

Queen's Grant Rec Board Meeting

10-26-18

Board Members present: Kim Quinn, Billy Sutton, Ron Brown, Victor Santoro, Bonnie Moore, Kristine Perry, Austin Harris

Additional Attendees: Jake Davis, Gary Ange, Scott Catapano and Bill McLean

Quorum established

Circulate meeting minutes from Aug and July for approval *ACTION: Bonnie to circulate meeting minutes for approval by the board.*

Financial Review:

- Kim turned meeting over to Jake for finance review.
- Jake provided a financial report broken out by month
- Fav/Unfav and how that is Determined: Budget is allocated on a monthly basis, therefore, report may show unfavorable if we have spent more than the monthly allocated amount even if the annual budget allowance is not exceeded. Insurance as example. While we do not believe we have exceeded the insurance budget, the report shows we are unfavorable because the insurance premium was paid in July; however, the system spreads that annual amount over each month making it appear unfavorable. *ACTION: Jake to provide an annualized budget so the board and community can see how we are tracking against the annual budget. Specifically, a column showing % against annual budget would be helpful.*
- The board expressed concerns with the financials and annual budget as the reserves are being utilizing for operational expenses from beginning of May. Per the financial report there is \$66,000 Due to Reserves.
  - Water is overbudget. Jake reported that Rec is being billed for all water and the bills are not being separated to the owners on the soundside or condo side. This is an error in billing by Premiere.
  - Soundside and HOA are accruing for Water usage but have not paid any water bills this FY as Premiere is not billing either association for water usage.
  - *ACTION: Premiere needs to go back to June and back bill the Soundside (66) and Condo(43) for water usage as outlined in the below Motion. Kim requested that before the billing is sent to Soundside and HOA that the proposed billing be sent to Kristine and Gary for review to ensure accuracy.*

***Motion: Rec Board has paid the water bills for all three associations for all 109 members (including empty lots) without accounted for budget since June 2018; therefore, creating a shortfall in the Rec budget. To rectify, we are proposing to back bill the Water bills (in total), retroactive to June, dividing by 109 sending 66 shares to Soundside and 43 shares to the HOA associations and to continue this process until the end of the fiscal year (May 2019). Any changes to the process should be proposed and agreed upon for next fiscal year in or before the Annual Budget Meeting. Motion by Bonnie Moore, 2<sup>nd</sup> by Austin Harris. No opposed, motion carries.***

- Reserves are being used without approval and there is no process for replacing it. This is a major concern of the board. Premiere made the decision to pull from reserves for operating expenses without board approval.

***MOTION: Premiere can not pull from reserves unless President and Treasurer sign off on the transaction in documented format. Motion by Austin Harris, 2<sup>nd</sup> by Bonnie Moore, No opposed, motion carries.***

QG operates on a Fiscal Year. June – May. Should QG change to a calendar year? The board discussed and we would like to move to a calendar year; however, the covenants and by-laws may not allow this change. After discussion, there maybe opportunity to make this change. Further discussion is needed to understand how this change can occur.

Rec Insurance Re-Cap:

- 5,000 deductible per building for wind and hail, 10,000 deductible per building for wind driven rain, 1, 250 Flood deductible.
- Insurance policy for flood does not cover the sea walls, roads, community docks, landscape, etc. In fact, the policy is written such that is only covers the two structures listed in the policy: WWTP building and the Clubhouse.
- Sea Wall damage on Tower Court is significant. Engineer designs and two estimates have been received to construct a new sea wall for all of Tower Court (from building 1 all the way around to building 8, ~1500 linear feet). Range is between 550-650K but does not include replacing the community docks, landscape or other work that will be required to put back the area as is after construction. The proposals are to construct a similar sea wall to the new sea wall on Bumble Bee and Observation. Construction would go 2 feet beyond current sea wall and backfill (per CAMA allowance).

Reviewed Hurricane Florence Damage and Information due to Adjuster. Jake, Bonnie and Kim have been compiling the requirements of the insurance adjuster. We are utilizing drop box to collect the invoices, estimates and other requested information by the adjuster such as pictures, inventory, etc. There are a few items outstanding but are in progress. Assessment will be needed to cover the deductible as well as damage to the community that is not covered by Insurance.

The Board Discussed the Assessment options and created a list of items that should/could be covered in an assessment. Payment options should be considered. Items and estimates below:

- Landscaping \$50,000
- Fencing \$10,000
- Pool Fencing \$12,000
- Pool Repairs \$ 15,000
- Gates \$30,000
- Pool Gate (2) \$20,000
- Clubhouse \$100,000
- Pool Awnings \$20,000
- WWTP Extra Parts \$15,000
- Docks and Sea Wall \$750,000

- Boat Ramp \$150,000
- Safety Fence for Pool/Clubhouse \$5,000
- Reserves \$200,000
- Total : \$1,377,000 (equally distributed across 109 owners = \$12,633)

WWTP Update:

Since Hurricane Florence, we have received two reports from the state upon inspection. The state has provided very positive feedback due to the excellent effort of Alan Rhue. Alan has restored the confidence of the state inspector that QG WWTP is in compliance and being managed appropriately. Kudos to Alan for his excellent service and dedication to the WWTP at QG.

Alan is paid monthly; however, over the past few months, Premiere has been late in paying Alan. Alan is an important asset to QG and due to his excellent service reputation, he is being pursued by others for employment. QG needs to ensure Alan is being paid on time for his services to ensure we continue to employ Alan to oversee the WWTP. Premiere indicated that the delay is because they require an invoice from Alan in order to process his monthly check.

***Motion: Alan Rhue's monthly contracted fee should be paid (mailed) at the beginning of each month without requiring an invoice from Alan each month to Premiere. His expenses are to be paid within 15 days of submission to Premiere, if within the spending limit. Motion by Bonnie Moore, 2<sup>nd</sup> by Kristine Perry, none opposed, motion carries.***

***Motion: The board pay Alan Rhue a bonus of \$500 for his efforts after Hurricane Florence. Motion by Victor, 2<sup>nd</sup> by Austin, none opposed, motion carries.***

*ACTION: Gary to research how much a waste water treatment plant operated makes.*

***Motion: To go to closed session. Motion by Kristine, 2<sup>nd</sup> by Bonnie.***