

Heritage Estates Property Owners Association

Minutes – Members Annual Meeting

Ashe County River Access Shelter, 8250 Highway 163

5:00 pm, 5 August 2023

Welcome and Call to Order

Members present: Duane Esarey, *President*, Janet Johnson, *Treasurer*, Jimmy Copeland, *Vice President*, and Board members Michele Nowak, Paula Shepherd. Other Members present were Susan Wall Grayson, John Sheldon, Emily McNeely, Lauren Millner, Joe Millner, Joe Nowak, Claude Shepherd, Kay Shepherd, Michael Shepherd, Michael Sipple, Karen Bobbit. The gathering thus representing a total of 19 lot-based memberships in person. Proxies were presented for 9 lot-based memberships. With this total of 28 lot-based votes present, a quorum was declared. Acting for the Secretary, Paula Shepherd produced the meeting minutes.

President's Remarks

President Duane Esarey called the meeting to order at 5:11 pm. He covered the following topics:

- The meeting's primary function is to vote on two (2) open Board seats and ratify/reject the annual budget for the upcoming year.
- Documents for everyone to view were provided (see lists below)
The annual notice of availability of membership list, governing documents, list of Board members, and annual meeting and Board minutes was given, for material on the website (or paper copies if requested). The web address is <https://heritageestatesnc.com/>

Secretary's report

Copies of the 2022 Annual Membership Meeting minutes were distributed for review.

No revisions or corrections were requested. After a motion to the effect and a second, the membership approved the previous meeting minutes unanimously.

Treasurer's report

Treasurer Janet Johnson provided the membership with the following information:

- End-of-2022 report (was posted on website last March)
- Current status of all accounts and investments
 - \$60,000 has been invested in a Certificate of Deposit, earning 5% interest
 - Attendees reviewed the current status of 2023 budget and the proposed 2024 budget
- By NC law, a majority of votes from this meeting have to approve the Operating budget
- An overview of HEPOA's Long-Term Financial Situation
- By NC law, we are required to maintain common areas and roads. Insufficient funds are not an excuse.
- The portion of our annual assessments earmarked for annual operation has not covered our operating expenses for many years.
- IRS prohibits using Reserve Funds for operating expenses.
- The 2024 proposed operating budget is a total of \$293 more than the member-approved allocation for operating expenses.
- In recent years, volunteer labor saved the community *thousands* of dollars. We cannot count on this for the long term. The attendees agreed HEPOA's goal should be NOT to rely on volunteer labor.
- We look to future community support to update the Restrictive Covenants.
- John Sheldon asked about the contingency fund (\$642 needed to bring it up to \$3000). Janet explained the fund is for community emergencies such as a tree falling and blocking a road, or legal expenses. For non-profit organizations, contingency funds are the *only* funds allowed to be carried over from year to year.

Motion to accept Treasurer's report was submitted, seconded, and passed unanimously.

Election and Annual Budget Vote

There were no further nominations to the Board and no further questions about the proposed budget. Members commenced to vote on two (2) available Board seats and the 2024 Proposed Annual Budget via anonymous ballot. Ballots were collected by Michele Nowak.

Ballot Results

Acting for the Secretary, Michele Nowak distributed and tallied the ballots. The membership elected Jimmy Copeland and Paula Shepherd to 3-year terms to the BOD with 27 anonymous votes each and one abstention each. The 2024 Budget was unanimously accepted with 28 supporting votes. The anonymous ballots and proxy records will be added to our historical archive, which is open to inspection by any member. Results are also posted on the website.

Old business

Duane Esarey covered the following:

- In May 2023, the new Bylaws passed - 27 votes cast (26 for/1 blank vote). The new Bylaws are posted under Governing Documents on the website and on display here.
- Note that the new Bylaws:
 - revised our quorum from 10% to 20% (in order to offset numerous multiple lot ownerships and require broader representation).
 - Included a clause allowing Board to correct past mistakes and not be ruled by previous Board actions as precedent.
 - Revised HEPOA Board of Directors size from 9 to 7 (complete as of this meeting).
 - Incorporated NC Statute 47F-3-108 requiring an open HEPOA Board meeting annually.
 - An open meeting was held July 30.
 - That said, members are welcome to address the Board at any time.
- There are upcoming Reserve Fund needs (see attached overview – we predict deficits eventually)
 - The largest will be the repaving schedule and this upcoming year's road repair needs
 - Will get multiple bids this year for Heritage River repairs, with small added patches for subsidence at end Autumn Run, and road edge wastage at entrance to Common Area.
 - Anticipate approximately \$10k needed for this.
 - The reserve study predicts over \$400,000 needed by 2035 to repave with 2" asphalt.
- Overhanging limb trimming process still underway
 - We paid for this about 10 years ago – then about \$6K cost.
 - We simply do not have funds now if we intend to be able to repave the roads on schedule. So, we are doing it incrementally as volunteers. Dean and Duane started this cycle of trimming last year – so far have disposed of 18-20 truckloads of limbs. Volunteers so far: D. Moore, J. Nowak, C. Jordan, D. Esarey. This saved many thousands of dollars from the reserve fund.
 - Schedule: We have completed Autumn Run limbs, Timber Song needed no trimming. Next is the increasingly urgent Heritage River limbs and small trees. Then some more to do on Deerfield. A major limb project is needed on lower River Sound.
 - We will get this done – but be aware there should be funding for this kind of thing. We should not "borrow from the future" by spending money when we project deficits in the future.
- Changes at Common area
 - Lot 47 is undergoing development, the sand ramp to the river was revitalized.
 - Drainage project/ditch cleanout was combined with a sandbox/waterfall. Before the culvert was cleared out, backed up drainage got into the electric box and also killed a huge pine tree.
 - Gazebo needs attention. The paint is purchased (volunteers should contact Duane).
 - Any opinions on trimming or removing rhododendron bushes at gazebo? Some feel it has overgrown and is engulfing the gazebo. (No particular response).
 - Now that a residence is being built on Lot 47, note that the common area to the gazebo is only a 50' strip, including the drainage ditch.
 - Note that cost of septic permits, which expire after 5 years, has risen substantially.

