

**Minutes of the Wolf Laurel Property
Owners Association
Annual Membership Meeting
July 27th, 2009**

President Jim Landry called the meeting to order at 9:10 AM and led the attendees in the Pledge of Allegiance. After introducing the current members of the Board of Directors, Mr. Irving Washington, our Board Member Emeritus, led the opening prayer. Reverend Hall read the list of association members who had passed away during the past year:

- Members: Jeannie Harrison, April 16th; Sheila Williams, July 3rd
- Former members: Ray Burrows, September 27th; Dean Berkley, May 17th; Herrol Bellomy, May 28th

Secretary Chuck Freeman provided a certification of a quorum.

The minutes of the previous annual meeting, as published in the August/September 2008 *Top of the Bald*, were approved without change.

Committee Reports:

John Beneke, Treasurer, reported on the financial status of the association and the results of the annual audit. Both the financial and the audit reports are posted on our website. He noted that three items are currently over budget: The weather station sponsorship, which was unbudgeted; our legal expenses, which should be viewed as a two-year expense (and that was under budget last year); and a \$500 contribution that we made to the Ebbs Chapel Fire Station for chairs and tables. A motion was passed to approve both reports.

Jessica McGee, Membership, reported that there are currently 602 members of the Association. Several more members signed just prior to the start of the meeting.

Jim Simmons, Long Range Planning, reported on progress achieved toward the five objectives established under our long range planning program:

- Disaster Response Planning. Jim reported on the extensive planning work that has been achieved, particularly by Jerry Young.
- Researching the possibility of forming a planned community homeowners association under

section 47F of the North Carolina General Statutes. This effort, led by Gene Woolf, is taking a lot of time.

- Obtaining relevant knowledge regarding developments around the Wolf Laurel Community. Joanne Jackson leads this effort, and coordinates with the Laurel Valley organizations that are closely watching and contesting aspects of the Wolf Ridge projects.
- Analyzing options for the Amenities Program. Jim Linkenauger heads this effort and it will be covered later in the meeting under new business.
- Developing a database of property owners in Wolf Laurel for the use of all interested parties. Chuck Freeman is leading this effort.

Barb McQueen, Office/Social, began by recognizing Sandy Gwozdo for her outstanding work as our office manager. On the social scene, she recognized Gwen Vickers for her outstanding support of the “Friday Nighters” program and the Hoedown for the last five years and announced that a plaque in her honor will be set up in the garden by the pavilion.

Chuck Freeman, Top of the Bald and Directory, noted that budget savings have been realized from changes made last year and we continue to improve the *Top of the Bald*, with the latest issue having six pages in color, a new high. The survey form distributed is an attempt to find out what the membership would prefer to have as content in the *Top of the Bald*. (Note: the results, when tabulated, were inconclusive) He concluded by noting that we were now publishing a full copy of the Directory each year.

Jessica McGee, Garden Club, reported on the achievements of the club during the last year and indicated some of the projects scheduled for the coming year.

Old Business:

President’s Report - Covenants

Two years ago your POA Board embarked on a journey to obtain answers for a number of questions on the legal status of R&S, POA and property owners of Wolf Laurel. Although no formal hypothesis was established, we did go forward with several goals in mind. It was important to have the roads and our security maintained at a fair rate for

every user of those services. It was important that use of common areas promised or implied upon the purchase of our properties be upheld and it was equally important that we be allowed access to all financial records. And finally it was a goal to stifle the continuous flow of doubtful, if not outright incorrect information that has plagued us for years.

Although there was the possibility we would not like what we learned, at least we would have a factual foundation upon which to build a better working relationship with BMDC working towards an agreeable transfer of responsibilities to the Wolf Laurel residents should that day ever come. To fund the endeavor, we increased POA dues to cover attorney fees and hired North Carolina attorneys specializing in communities like ours. We have spent all the funds collected for this purpose and a bit more and will use the knowledge gained to guide our decisions. Today, we have answers and/or legal opinions to many of those questions. Unless some unforeseen event occurs I don't see us continuing at this same rate of expenditure, although \$20 per POA member for each of these past two years is not a great expense.

Wolf Laurel in a legal sense is a "house of cards" that has been building upon itself since the beginning. It perhaps started as a promising development, but it had, by today's standards, no legally backed foundation upon which to build and grow to its potential and eventually to separate from the developer.

What we learned or acquired after two years:

- We now have a law firm with a good knowledge of WL.
- We found that the anniversary date of 2011 on covenant affirmation is not binding.
- We discovered we are not a planned community by definition, and that to become governed by State Statute 47f we must be a planned community.
- We learned what it takes to become a planned community.
- We have rights to common lands with or without covenants. As long as we were enticed to purchase property with amenities, they and the land must be available to us (provided they are not signed away). It does

not matter from whom you purchased your property.

- Court is the only solution to many of the problems with the covenants.
- We have learned the probabilities of winning a number of different court challenges, and that the rule of reasonableness could prevail in our case.
- We learned that while covenants may be flawed, they are all we have at present. They do offer protection, and to dismiss them or the amendments outright would be harmful to us.

Some action options for Wolf Laurel include:

6 - Disband current agreement:

- a. What will replace it?
- b. Do any parts of the covenants remain?

