval (to meet at Noon today).

B. Robert presented a report on the status of foreclosures (page three in our packet). Thirty lots are to begin the process in June; 9 lots will be going for a ruling in Superior Court - a very complicated issue.

C. The foreclosure sale of Carriage Manor has again been delayed as one of the three buyers dropped out and a search for a new investor is in process. The dues issue is still in discussion.

D. BOD actions on April FC recommendations was included in our packet on page four.

E. Robert presented an update on progress of current capital improvements (page nine in our packet). A MOTION WAS PASSED RECOMMENDING CARRYOVER OF THE PREVIOUSLY APPROVED POA FACILITY SIGNS LINE TO THE 2009-2010 CAPITAL BUDGET. (This item was omitted from our packets last month.)

F. T. R. presented the Office/Finance Manager report: Payment of POA dues on our credit card website is still not complete. Use of the renovated second floor may be available for our FC meeting next month.

G. T. R. presented a handout of a possible road load refinance. Discussion evolved to general agreement to continue to seek bids for road repaving current and to DOT standards and then shop a new loan to include payoff of our current loan.

H. Bank deposit liabilities were discussed without any additional action.

I. The Recreation Committee "Contract Services" Procedures report was tabled for an additional month.

J. Ken reported on Police interaction and no other FC member reported on adopted of funded groups interaction.

K. No discussion of how to account for matching grants as the pending grant has been delayed.

L. Ken and Bill presented their POLICY AND PROCEDURES FOR LAKE ROYALE POA MOTOR VEHICLE FLEET. These procedures were included on page seven of our packet. A MOTION WAS APPROVED RECOMMENDING TO THE BOD THAT THESE POLICY AND PROCEDURES BE ADOPTED. Robert has appointed Pete Engberg as LRPOA Motor Vehicle Fleet Manager (MVFM).

M. Robert reported all swimming pool repairs have been completed and are awaiting final inspection. Also, the phone removal from Comfort Centers was announced in two articles in the May Royal Reporter

N. Staff is working on the holiday schedule/office staffing for the upcoming year. A report should be available next month.

7. NEW BUSINESS

A. On page five of our packets were the Executive Committee Minutes approving the Police Department's request of the budget transfer of \$6,600 from Police Salaries (7250-300) to Contract Labor (7270-300).

B. We received copies of the Covenant and By-Laws Committee recommendation on Covenant and By-Law changes. A MOTION WAS PASSED SUPPORTING THE COMMITTEE'S RECOMMENDATIONS ON ITEMS 4, 5, 7, AND 8 BUT NOT BALLOT 6.

C. A copy of the Recreation Committee's recommendation to approve Casino Party Aces contract was included in our packets on page eleven. A MOTION WAS APPROVED RECOMMENDING TO THE BOD THAT THEY DENY THE REQUEST AS IT SERVES SO FEW PROPERTY OWNERS.

D. Selling of the Ford Explorer was tabled after discussion. The FC is to receive more information whether to sell or keep for Maintenance Department use.

E. In an effort to save on check writing and postage for mailing bills, a discussion ensued of paying bills by credit card vs. check writing. Staff will research and bring information next month.

F. Property owner suggestions: generate electricity; reduce dues: charge for passes; and, reduction in dues increases from 10% to 5%. General discussion did not produce any decisions or recommendations.

The meeting was adjourned at 11:40AM.

Respectfully submitted,
Dave Turner, Secretary