

MINUTES

Preserve at Indigo Run, HPR

2018 ANNUAL HOMEOWNERS MEETING

WEDNESDAY, DECEMBER 5, 2018 AT 10:00 A.M.

I. Roll Call – Ross Pascall called the meeting to order at 10:04 a.m.

A. Directors Present in Person – Ross Pascall, President; John Babbitts, Vice President; Allan Morrison, Secretary; Joe Muenkel, Treasurer; Jerry Faulkner, Member at Large

B. Owners Represented = 74.50231%

1. In Person – 23.91584%

2. By Proxy – 50.58647%

C. Guests – Sam Kirkland, Association Attorney

D. IMC Representatives Present – Jan Pascall, Association Manager; Garrett Hamilton, Chief Financial Officer & VP Accounting; Kathleen Smith, Sign-In; Jaclyn Phillips, Minutes

II. Proof of Notice of Meeting or Waiver of Notice – The notice of meeting was mailed to all owners of record on November 5, 2018.

III. Reading of Minutes of Preceding Meeting – Douglas Gutow (4223) made a motion to waive the reading of the minutes of the 2017 Annual meeting and accept them into record as written. James Karaman (1221) seconded the motion. The motion passed without opposition.

IV. Reports of Officers

a. President's Report – Real Estate Overview. Ross Pascall stated that there are no pending sales in the 4th quarter of 2018 and that this isn't so unusual. Last year was pretty much the same. This year presents additional problems - mortgage rates although historically still low, are the highest in a couple years. 41% of 65+ owners have a mortgage. Many equity loans done at historic past lows, many were balloons and monthly payments will go up...great if this money was used for investment and not helping kids thru college or college debt loans, or other debt. This leaves buying or downsizing something prevalent with the Preserve buyers more difficult. The majority of buyers over the past 18 months have leaned heavily towards retirees downsizing. Then there's the financial concern being caused by the market giving back literally all profits gained in this year's bull market. Adding to this general angst Ross added that on Monday the treasuries reflected an inverted yield curve, something that has preceded all recessions since 1981. He stated that most agents and brokers he talks to have expressed a slowdown throughout the Island.

New property taxes are out and these reflect the start of the new 5-year cycle. In other words taxes will remain the same for the next five years. There are small increases to both primary domicile and 2nd home ownership. If anyone wants a print out of all taxes paid on their villa since the turnover in 2004 and what the new tax is, just stop in the office or email him. Ross stated that going through files he came

across the original minutes from the first director's meeting he chaired in January 2005 and the first owner's meeting later that December. He said the first board consisted of 3 women and 2 men and he was amazed at the board's grasp of the total community concept and dire need to set a template or game plan for the forward movement of our new community. In that year Ross created the web site that we still have and he stated that all directors at that meeting were in agreement that the site would be as transparent as possible with no password sections like many HOA's on the Island. The Preserve's site to this day attracts 100's of visitors per week. Ross said that looking around the room he saw many new faces, these owner's only know what they see now or when they recently purchased their villa. He stated that in the 14 years to today, we started with just over \$200,000 in capital reserves. In the years following despite hurricanes, ice storms, re-roofing 44 buildings, improving overall community landscaping, maintaining a full year's insurance reserve, enduring the worst recession in our lifetimes, our 14 boards of directors have addressed these issues while increasing our capital reserves to over 1 million and total reserves around 3 without raising regime fees or creating assessments. Ross said that speaking of regime fees, the Preserve's, compared to asset values, is among the lowest if not the lowest regime fee on the Island given it includes all exterior insurance.

Ross concluded by remarking that it would be very unlikely that he would still be serving as president now or probably for the past several years had Jan not been occupying the main office next to his. He thanked her for being his alter ego for a quarter century offering a far more empathetic and understanding side to his more pragmatic somewhat abrupt side. He mentioned that Jan often refers to him as her 'Spock' from Star Trek and that she's probably right. Ross mentioned that he gets a kick at how the office traffic slows to almost nothing when just his car is in the parking lot and picks up as soon as her car is there. The audience laughed. The owners gave Jan a round of applause.

- B. Vice President** – John Babbitts stated that American Pride Waste Solutions took over the trash contract 3 years ago. He stated that The Preserve is saving \$30,000 not to have to replace the dumpster and there is a maintenance plan/cleaning schedule of the trash container to assist in the lifespan. John stated the Board voted to continue the recycling service for another year. John ended his report by advising owners to change their smoke detector batteries and to check if their water heater is older than 10 years, as well as dryer vents being cleaned at least annually to prevent fires.
- C. Financial Report** – Garrett Hamilton reported on the cash position as of October 31, 2018.

Operating – AAB	\$147,175.69
Office Account – South State	\$1,451.74
Construction/Refurbishment CDARS – AAB-1	\$2,005,389.57
Owner Litigation Proceeds Reserve – AAB	\$293.87
Replacement Reserve – AAB	\$1,036,882.07
Construction/Refurbishment Reserve – AAB	\$39,157.21
Insurance Reserve – AAB	\$175,502.69

Insurance Reserve – ICS

\$208,032.84

Garrett then advised everyone present that there are currently no delinquent owners, which is fantastic for a property of 252 units. Monthly transfers are up to date through November 2018. Operating expenses are under budget to the tune of around \$52,000. Garrett concluded by reporting on the Board approved 2019 budget and reiterated that there was no increase in regime fees. The floor was then opened for questions.

- D. Insurance Report** – Garrett Hamilton stated that there was an increase in the premiums due to the total insured value increasing in the insurance appraisal. The Preserve at Indigo Run’s coverage is with McGriff Insurance Services (formally known as BB&T Carswell) & AMRISK (received a 5% rebate back due to no claims). The total premiums for all policies = \$270,000. Garrett stated that he shops out the insurance vigorously each year for the best rates possible. He anticipates the insurance remaining flat for the coming renewal but to expect increases because of all the recent named storms. Garrett ended his insurance report by urging owners to obtain their own HO6 policy for betterments and improvements, loss of use, loss assessment and upgrades.
- E. Treasurer’s Report** – Joe Muenkel advised owners that as the Treasurer, he reviews the financial report monthly. Audits are completed periodically as well. Ross stated that no officer or director is able to write a check. There is a 3rd party company that verifies all vendors for insurance coverage and possible duplicate payments, the invoice is then processed and forwarded to IMC for its review and finally to Ross for yet another review and final approval. Despite these multiple checks and balances, the Preserve is known by it’s vendors to be probably the fastest payers on the Island with a turnaround of less than 2 weeks. Ross stated this is just one reason the Preserve tends to get faster service in an increasingly very service-challenged environment.
- V. Election or Appointment of Inspectors of Election** – Ross Pascall made a motion to elect Jacki Phillips of IMC & Mrs. Calkins (2720) as the inspectors of election. Elizabeth Davis (923) seconded the motion. The motion passed without opposition.
- VI. Election of Directors** – Garrett Hamilton stated that there are two seats up for election at this year’s annual meeting. Both incumbents, Allan Morrison and Joe Muenkel are standing for re-election. Joe and Allan spoke to the ownership of why they would like to be re-elected to the Board of Directors. Garrett then opened for nominations from the floor. With none, **Jack Biel (2322) made a motion to close the nominations from the floor and accept Allan and Joe by acclamation. John Malone (2723) seconded the motion. The motion passed without opposition.**
- VII. Unfinished Business** – None to report.
- VIII. New Business**
- A. Round Smoke Detector** – Ross stated that the round original smoke detectors are no longer affective and suggested changing them out.

- B. Owner Responsibility** – Ross reiterated to all owners that, per the master deed, anything within your villa is most likely the owner’s responsibility. Items such as pipes/plumbing, wiring etc. that serve each villa exclusively including your windows are the individual owner’s responsibility.
- C. Litigation** – All known issues discovered during the litigation process have been repaired for the construction defects. All new flashing, trim and roofing has been completed. The current work being performed was discovered during the total re-roof project and should be completed by spring.
- D. Issues** – Ross urged owners not to wait until the Annual meeting to address their concerns. If anyone has suggestions, requests or questions, just walk into the office and tell Jan or himself. They’ll either answer the question, tell you why something can or cannot be done and why. Or, if something that needs board approval, brought up at the next board meeting, the results of which are always published in the Preserve’s web site.
- E. In Case of Emergency Cards** – Ross commented that his parents were owners at the Preserve and died here. He mentioned that during ambulance and emergency room visits with his mom and dad he had extensive conversations with emergency crews as to what information would be most critical in aiding them in assisting a victim, particularly one that was unconscious. Crews will search the victim for any information that will help them figure out who the victim is and any information that might assist them medically. Using this information, Ross said he designed a double-sided business card size giving the holder’s name, who to contact in emergency, prescriptions, blood type, doctor to contact etc. If anyone wants such a card, there will be a questionnaire available in the office. Just stop in, see Jan, fill it out and return. He will laminate a card to be kept in your wallet in the case of an emergency and he also urged all residents to file important medical information such as living wills and care preferences with the HHI Hospital records department.
- F. Tree Removal** – The Preserve at Indigo Run is a protected wetland environment. The Town must approve the removal of any tree on property. Joe Muenkel advised everyone that there was an illegal chopping of a tree on the road between the 600-700 bldg. The Board has a pretty good idea who the cretin directing the destruction is but the Board is asking any owner who may know who did this to please report it to Ross as the board has every intention to follow thru with legal and financial penalties. Ross stated that two men were reported, one directing the other with a chain saw and that when we know who these thoughtless, destructive residents are, everyone will know so they can voice their comments directly.
- G. Audit** – Ross stated that we had just completed another independent audit and if anyone wanted a copy to just email him. Ross also stated that he wanted to thank one of our owners, Lee Norbeck for his time and comments in reviewing the audit.