5- Keep status quo:

- a. Problems with developer continue as before.
- b. Avenue for legal challenge remain open.

4 - Merge with Blue Mountain:

- a. Will Blue Mountain accept this concept?
- b. Should this include a new umbrella organization?

3 - Go for Chapter 47F:

- a. Should a declaratory judgment be sought?
- b. Three of our own WL resident lawyers have concluded 47F as favorable to our development; however it will be difficult to get there.
- c. A downside to this option is the possible loss of the security gate since the developer will own the ground it sits upon.

2 - Rework covenants for a new agreement with BMDC:

- a. Can we correct the flaws?
- b. Can we negotiate acceptable revisions to favor the residents and maintain the protections BMDC wants?

1 - Rework R&S bylaws:

- a. Redefine the membership as permitted by the charter to include all property owners with an elected board.
- b. Eliminate the 5/4 relationship and replace with the power of veto. Give BMDC the power of two vetoes and it takes two vetoes to stop a motion.

Wolf Laurel is a complex place, and I know all I have given this morning are bullet points without much detail. Maybe we can take care of that in answers to your questions today. It has been suggested to blow the covenants or amendments away, let the community go to the bottom so that all would realize the loss and damage before everybody would get together to repair the situation. Folks, that recovery would never happen; once the community loses its ability to finance the infrastructure, the resulting chaos will be so great that we would never recover in our lifetimes unless a series of court judgments are ruled in our favor. A better solution would be a team effort among the leaders of R&S, WLPOA, Blue Mountain, the Club and BMDC to put their heads together recognize the wins of cooperation and losses otherwise.

What you have just heard is your dose of cod liver oil. So let me leave you with thoughts to sweeten things up. We have had a number of accomplishments of which we can be proud.

- *Garden club activity*
- *Cleaned up litter on local roads*
- *Ray's Weather addition*
- *Website improvements*
- *Full directory each year*
- *New printer and lights for the office*
- *Water company – Pisgah Pass improvement – spigot across from Club*
- *Donation to ECFH*
- *Madison County meeting on solid waste & recycle*
- *Yancey County meeting on solid waste & recycle*

Special Recognition:

Office Management – Sandy Gwozdo

CPR/AED Training – Kay Ryan

Financial Disclosure – John Beneke

Public meetings offsite – Joanne Jackson

Entertainment – Gwen Vickers, Deede Walker, Larry Smith

Results of Elections:

The following individuals were elected to the board to fill expiring memberships: Jim Landry, Jim Linkenauger, John Beneke, Sonny Colvett, Joanne Wit and Chuck Freeman.

(Ten minute recess.)

New Business:

Monthly Meeting Day: Jim Landry led an open discussion of the question of when to hold the monthly meetings of the Board of Directors. No definitive conclusion was reached, but there was some sentiment for meetings on Saturdays.

Capital Development Fund and alternatives to the Amenities Programs.

Capital Development Fund and Amenities. Jim Linkenauger made a short review of the status of the amenities program and various options or possible outcomes for the future. He began by discussing the various alternatives in determining the value of the current amenities that are owned by Bald Mountain Development Corporation. It's clear that while the replacement value might be at one level, the economic value from an income stream is considerable less. In reality, while many residents do not use the amenities at all, the real value to the residents is that of their availability to prospective buyers of property in Wolf Laurel, and therefore, they are clearly a plus in determining the fair market value of our property.

In terms of options, the residents would clearly prefer to acquire the existing amenities at some point. However, it has been made clear that they are not for sale now or for the foreseeable future. Bald Mountain is using the amenities as part of their selling efforts in The Preserve and is expected to continue to do so for a number of years.

In terms of financing for such a possible purchase, it is clear that the more preferable way would be for the residents to band together and to raise equity funds to accomplish such a purchase. Jim noted that there were several methods to do so that had been discussed in the past but for the time being, they had been put on hold. It is possible that some borrowings might be part of a total package that might be considered.

Otherwise, it is possible that a proposal might be put together that would bring together other potential partners, including the country club and possibly the Scenic Wolf interests.

While no one knows if and when the timing might be right to seriously consider a purchase of the amenities, there seemed to be widespread support to

strongly going ahead and starting a Capital Development Fund just to have some initial funds on hand if the opportunity presented itself. Jim then opened the floor to discussion and the residents seemed very supportive of an increase in the annual WLPOA dues to support this effort.

Closing Comments:

Jim Landry announced that the next meeting of the Board would be held on August 3rd at the Ebbs Chapel Fire Station, starting at 10:00 am.

Jim Landry announced that there would be a special session of the new Board of Directors immediately following this meeting.

In a surprise move, Jim Linkenauer, as Vice President of the Board, presented Jim Landry with a plaque for his service the past two years as President.

There being no further business, Irving Washington was finally allowed to move that the meeting be adjourned. Being duly seconded, the membership loudly supported the motion.

Charles W. Freeman
Secretary

Note: In the special session that followed the annual meeting, the following board officers were elected:

President – John Beneke

Vice President – Jessica McGee

Treasurer – Sonny Colvett

Secretary – Chuck Freeman