New Business

- Do we need to add an oversized parcel box unit in our mailbox in lieu of having to retrieve large packages from the Post Office? If so, will budget for it in coming years. (No particular response).
- The Rt 163 River Access point (where our meeting was held) has become very popular in the short time it has been open. Our community is becoming an attractive spot for people to get out of the river, especially for those who do not want to go all the way to Elk Shoals. There is concern this may harm our roads, property, and safety. Do we need signage (No Trespassing, Private Road, No Parking)?
- John Sheldon made a motion for the Board to look into addressing these concerns, Paula Shepherd seconded it and it passed unanimously.

Emily McNeely thanked Duane for all his hard work for the community.

Michael Shepherd made motion to adjourn, Susan Wall Grayson seconded, meeting was adjourned at 5:53 pm.

List of Handouts

- **Agenda**
- **2022 annual meeting minutes for approval (posted on web since October 2022)**
- **Treasurer's report**
- **Proposed 2024 Budget**
- **2023 mid-year account reports**
- **HEPOA Current Reserve Study - June 2023**
- **HEPOA Owner Info as of June 29, 2023**

Documents on Display (these are all on the web site – printed copies available upon request)

- **2021 Declaration (Restrictive Covenants). Compiled from original and revised.**
- **2023 Bylaws**
- **Current draft: Revised 2021 Architectural checklist**
- **HEPOA Owner Info as of June 29, 2023**
- **List of HEPOA Directors at the time of the annual meeting**
- **Heritage Estates Record map (1999)**
- **Map of current Heritage Estates homes and lots**
- **Summary of relevant NC NOA financial management laws and regulations**
- **Summary of HEPOA Board Administrative activities 2021-2023.**

Respectfully submitted,
Paula C. Shepherd (acting Secretary)

HERITAGE ESTATES PROPERTY OWNERS ASSOCIATION, INC., is a non-profit corporation empowered under the Planned Community Act (§ 47F-3-102) and other laws of the State of North Carolina to serve the interests, uses, and benefits of our community, and to enforce the real covenants in order to preserve appearance and property values to which the Declaration and Bylaws have been made applicable. Member's per lot rights and obligations under the Declaration and Bylaws are allocated memberships, assessments, and voting rights as defined in NCGS § 47F-1 (103) (2-6).

Our purposes and obligations – to plan for annual and perpetual maintenance of our private roads and common area(s), ensure the maintenance of collective property values by enforcing our Covenants and Bylaws, and otherwise serve the common interests of the community while meeting state and federal requirements and regulations.



**Heritage Estates
Property Owners Association
Annual Membership Meeting
5 August 2023**



Place Seal here

Recount after meeting

Annual Election Ballot

One ballot per lot to owner(s) (or their proxy)

28 ballots cast and present

Part 1

Two open positions on the Board of Directors

Select up to **two (2)** candidates for Board Member positions to serve from for the next three years.

- ☐ **Paula Shepherd** *27 in favor*
- ☐ **Jimmy Copeland** *27 in favor*
- ☐ Person nominated from meeting floor _____
- ☐ Write in: _____
1 ballot with no director vote

Part 2

Proposed 2024 Budget

(If the proposed budget is rejected, the previous year's budget will be used.)

- ☐ Vote in favor of accepting the proposed budget. *28 in favor*
- ☐ Vote to reject the proposed budget.

40 sealed ballots produced

28 ballots cast

1 used as this summary tally

11 blank sealed ballots destroyed.

26 Paula Shepherd

- IIII IIII IIII IIII IIII

26 Jimmy Copeland

- IIII IIII IIII IIII IIII

27 In favor of
Budget

- IIII IIII IIII IIII IIII

Did not
Vote For
Board of Directors

2023 HEPOA Annual Meeting vote

Michele Nowak's on site tally (miscount by 1)
see recount.

August 5, 2023