- H. Ocean Woods** – The long-time Halloween 10’ grim reaper balloon at the office was vandalized. An Ocean Woods field boss was so distressed by this he replaced it with a pirate and added a 10’ dragon with moving wings decoration, in the courtyard. Ross and the rest of the Board thank Pat for his generosity.
- I. Ratification of Appendix 5C-1** – Garrett Hamilton explained that by the owners ratifying Appendix 5C-1, any excess of membership income over membership expenses for the year ended December 31, 2018, shall be applied against the subsequent tax year member assessments. **Jack Biel (2322) made a motion to ratify Appendix 5C-1. Sandra Barrick (2623) seconded the motion. The motion passed unanimously.**
- J. Comments & Discussion from the Floor**
- a. An owner asked for the recycling container to be cleaned before putting it back when it is being emptied. John Babbitts to address.
 - b. An owner asked what could be done about all the delivery mistakes with the postal service. Ross stated that the previous letter carrier for the Preserve happened to be a past resident of the community and was amazing but ended up moving north. Ross stated that he has been in contact with the head Post Master, as have many residents but it is out of his hands as it is federal. If you receive mail for another resident by mistake, bring it in to Jan and she will contact the correct resident to pick it up.
 - c. An owner stated that pet waste and pet waste baggies are not being picked up from a select few owners. Ross asked owners to identify who the violators are, if they are able to, and report it to him and Jan in the office right away. Night time dog walkers, or any night time walkers are also advised to wear light clothing or carry a flash light in the dark to be seen better. Ross added that dogs on long leashes particularly at night are not a good idea.
 - d. If an owner’s windows are dirty from exterior regime construction work, contact Jan for soft washing but added that window cleaning otherwise is an owner responsibility as is window replacement due to fogging and condensation forming.
 - e. Ross wanted to thank our Vice President, John Babbitts for his hard work in what has been a very successful first-of-its-kind breakfast/owner’s meeting. Ross added that thanks to the very uncooperative response from the Westin Hotel, our venue for years, we sought a new location and this very beautiful Indigo Run Golf Club with breakfast cost less than the room alone at the Westin.
 - f. Ross also wanted to thank John for coming up with the idea and Jacki from IMC for setting up the equipment necessary to accommodate a slide show during breakfast showing pictures of the Preserve from past and current years as well as pictures of the Island that Ross took. The pictures highlighted the beauty of individual owners’ gardens, Preserve landscaping, some of the more diverse creepy/crawly things along with some outtakes from the hurricanes (and the restoration) and this year’s ice

storm. The two pictures of planes are a B-17 WWII bomber taking off and the next is American's first full-jet service to HHI Airport. Ross stated that the show is uploaded to YouTube as usual and the link (<https://youtu.be/3q8dM-wZttw>) and sent to everyone with the herein minutes.

- IX. Adjournment - Jack Biel (2322), mentioning that once we've made it to 'poop' complaints we have probably successfully covered all issues and made a motion to adjourn the meeting at 11:19 a.m. Ross Pascall immediately seconded the motion. The motion passed without opposition.**
- X. Subsequent to the close of the meeting the board of directors held a meeting to appoint officers. There will be no change in these positions. The board also approved the current Rules and Regulations v.9.9 unanimously.**