

Linerunner Maintenance Corporation Annual Meeting 2013 Minutes
6/8/2013 Red Lion Inn

Board members in attendance:

David Cronin, President
Jonathan Galpin, Vice President
Paul Kennedy, Secretary/Treasurer
Gary Fields, Board member
Bill Huffman, Board member

Membership in attendance: 28. Quorum is met.

Meeting called to order at 10:14 AM by President David Cronin

David reminds membership that voting members must be in good standing as defined by LRMC bylaws.

5 Motions made and passed throughout the meeting:

1. A MOTION IS MADE BY DAVE CRONIN: LRMC DUES WILL BE RAISED BY A \$25.00 INCREASE EACH YEAR
THE MOTION IS SECONDED
MEMBERSHIP PASSED MOTION
2. A MOTION IS MADE BY BILL HUFFMAN: THE BOARD WILL POST NEW SIGNAGE STATING THE RULES AT THE LAKE AND ALSO PRIVATE PROPERTY SIGNS ON THE ROAD, AND OTHERS AS NEEDED.
MOTION IS SECONDED.
MEMBERSHIP PASSED MOTION.
3. A MOTION IS MADE BY PAUL KENNEDY: THE BOARD WILL SPEND 5000.00 TO HAVE THE EXISTING ASPHALT TORN OUT AND HAULED AWAY (LEAVING INTACT THE FIRST VERY SHORT SECTION OF PAVEMENT THAT IS STILL GOOD) AND THEN FOLLOWING THAT, TO SPEND THE NECESSARY AMOUNT TO REGRAVEL THAT SECTION OF ROAD.
MOTION IS SECONDED.
MEMBERSHIP PASSED THE MOTION.
4. MOTION IS MADE BY PAUL KENNEDY : PAST PRESENT AND FUTURE VOLUNTEER ROAD WORK ON THE LRMC MAINTAINED ROADS WILL NOT BE HELD LIABLE BY THE ASSOCIATION AS LONG AS THE BOARD HAS PRIOR KNOWLEDGE THAT THE WORK IS GOING TO BE DONE.
MOTION IS SECONDED.
MEMBERSHIP PASSED THE MOTION.
5. MOTION IS MADE BY JONATHAN GALPIN : AS COMPENSATION FOR BILL HUFFMAN'S CONTRIBUTION TO THE DAM AND LAKE, THE BOARD WAIVES BILL HUFFMAN'S MEMBERSHIP DUES AND MAINTAINS HIS 50' DRIVEWAY WITH GRAVEL AS LONG AS HE OWNS THE PROPERTY, WITH THIS MOTION BEING RENEWABLE EVERY 5 YRS.
MOTION IS SECONDED.
MEMBERSHIP PASSED THE MOTION.

6. MOTION IS MADE BY JONATHAN GALPIN THAT THE OPEN BOARD SEAT AND OFFICER SEATS OF PRESIDENT and VICE PRESIDENT STAY INTACT WITH CURRENT HOLDERS FOR ANOTHER 2 YR TERM.
MOTION IS SECONDED.
MEMBERSHIP PASSED THE MOTION.

7. MOTION IS MADE BY DAVID CRONIN: THE BOARD TAKE PRELIMINARY STEPS TO LOOK INTO THE NC PLANNED COMMUNITY ACT TO SEE IF IT WOULD BE FEASIBLE FOR LRMC TO ADOPT IT.
MOTION IS SECONDED.
MEMBERSHIP PASSED THE MOTION.

Reports and discussion:

Old News

Dam:

David states that last year the state mandated repairs or LRMC would be fined 500.00 per day. Dam repairs had to be addressed immediately. The board assessed each member \$200.00. \$14,000 was collected and the necessary repairs were completed. David also informed membership that Bill Huffman's engineering firm donated \$56,000.00 worth of work above and beyond what we paid for the repairs. That's what it would have cost LRMC to have all the work done that was done. Bill Huffman has the invoices and documents to show the amount of work that was done but he states that "LRMC will never be billed for that work." He wants no compensation for the (above and beyond) time and work that was donated by his engineering company.

Bill Huffman spoke and said that the state had asked for two official documents that LRMC had not provided. One was an "emergency action procedure" that would include all property that LRMC would be liable for in the case of a dam breach- all property in the path and the names of the owners , etc. And they also wanted an official operations maintenance manual that would include detailed instructions for maintenance of the dam and lake going forward. The information had to be researched and the documents created and signed in the legal manner. Bill Huffman stated that he completed this work and the official documents have been sent to the state. Bill states that the reason his firm took this on was because it was "horrific" how much money had already been charged to LRMC by engineering firms in the past and still essentially nothing had been done to correct the problem. He stated "It was the right thing for us to do. I have property here and I had the talents to take care of it. LRMC will never see a bill from us."

Paul Kennedy speaks:

Bill agreed to help us but this was way beyond what he thought he was getting into at the time he agreed to help. Bill pushed the state gently over and over over time. Bill got the job done by the rainy season so that with the abundant rain we have had the lake is now refilled. Bill has refused any monetary compensation beyond waiving of his dues and we will address that later in the meeting. Paul says the board is trying to avoid strapping future boards with "deals" from the past. Several "deals" were made in the past even 30 yrs ago and "we are looking at them now and going what's this?" It's difficult to work around and to understand these kinds of things and we want to avoid future boards going through what we have. So, we think perhaps there should be no more than a 5 yr commitment on anything. I am putting this out there (not as a motion right now) for the membership to think about - how can we compensate Bill for this amount of work he has done to save our lake? Something for us to think about and we will revisit it later.

Membership thanks Bill Huffman with applause.

Dave states that the board is considering how to move forward with our dues and/or assessments since we have 6 roads that LRMC is responsible for maintaining and we are barely doing one.

Paul states for those who are unclear where your dues goes: when you pay 400.00, 375.00 goes to roads and 25.00 to dam fund. The board is considering raising dues to 475.00 and have 50.00 go to dam fund.

Membership discussion:

Membership comments that it is better to have dues go up in increments than a big chunk all at once. Little at a time is better for budget planning.

Jonathan Galpin speaks: It is better to take 20 years to become prepared and progress to the point that we can maintain all of the roads we are responsible for. We need to go up on dues gradually. And we can't go into winter with a low bank account. We need healthy accounts heading into winter each year.

Paul speaks and gives an overview of what the board has done in the last year. He uses the analogy of a car with two flat tires (two challenges that had to be addressed before we could move forward on anything else). 1. The dam. We had no choice. The state was on us and we had to act. As we went through the dam process we became aware of the second flat tire which was our accounting. It needed to be modernized and it needed to be made transparent for the membership. It was turned over affordably to an accounting firm. It is now all online and transparent. So, we couldn't go forward until we fixed the dam and the accounting and now both have been fixed and we are ready to focus on the roads.

Membership comments that we are by far the cheapest in the area when compared with other neighborhood groups like ours in the county. We may need assessments in addition to an incremental increase in dues.

Jonathan asks the membership "how much do you think it should go up per year? 25.00? 50.00? I feel we should not have a cap."

A MOTION IS MADE BY DAVE CRONIN TO RAISE DUES BY A \$25.00 INCREASE EACH YEAR GOING FORWARD
THE MOTION IS SECONDED
MEMBERSHIP PASSED MOTION

Dave states members can notify the board in the case of financial hardship and the board will work out a payment plan and it will be put in a formal document/letter of agreement that can be signed by the member and the board.

Dave speaks and introduces Scott Piper a member who lives on Willow Road who has done the research on stocking the lake and has completed the initial restocking. When the lake was drained the board realized that there were essentially no fish in the lake. It is important to build up the life in the lake for the health of the lake and for the control of mosquito larvae.

Scott Piper reports on stocking the lake: 150 rainbow trout 12-16" each will be put in. 40 lbs of crawfish have already been put in to have something for the fish to feed on. 400 large mouth bass, 400 catfish, and bluegill have also been put in. There is a video on the LRMC web site of the restocking of the lake.

The money for the restocking came out of the dam fund. Board asks membership to practice catch and release for the first year. In the future we may want to think about offering a short term license to be purchased by renters or guests of property owners to help build up the stocking fund for feeder fish going forward.

Paul states the need for all of us to be watching carefully for non residents using the lake and fishing on the lake especially if they find out there is good fishing here. We need to watch and put up more signage. We need to call authority for violations. Paul also states that we will not allow individual members to restock the lake on their own without Board approval. Any fish put into the lake is LRMC property. Dave made the change on the Transylvania County GIS map to show that Linerunner Ridge owns the lake. Previously the map showed no owner of the lake.

A MOTION IS MADE BY BILL HUFFMAN TO POST NEW SIGNAGE STATING THE RULES AT THE LAKE AND ALSO PRIVATE PROPERTY SIGNS ON THE ROAD.
MOTION IS SECONDED.
MEMBERSHIP APPROVES.

Scott Piper states that he has seen many people on the lake while he has been stocking the lake in the last few weeks that don't live here. All of us need to watch and monitor.

Road:

Dave states that we need to add more speed limit signs. Construction workers and others (UPS) going too fast on the road. Doing damage.

Dave states that 3 years ago the membership voted to tar and chip the road in increments of 1/3 mile for 3 years till the paving reached the top of the hill at Shamrock. It was done but it was done poorly. It cost us \$13,000.00. The following year we addressed the issue. There was never a contract so no recourse to have them go back and fix it. Then last year the dam took precedence over everything and we didn't address the problem. We have filled in potholes as we can with gravel. We need to address this now. Gary Fields has an estimate of \$5000.00 as the cost to tear up the asphalt that is there and haul it off. Then we can re-gravel the road and maintain as before. The second option would be to get it paved properly as we said we were going to do originally in the 1/3 mile increments over the 3 years. There are some members refusing to pay their dues because we haven't paved the road the way we said it was going to be done. Out of the 27,000.00 spent on the road last year 17,000.00 of it was spent on the first section. Paving is good in the long run if it is done properly because once it's done it frees up all the money usually spent on maintaining that section that can be used on other roads we are responsible for maintaining but haven't been able to touch.

Paul states that now that we have gotten the dam fixed and the accounting fixed (the two flat tires) we need to decide what to do about the road. Opens it for discussion.

Membership discussion: What it would cost to tear out the asphalt and repave the road correctly?

Paul states there is no current bid on that whole package. Only the \$5000.00 to tear out and haul off the asphalt. It may be somewhat cheaper if tearing out the asphalt is part of a total paving cost with one company. Whether or not we pave it again, the old paving has to be torn out. To do paving we will have to re-gravel first.

There was some membership discussion about widening the road but because of the solid rock on the one side that is not an option.

Membership comments that we need 10-12 inches of gravel base before we can pave and that is why the paving didn't "take" because there is only about 4 inches now. We need to pull up what's there and start to add gravel back. Then revisit the paving option later.

A MOTION IS MADE BY PAUL KENNEDY TO SPEND 5000.00 TO HAVE THE EXISTING ASPHALT TORN OUT (STARTING AT THE END OF THE FIRST SHORT GOOD SECTION OF PAVING AND ENDING AT THE END OF THE TOTAL PAVED SECTION) AND HAULED AWAY, AND THEN REGRAVEL THAT SECTION OF ROAD. MOTION IS SECONDED.
MEMBERSHIP PASSED THE MOTION.

Jonathan introduced Mike Collins owner of Red Lion Inn and thanked him for allowing us to meet there. Membership thanks Mike Collins with applause. Mike states that he was happy to allow us to meet there and that the Inn is open on Fri. and Sat. night with live music and dinner. Also other events and workshops offered there throughout the year. His parents were original owners of the Inn.

Jonathan introduces board members.

10 minute break.

Meeting Re-adjourned at 11:57 AM

Membership discussion: about the Board's authority to decide to go ahead and pave the road without waiting until the next annual meeting if they find that it would be more cost effective to do so. Paul states that if the board feels that would be the best option they would have to open it to a membership vote but that could be done by email. Paul asked for an unofficial show of hands of those present who would be opposed to eventually paving again in the long run. Those members present were for paving eventually.

Dave reports on Accounting clean-up: summarized LRMC's Accounting Clean-up and what the board has tried to do. He states that until now LRMC has juggled the accounting from bookkeeper to bookkeeper every couple of years and everytime it is taken over by another person methods get changed and rearranged and lost and it becomes a mess. This board felt that they had to get the accounting straightened out so that each time there was a change in the board it would be passed on seamlessly and everything would remain clear to anyone who came on. Boards can change, members can change, accountants can change, but the bookkeeping continues without skipping a beat. That was the goal and we have done that. Before we did this records were scattered and we didn't know who owed what or for how long. There was no way to quickly access that information. Now we do. It is completely transparent and visible to us online. This is essential when property changes hands. We have title companies' call and now we have the information that is accurate and available instantly.

Paul adds that it took Dave and Jonathan 9 months to straighten it out. And in doing so they discovered and collected 10- 12,000.00 that was owed us that we didn't even know about.

Dave talks about liens: Attorneys wanted \$750.00 per lien to enforce. Dave found lien documents that would work for us instead of hiring attorneys. He is still working on

getting that worked out but it is the only teeth we have for people that refuse to pay. New wording on liens states we have the right to proceed with foreclosure after 90 days. You will see on our financial statements 395.00 to an attorney for reviewing Joshua owners commitment. There are more attorney fees coming up regarding the liens. And we have one issue with one other person that will require some legal fees and as we work through that we will be letting you know more on that later.

Jonathan talks about the Joshua Summit commitment to Linerunner: Joshua residents divide their portion of the maintenance of the first 6/10 mile of the road between all of their members. 17 members. The documents are all on the web site. It also states that the members need to be billed. We found out that they hadn't been billed for a few years. So we asked the attorney assess how to bill. If we spend 1000.00 on road maintenance on the first 6/10, Joshua is billed for their portion of that. but as a board we realized that there is more to the cost than just the actual road maintenance fees. There are various sundry costs that go into it as well. The attorney said we can assess Joshua the same way we assess our own members. The board creates a budget for the first section of road (6/10 mile) , compensate the expenses and adjust the numbers and divide it between 102 members (our 85 members and 102 Joshua). That way we suffer equally. It is a fair way to divide the actual cost of that first 6/10 mile of road that we all share - Joshua residents and Linerunner residents. On the web site is the letter to the Joshua members regarding this change, as well as the letter from the attorney. We are trying to be fair. Joshua residents may not agree with us. We are approaching this from a legal standpoint. If it is legal to proceed we will.

Paul adds: We went back 2 yrs and used actual numbers. We did a budget based on real numbers, receipts, etc. to be fair. We didn't just pull numbers out of the air. We also forgave the debt the Joshua residents owed through a token payment. We asked for a one time 25.00 per member payment and the rest of the past debt that they were never billed for will be forgiven. But moving forward, we will go with the attorneys recommendation for this new method of assessment. We are doing everything legally and above board. They can disagree and fight us on it but Joshua residents are not voting members of LRMC. We are intertwined through our legal document.

Membership discussion: There will be disagreements and so the Joshua residents need to somehow be part of the discussions (even though they are not voting members) so we can be at a place where we don't have to keep going to attorneys to solve these disputes.

The board states that yes they want to be able to work things out together but they needed a place to start and that's why they sought legal advice on what would be the fair way to approach it.

Paul states: The spirit of this board is to embrace Joshua not to distance them. We had to go to lawyers to get everything cleared up because the documents and the language was old and muddly and unclear and we felt unfair. We had to correct 30 yrs of miscommunication. Then, going forward we can discuss together. We can't separate

from Joshua because we use the same road. We have to live together.

Paul adds notes regarding payments that appear on the financial statements that members may question and the board wants to disclose these to the membership:

* 250.00 paid to David Cronin for time he had to take off from work to get things done during working hrs for LRMC. Deadlines that had to be met and David was the only one who was available to take care of the business. The duties he was performing were things out of the scope of his position as president. These were accounting and legal document matters that absolutely had to be done. Lost time is lost pay for him. He was compensated for that. There will be another 250.00 because of time spent on the Lien documentation.

*Gary Fields has also done some road work and has been paid for that.

All receipts and documents are online. If you ever see these things and have questions about it, ask.

* An incredible number of BUD ICE beer cans have been repeatedly collected along Linerunner Rd. all the way back to Willow Lane. If anyone has any idea who might be throwing these cans out of their vehicle on a regular basis, please ask them to stop.

* Bill Huffman refuses monetary compensation for his incredible service of saving our lake and his engineering firm's \$56,000.00 of donated work. Bill Huffman has invoices for all his work totaling 56,000.00. [Bill speaks and says "anyone is welcome to look at these invoices but the association will never be sent this bill."]

The board wants to compensate him without strapping future boards with a long term deal that people will look back on and say "What is this thing?"

Membership discussion: Glen and George Valentine have also contributed a great deal of donated work over the last 13 yrs.

The board acknowledges this and the Membership applauds the Valentines.

George Valentine speaks and voices concern about his liability for work done on a volunteer basis. He doesn't want the board to come back and say - "you did this wrong for the last x number of years and we are going to sue you for ruining the road."

Paul speaks and assures George that the board is 3 yrs into a 5 yr process of getting things cleared up and getting on their feet. That road is really our problem and we aim to be able to start taking on that road and all the other roads as soon as we can. You can stop your work any time. It really is our problem and not yours. But we are grateful for what you have been able to do and we would not hold anything against you that you have done with good intent. We also have insurance that would cover liability. The board needs to know ahead of time when members are going to spend money on the roads. Just keep communication open. We as a board will not hold you liable for work you do for the good of all as long as you notify us beforehand.

MOTION IS MADE BY PAUL KENNEDY THAT PAST PRESENT AND FUTURE VOLUNTEER ROAD WORK ON THE LRMC MAINTAINED ROADS WILL NOT BE

HELD LIABLE BY THE ASSOCIATION AS LONG AS THE BOARD HAS PRIOR KNOWLEDGE THAT THE WORK IS GOING TO BE DONE.

MOTION IS SECONDED.

APPROVED BY MEMBERSHIP.

MOTION IS MADE BY JONATHAN GALPIN THAT AS COMPENSATION FOR BILL HUFFMAN'S CONTRIBUTION TO THE DAM AND LAKE, THE BOARD WAIVES BILL HUFFMAN'S MEMBERSHIP DUES AND MAINTAINS HIS 50' DRIVEWAY WITH GRAVEL AS LONG AS HE OWNS THE PROPERTY, WITH THIS MOTION BEING RENEWABLE EVERY 5 YRS.

MOTION IS SECONDED.

APPROVED BY MEMBERSHIP.

Dave adds: This board would like to try to get a real community spirit going here. When people do exemplary things we would like to have some way of recognizing and rewarding them. Something for us to think about.

This current board has one board seat whose 2 year term is up, as well as two officer seats - President seat and Vice President. We have all talked and the 3 of us have agreed to stay on for another term if you vote for that to be so. We feel like we have worked hard and started something important together and we'd like to stay together long enough to see some of these things we've started through to finish.

MOTION IS MADE BY JONATHAN GALPIN THAT THE OPEN BOARD SEAT AND OFFICER SEATS OF PRESIDENT AND VICE PRESIDENT STAY INTACT WITH CURRENT HOLDERS FOR THE NEXT 2 YR TERM.

MOTION IS SECONDED.

PASSED BY MEMBERSHIP.

Membership discussion: regarding "nuisance situations" in our bylaws that the board has no teeth to enforce. Example presented is a current dog issue on Creek Rd. where the dog is frequently out and chasing vehicles and presents a safety threat to those who commute daily by motorcycle on our road. Owners have been approached about the problem repeatedly. The problem has not been resolved.

The board has no recourse in a situation like this and others that we have had in the past.

Dave states: the board can look into the "Planned Community Act" and what it would take for LRMC to adopt this Act. It would allow us to make our own laws and would give us legal recourse to enforce our laws. The Planned Community Act is an NC state document and can be viewed on the NC government website.

MOTION IS MADE THAT THE BOARD TAKE PRELIMINARY STEPS TO LOOK INTO THE PLANNED COMMUNITY ACT TO SEE IF IT WOULD BE FEASIBLE FOR US TO ADOPT IT.

MOTION IS SECONDED.

PASSED BY MEMBERSHIP.

1:25 PM MEETING IS ADJOURNED