

Monthly Board of Directors Meeting

The Bay Tree Lakes Property Owners Association Board of Directors monthly meeting was held at the Bay Tree Lakes Clubhouse on Tuesday, August 12, 2008 at 7:00 pm. The following Board Members were present: John Shaw, Charles Massey, Charles Atkinson, and Roy Dew. (Mr. Dennis Ford was out of town on business and unable to attend.) Others present were Tish Herrmann, POA Clerk and POA Members: George & Becky Starke, John and Mary Jo Ciccarelli, Richard Stevens, and Roger Wright. Mr. Trey Duncan Communications Consultant with Star Communications was in attendance as well.

President John Shaw called the meeting to order at 7:00 pm at which time everyone was welcomed to the meeting. President Shaw expressed his appreciation for everyone's attendance.

At President Shaw's request Mr. Roy Dew gave the invocation.

President Shaw distributed the meeting agenda to all present. (Attached marked Exhibit A)

Approval of April 2008 Meeting Minutes (Attached market Exhibit B)

Secretary Dennis Ford presented the minutes for the prior month's meeting.

Approval of Financial Report (Attached marked Exhibit C)

Charles Atkinson presented the prior month's financial report as well as financial details of the road project.

Property Manager's Report (Attached marked Exhibit D)

At Large Board Member and Property Manager Roy Dew presented the monthly report.

Clerk's Report (Attached marked Exhibit E)

POA Clerk Tish Herrmann presented the monthly report to the Board.

In order to expedite the Board meetings, members reviewed all reports prior to the meeting. President Shaw asked for any comments or questions regarding any of the reports, there being none, a motion was made by Charles Atkinson and seconded by Charles Massey to approve all reports as presented. The motion was unanimously approved.

OLD BUSINESS

A. Road Project: Update, Financials & Maintenance

Roger Wright presented status report on the road project and options for soil preparation, nutrient addition, seeding or sodding, labor for installation and watering requirements of areas adjacent to the new walk way. (See attached proposal from Tri-State Turf). Mr. Wright advises the Board Wells Brothers Construction has completed the paving of the walkway along Bay Tree Drive, and the paving committee will prepare a "punch list" of items needing to be completed prior to making final payment. Several items were discussed such as the previously mention grass issue, the elevation differences requiring

some backfill along the edge of some intersections and streets, sand and dirt infiltrations at drainage pipe inlets, areas of standing water, raking and removal of debris along the walkway . Mr. Wright believes all of these items could be completed with three to four employees within a three to five day time span. A general discussion of cost and type of grass followed this presentation. Pricing ranged from \$6,000 to almost \$50, 000 depending method of installing some type of grass. Methods were hydro seeding to installation of sod. Mr. Roy Dew advised he has several discussions with sod farms and they advised not to use centipede seed after the first of August because the seed would not germinate and we would be wasting our money. The sod farms recommended we apply a seed mixture of rye, fescue mixture. Charles Atkinson advised a sod farm company in Stedman had made the same recommendation regarding seeding. Property Manager was instructed to obtain quotes on the following items and report back to the board: Obtain pricing for backfill and grading, and soil prep and seeding from other companies before we proceed with grass issue of the project. The board was reminded the backfill along roads and intersections was not part of the Wells project. Roy was ask to obtain additional proposals from other contractors as in additional to Wells Brothers and report back to the board members with the proposals. Several members expressed the concern of the project dragging out so long; project was started week of Memorial Day and was projected to take four to six weeks. It does not appear it will be completed before Labor Day. The Board instructed the project committee to schedule a meeting with Terry Wells, review the items on the punch list and get a completion day for the project. Treasurer Charles Atkinson reminded everyone we were still holding almost \$90,000 of Wells Brothers Construction funds until the project was completed.

Mr. Roy Dew mentioned the issue of continued maintenance of the side walkway and new drainage system. He expressed his concern keeping the inlets to the new catch basins clean and free of debris that would block these inlets preventing the water from draining quickly during storms. Also, requested each homeowner to keep the street and walkway edged in front of their property. He also encouraged residents to blow off the walkway and road way in front of their property to prevent buildup along the edge of the streets and walkway.

B. Lewis Update:

Vice President Massey advised that Stephen and Michelle Lewis have reviewed the contract with their attorney and it would be signed by the end of the week. This matter will be closed by the Board once the signatures are obtained and the document filed. President Shaw has prepared and signed a release which will be presented to Stephen and Michelle Lewis AFTER the Board receives the signed agreement.

