The Gallery at Rivers Edge Owners' Association, Inc.

Minutes of the Eighth Annual Meeting

December 10, 2015

The Eighth Annual Meeting of The Gallery at Rivers Edge Owners' Association, Inc. was held on Thursday, December 10, 2015 in the Owners Lounge of the River Hall Residents Club, 350 Cherry Hills Lane, Rivers Edge Golf & Plantation, Shallotte, North Carolina.

I. Opening Comments & Introductions

Mr. Michael Wiggins welcomed the members and introduced himself as Executive Board President. He introduced the Board Directors, Joseph Dahl and Paul Lofgren sitting at the head table. He also introduced Martha Sue Ludman and Gail Miller, Management Representatives, extending the Association's appreciation for their work.

II. Call to Order:

Mr. Wiggins called the meeting to order at 10:00 o'clock AM. Mr. Wiggins stated that per the Association's Bylaws, Article III, Section 3.1, which in summary states "An annual meeting of the Owners shall be held at such time and place as the Executive Board may determine. The purpose of the annual meeting shall be the election of the Executive Board for 2016, the review of the 2016 operating budget, and for such other purposes as specified in the Bylaws of the Association." Mr. Wiggins added that per the Bylaws, Article III, Section 3.4 stating in summary "Notice of all members' meetings shall be given in writing, stating the time and place and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting".

Mr. Wiggins stated that he will serve as Chairman of the Meeting and that Gail Miller will serve as Recording Secretary of the meeting.

III. Roll Call and Quorum Establishment:

Mr. Wiggins called upon Mrs. