HERITAGE ESTATES PROPERTY OWNERS ASSOCIATION, INC.

MINUTES FOR THE 2026 ANNUAL MEETING

Saturday, August 29, 2026, Mountain Aire Restaurant, West Jefferson, NC

Call to Order and Attendance

A quorum was declared based on attendance (members present representing 22 votes) and 14 proxy forms submitted for lot-based votes. President Duane Esarey called the meeting to order at 6:26 PM.

Members present: Duane Esarey, Janet Johnson, Brad McNeely, Emily McNeely, Joe Millner, Janice Landen, Robert Landen, David Noyes, Sabrina Noyes, Greg Butler, Andy Fox, Colleen Fox, John Sheldon, Susan Grayson, Steve Misenheimer, Bobbie Misenheimer, Mike Sipple, Shelia Helms, and guest Marty Young. Proxy forms were submitted for Lot 21 (Bowers), Lot 23 (Cass), Lots 32 and 33 (Copeland), Lot 8 (Ince), Lot 46 (McCurdy), Lot 44 (McIver), Lot 1 (Moore), Lots 48 and 49 (Shepherd), Lot 3 (Stroup), Lots 28 and 29 (Swan), and Lot 38 (Rhoads).

President's Report

President Duane Esarey welcomed members and shared updates from the past year. He reviewed the purpose and obligations of the HOA and summarized the following events and projects:

- Bears: five sightings were reported between July 20 and August 20.
- Andy and Colleen Fox plan to start building their home on Lot 52 in Spring 2027.
- Marty and Amy Young of Raleigh, NC, will soon move into their newly built house and will live here full time.
- The Jordan home on Deerfield Road was sold to David and Sabrina Noyes.
- Tree trimming: some branches and trees along River Sound have been trimmed. The remaining trimming (especially at Lots 2 and 20) is planned for late October.
- Road repairs: the upper part of Heritage River Road will be repaired first. One bid of $8,000 has been received so far, and more bids are expected.
- Now posted on the website: orientation videos, the 2025 annual meeting minutes and the 2026 minutes, the 2025 annual financial report, and an interactive budget planning tool.
- Each new version of the proposed amendments is posted on the website. The process is currently at step 11.
- Board terms: the terms of Vice President Jimmy Copeland and Secretary Paula Shepherd are expiring. Paula has agreed to serve another term, if elected. Jimmy has said he no longer wishes to serve. Duane's attachment lists the terms of those who have served.

Secretary's Report

The President delivered the Secretary's Report, reading the minutes of the 2025 Annual Meeting. The President called for a motion. Mike Sipple made a motion to accept the minutes as read. Joe Millner seconded. The motion passed unanimously.

Treasurer's Report

Treasurer Janet Johnson provided financial updates. She reported on website improvements and security upgrades, the posting of the 2025 end-of-year report, the current status of reserve planning and funding, and the current status of investments. Line-item income and expense tables and an investment status report were distributed. She also shared financial observations on the proposed covenants.

Janet explained that assessments are determined by the costs of operating the association and by projected maintenance expenses. She then explained how a budget is ratified under NC General Statute 47F-3-103(c). The Board adopts a proposed budget and, within 30 days, mails a summary of it to every lot owner along with notice of the meeting at which it will be considered. That meeting must be held 10 to 60 days after the mailing, and no quorum is required. The budget is ratified unless a majority of all lot owners votes to reject it. Because the association has 54 lots, rejecting a budget takes 28 votes, no matter how many owners attend. If a budget is rejected, the last ratified budget stays in effect until the owners ratify a new one. Janet noted that, by comparison, it is easier to remove a Board member, which takes only a majority of those present and voting at a duly called meeting where a quorum is present.

Janet also explained that a related clause was added to the proposed covenants to protect members. If a proposed budget is more than 10% higher than the previous year's, the Board cannot send it out for ratification without first getting the members' approval. That approval requires a vote at a meeting where a quorum is present, and a simple majority of the members voting, in person or by proxy, must approve sending the budget forward. Only after that vote would the budget go through the regular ratification process described above.

Janet took questions. Greg Butler asked whether a budget could instead be ratified by requiring a quorum, so that a simple majority of those voting could vote it down. He said that, in some people's opinion, this could be interpreted in a way that is consistent with statute 47F. Duane offered to have him send the question to the Committee, who would pass it on to the Association's attorney and copy him on it. The question will be left to the attorney. Duane handed out copies of the exact budget ratification language from the North Carolina General Statutes Chapter 47F, the Planned Community Act.

Joe Millner suggested we use the website to solicit a shared email list for members who wish to communicate with each other on Association matters. Greg Butler seconded the motion. Greg pointed out that past Boards, including the current one, have shared member emails, and he requested that the Board go back to providing member emails so that members can collaborate if they want to.

Duane explained that in its first year of governing, this Board continued many of the practices of previous Boards. As the Board learned what was required or not allowed, it changed many of those practices to align with state law and best practices, One of those changes was to stop sharing member emails because members' permission to receive their HEPOA notifications via email was not the same as permission to share the member's emails. Joe Millner suggested that Janet create an online form so that members can opt in if they want their email addresses shared with other members. The motion passed unanimously.

Janet presented the proposed 2027 budget. There were no comments or questions. John Sheldon moved to accept the Treasurer's Report. Steve Misenheimer seconded. Motion passed unanimously.

Old Business

The President reviewed the status of the proposed revised covenants. The first draft was mailed to members on August 22, 2025. Feedback from two members soon made it clear that the wrong draft had been sent. The correct version of the proposed covenants were distributed again on June 21, 2026, and the comment period was reopened (to end with this 2026 Annual Meeting) . Members sent feedback, and an open meeting held by Zoom on July 22 was well attended. The Landens stated that they did not receive the June 21 distribution. The President called for open discussion. Duane stated that the target for providing a final version of the proposed Covenants to the members and collecting the notarized forms is October. A call for any other old business brought no further comments.

New Business

The President stated that much of the last four years was spent getting the Association's documents in order, and that in the coming year the focus will turn to road maintenance and repairs. Bids will soon be requested for the "hummocks" (steps) on the upper part of Heritage River Road.

In preparation for the election, the President made a final call for nominations for the two open Director positions. There were no nominations from the floor. The two nominees listed on the ballot were Paula Shepherd and Sabrina Noyes.

The President noted that the proposed 2027 budget had been mailed to the entire membership. Members then voted on the 2027 annual budget and on the two Director positions. With 14 proxies submitted and members representing 22 votes in person, 36 votes were cast. The proposed 2027 budget passed with 32 yes, 3 no, and 1 abstention. Paula Shepherd and Sabrina Noyes each received 35 votes, with 1 abstention. Both were elected to the HEPOA Board of Director.

The President called for other new business and then for any other business at all.

Adjournment

Joe Millner made a motion to adjourn the meeting. Andy Fox seconded the motion. The motion passed unanimously, and the meeting was adjourned at approximately 7:35 PM.

Respectfully submitted, Emily McNeely (Acting Secretary for Paula Shepherd).