C. Update on Accounting:

Treasurer Charles Atkinson advised that he would meet with Duncan Sessoms and determine the best option available to the POA and report back at the next meeting. Charles Atkinson advised that he would let the board members know when he was going to meet with Mr. Sessoms in case we wanted to join him. Mr. Sessoms has been unable to schedule a meeting due to his prior commitments; Charles will continue to work on scheduling a meeting (tentatively scheduled for Thursday before Labor Day).

NEW BUSINESS

A. Insurance Review:

Charles Atkinson worked with the POA's insurance agent, State Farm Agent Lisa Johnson and reviewed the insurance policy on the buildings and other property. Based on the review with the agent, a recommendation was made to increase the coverage's to meet our current requirements and protect our investment. The recommended increases are for the Recreation Building, Cabana, Play Shelters, Electronic Gate, and Trailer Storage Fencing. The additional coverage's are expected to increase our annual statement from \$3438.00 to \$4250.00 a year. This is an increase of approximately \$812.00 a year. Charles Atkinson advises the Board the insurance coverage's have been increased as instructed and is waiting on the new policy from State Farm Insurance Company. He expects to have the policy before the next meeting.

B. Grass Carp:

Property Manager Roy Dew advised that several property owners have approached him regarding the vegetation in the canals. The members are concerned that we do not have enough carp in the canals to keep the vegetation managed so boats can pass safely in the canals. Roy Dew discussed the possibility of placing more carp in the canals. The board asked Roy to get a professional opinion from the biologist we have used in the past. The biologist will return to our community on July 23, 2008 to assess our current position with carp and to make recommendations if warranted. Roy Dew will report back to the board with a recommendation. Roy Dew contacted a marine biologist from Southeastern Marine, he recommended we add 300 more carp to the canal because there are several areas with excessive vegetation. Roy recommends we wait until after the road project is complete to address this issue, he suggests we review this in the October meeting. Mr. Dew advises the carp can be placed any time of the year. Mr. Dew suggests we might consider adding 50 to 100 per year. He believes the cost is around \$11.50-\$12.00 per carp. Everyone agreed with Mr. Dew's recommendation to hold off until October.

C. Wake Board Tournament:

Lake Creek Corporation approached the board in June with information regarding a planned Wake Board Tournament that they want to hold in Bay Tree Lakes on July 26, 2008 and wanted the board to support the tournament. Brooks Barwick came to the board meeting to answer some questions the board previously asked and gave a brief presentation or overview of how the tournament would work. (See June Meeting minutes for details) POA members George and Becky Starke questioned the board position regarding the proposed Wake Board Tournament and are very much opposed to such an event at Bay Tree Lakes. Charles Atkinson informed the members we did NOT make a formal decision in the meeting nor a recommendation regarding the event because Mr. Brooks Warwick was to follow up on the water level issue and the safety concerns of the board and inform the board of their findings. Neither Mr. Warwick nor anyone from the Corporation has contacted the board since. Additionally, in a discussion either prior to the executive session or immediately after the executive session, the general consensus of the board was not to recommend this event primarily due to our safety concerns and the potential liability associated with an endorsement of the event. Mr. Richard Stevens expressed his support of the Corporation's attempts to hold our property values up and suggest the board's support of the Corporation's efforts to do so.

D. Committees:

Election Procedures – Chair Roger Wright

No Report

Architectural Committee

No Report

E. Member Requests:

John and Mary Jo Ciccarelli appeared before the board with a request to investigate the possibility of removing sand, silt, dirt blocking the new boat lift at Horsepen Lake while the water level is down. Mr. and Mrs. Ciccarelli advise they have been unable to use their ski boat for some time and now they are unable to get their jet ski across the blockage. They expressed their desire to use Bay Tree Lake as other members do but are unable to enjoy Bay Tree Lake because of the limited access due to this blockage. Mr. Ciccarelli advises he believes the blockage is approximately 30 feet out (lake side), he requests the board to check into what it would require to resolve this issue and to make some type of corrective action. After some discussion, Mr. Charles Massey

and Mr. Roy Dew will check with several contractors to see what it would take to resolve this issue. The Ciccarelli family was informed we did not know what could be done at this time, as the lake and canals were owned by the corporation; however we would honor their request and determine what would be required to resolve this issue.

Richard Stevens appeared before the board regarding golf cart safety in the community. Mr. Stevens informs very young children are operating golf carts and he nearly collided with a golf cart recently. He requests the board check into this issue and possibly regulate the operation of golf carts. Charles Atkinson advised this is a parent-child issue and inquired if he had any discussion with the parents of the young person, Mr. Steven's response was he had not. He believes the board should address the issue.

F. Dues Issue

Charles Atkinson informs the board of a member's complaint regarding dues payments. A POA member called our clerk regarding dues, member does not agree with our bill, states he does not owe the amount billed. POA Clerk provided the member with a detailed statement of charges and payments since January of 2005, additionally the member does not believe he should pay the same amount of dues as a member who has built a home on their property, he states he does not use the roads nor any of the associations amenities therefore he should pay a reduced monthly assessment. Explained he knew the dues structure when purchasing his property and the dues are the same for all property owners. He was very unhappy when I advised him I had reviewed the clerk's records and could not find any errors and he owed the dues and we expected a prompt payment however; if he could show us we made an error we would be happy to make necessary corrections. I advised him to mail copies of any documentation showing potential errors to me and we would review. He then stated he would take this issue to a higher authority, he was advised to attend board meetings which were held on the second Tuesday of each month as well as he could keep up with all the meetings and activities of the community on our website.

G. Other Issues

Labor Day Weekend Pig Pickin

Roy Dew inquired as to how many BBQ plates would the BTLVFD need to prepare for the annual Labor Day Pig Pickin scheduled for Saturday before the holiday. Everyone agreed to the normal 300 plates. Roy advises the cost would be \$6.00 per plate and the fire department would handle everything including set up and clean up.

Treadmill

Roy informs treadmill is inoperative and the estimated cost to repair is \$400 to \$450. Roy suggests we obtain prices on replacing the treadmill due its age as well as reminding everyone it was used when purchased many years ago. Roy will have prices on new treadmills at the next board meeting.

Star Telephone

Mr. Trey Duncan Communications Consultant with Star Telephone informed the POA members and board of the new fiber optic system in BTL. He explains BTL is one of one hundred communities in North Carolina as well as one of the one thousand communities in the nation that will be totally fiber optic. Star Communications began this upgrade last fall (sometime in September). Some residents are now receiving telephone service, cable TV and internet service through the new fiber optic system. Star Communication is in the process of converting the old copper conductor system to fiber optic and this will be available to everyone in the community in the near future. He states fiber optic upgrade was presented to the Corporation as a marketing tool but has not seen the response they thought they would have and would like to make a presentation to all of the property owners in the future. Many questions were asked by the POA members regarding this improved service. The Board will consider a time when the Star representatives could have a time to present these new improved services. POA President suggested we would consider scheduling a general meeting for a presentation to the POA members. He suggested the members present to contact Star Communications or Trey with their individual questions.

Executive Session:

All Property Owner Association Members were dismissed and the board went into Executive Session at 8:37 pm. This session was held to discuss private matters, which could result in future potential legal actions by the board. The Executive Session adjourned at 8:57 pm by unanimous consent of all members and the board continued it's meeting at the end of the executive session.

Board Meeting Resumes:

With there being no other business, a motion was made by Charles Atkinson and seconded by Roy Dew to adjourn. Motion unanimously passed. Meeting adjourned at 8:59 pm.

Respectfully submitted for,
Dennis C. Ford
Secretary
Bay Tree Lakes POA
By Charles H. Atkinson

POA Board Meeting Agenda Exhibit A
August 12, 2008

Welcome-----John Shaw

Invocation-----Roy Dew

Consent Agenda Items & Discussion

 Minutes July 8, 2008

 Treasurer's Report

 Property Manager's Report

 Clerk's Report

Old Business

1. Lewis Update-----Charles Massey
2. Update On Accounting-----Charles Atkinson
3. Road Update-----Roger Wright
4. Road Fund Financials-----Charles Atkinson
5. Road Maintenance-----Charles Massey

New Business:

1. Grass Carp-----Roy Dew
2. Star Telephone Update-----Tray Duncan
3. Dues Issue-----Charles Atkinson
4. Committees-----Board
 - Election Procedures Chair Roger Wright
 - Architectural Committee

Executive Session:

Adjourn:

Monthly Financial Summary 2008

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	YTD <u>Total</u> Actual	YTD <u>Budget</u>	<u>Variance</u>	Monthly <u>Budget</u>	Average per month first 6 months
INCOME													
Dues	\$33,203.4	\$5,390.0	\$8,294.0	\$30,474.3	\$7,306.5	\$3,878.9	\$28,195.1	\$ -	\$116,742	91,350	\$25,392	13,050	\$19,457.03
Roads	\$13,374.0	\$2,070.0	\$3,312.0	\$12,060.0	\$2,808.0	\$1,530.0	\$11,365.1	\$ -	\$46,519	36,540	\$9,979	5,220	\$7,753.18
Gate Access (Cards/Stickers)	\$140.0	\$70.0	\$100.0	\$505.0	\$200.0	\$70.0	\$225.0	\$ -	\$1,310	583	\$727	83	\$218.33
Club House Rental	\$0.0	\$800.0	\$200.0	\$200.0	\$200.0	\$800.0	\$0.0	\$ -	\$2,200	1,400	\$800	200	\$366.67
Interest	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$ -	\$0	0	\$0	0	\$0.00
Key Deposits Trailer Storage				\$375.0	\$175.0	\$75.0	\$100.0		\$725	0			\$120.83
Contractor Deposits (gate access)	\$0.0	\$500.0	\$250.0	\$750.0	\$500.0	\$500.0	\$0.0	\$ -	\$2,500	1,458	\$1,042	208	\$416.67
Miscellaneous	\$20.0	\$0.0	\$10.0	\$15.0	\$20.0	\$225.0	\$925.0	\$ -	\$1,215	350	\$865	50	\$202.50
Total Income	\$46,737.4	\$8,830.0	\$12,166.0	\$44,379.3	\$11,209.5	\$7,078.9	\$40,810.2	\$ -	\$171,211	131,682	\$39,530	18,812	\$28,535.21
% Of Total Income	27.3%	5.2%	7.1%	25.9%	6.5%	4.1%	23.8%		76.1%				12.7%
EXPENSES													
Wages and Salaries	\$1,500.0	\$1,000.0	\$1,000.0	\$2,071.1	\$1,250.0	\$2,440.0	\$3,350.0	\$ -	\$12,611	10,208	\$2,403	1,458	\$2,101.85
Building Repairs	\$1,220.0	\$1,282.0	\$0.0	\$230.0	\$0.0	\$110.0	\$2,453.2	\$ -	\$5,295	2,683	\$2,612	383	\$882.53
Grounds Maintenance	\$0.0	\$0.0	\$245.0	\$1,496.2	\$5,564.1	\$675.0	\$3,570.0	\$ -	\$11,550	5,542	\$6,009	792	\$1,925.05
Utilities	\$458.7	\$735.2	\$511.0	\$356.7	\$443.4	\$607.4	\$997.3	\$ -	\$4,110	6,125	(\$2,015)	875	\$684.93
Insurance	\$0.0	\$0.0	\$0.0	\$0.0	\$4,087.6	\$0.0	\$750.0	\$ -	\$4,838	2,625	\$2,213	375	\$806.27
Maintenance	\$144.0	\$144.0	\$444.0	\$229.0	\$194.0	\$234.0	\$651.5	\$ -	\$2,041	8,400	(\$6,359)	1,200	\$340.09
Office	\$381.7	\$460.0	\$376.0	\$714.5	\$310.1	\$294.5	\$278.3	\$ -	\$2,815	2,917	(\$102)	417	\$469.19
Legal and Professional Services (fees)	\$0.0	\$0.0	\$0.0	\$37.5	\$632.5	\$500.0	\$132.0	\$ -	\$1,302	0	\$1,302	0	\$217.00
Member Events	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$318.8	\$ -	\$319	2,100	(\$1,781)	300	\$53.14
Taxes	\$0.0	\$0.0	\$4,551.0	\$0.0	\$0.0	\$0.0	\$26.2	\$ -	\$4,577	1,167	\$3,411	167	\$762.87
Refunds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$400.0	\$ -	\$400	1,458	(\$1,058)	208	\$66.67
BTVFD Contributions	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$ -	\$0	875	(\$875)	125	\$0.00
Miscellaneous	\$636.0	\$0.0	\$624.0	\$0.0	\$150.0	\$58.5	\$462.0	\$ -	\$1,930	2,917	(\$986)	417	\$321.75
Total Operating Expenses	\$4,340.4	\$3,621.1	\$7,751.0	\$5,135.0	\$12,631.8	\$4,919.5	\$13,389.2	\$ -	\$51,788	47,017	\$4,771	6,717	\$8,631.33
Capital Project Expenditures	\$23,050.0	\$0.0	\$14,250.0	\$28.8	\$0.0	\$613.3	\$0.0	\$ -	\$37,942	23,333	\$14,609	3,333	\$6,323.68
Other Projects	\$230.6	\$141.4	\$75.0	\$0.0	\$0.0	\$4,499.8	\$16.0	\$ -	\$4,963	8,167	(\$3,204)	1,167	\$827.13
Total Expenses	\$27,621.0	\$3,762.6	\$22,076.0	\$5,163.8	\$12,631.8	\$10,032.5	\$13,405.2	\$ -	\$94,693	78,517	\$16,176	11,217	\$15,782.14
Operating Profit/Loss	\$42,397.0	\$5,208.9	\$4,415.0	\$39,244.3	(\$1,422.3)	\$2,159.5	\$27,421.0	\$ -	\$119,423	84,665	\$34,758	12,095	\$19,903.89
Total Profit/Loss	\$19,116.4	\$5,067.4	(\$9,910.0)	\$39,215.5	(\$1,422.3)	(\$2,953.6)	\$27,405.0	\$ -	\$76,518	53,165	\$23,353	7,595	\$12,753.07
Funds Transfer	\$0.0	\$35,000.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$ -					
Operating Cash	\$69,491.0	\$39,559.0	\$29,649.0	\$68,855.8	\$66,249.5	\$63,336.6	\$90,741.5	\$ -					
Money Market Account	\$18,916.0	\$54,028.0	\$54,147.0	\$54,245.5	\$54,338.0	\$54,426.2	\$54,517.6	\$ -					
Investment Account	\$154,343.0	\$149,580.0	\$150,767.0	\$157,993.0	Transferred	Acct closed	Acct closed	\$ -					
Certificates of Depoist	\$100,000.0	\$102,490.0	\$102,490.0	\$102,490.4	Transferred	Acct Closed	Acct Closed	\$ -					
Total	\$342,750.0	\$345,657.0	\$337,053.0	\$383,584.6	\$120,587.5	\$117,762.8	\$145,259.1	\$ -					
First Citizens Bank Road Account	Opened May 19, 2008												
Transferred from Investment Account					\$157,456.1								
Transferred from certificates of Deposit					\$102,490.4								
Received From Lake Creek Corporation					\$60,000.0								
Total					\$319,946.5	\$319,946.5	\$319,946.5						
Bad Check Charge for Corporation Contribution											(\$6.0)		
Purchase Check Book and Checks											(\$74.7)		
Wells Brothers Construction						<u>1st Draw</u>					(\$191,396.9)		
Balance of Construction Account at First Citizens							\$128,468.9	\$128,468.9					
Grand Total All Funds					\$440,533.9	\$437,709.3	Road Draw	\$365,000.0			\$493,468.9		
 											(\$487,347.3)		
Paid to Barnhill													
Balance of First Citizens Account													\$6,121.6

Property Managers Report For July 2008 Exhibit D

Cabana:

- Replaced Flush valve in men's room
- Replaced window glass in women's room
- Replaced electrical breaker for light's in women's room

Cleaned and ranked the beach and playground before July 4th celebration.

Canal:

- Had a meeting with Mr. Rick Stuckman about the grass
 - 1- Several areas that the grass or weed is very thick
 - 2- The floating grass is an indication the carp are doing their job.
 - 3- Recommends we add 50 to 100 carp this fall

Gate Entrance:

- We have some new steps at the gate house (making progress)
- July was the 1 year anniversary with the new gate system
 - 1- There have been 84,500 vehicle entries during this period.

Clubhouse:

- Have been working with a vendor to repair one of the treadmills that needs repairing in the exercise room. We need to discuss at the monthly meeting

August Clerk's Report Exhibit E

Lots reported sold:

Buyer	Lot No.	Home	Seller
Kenneth Matthews	603	Raleigh, NC	Lake Creek Corp.*
Brenda Warren	916	Bay Tree Lakes	Charles Donaldson

*This lot was sold Sept. 7, 2007 and we just found out about it through Brooks. Mr. Matthews was contacted and he has paid the back dues for the year.

Dues:

Outstanding Balance July 30, 2008: \$33,580.33

Credit Balance July 30, 2008: \$4,689.89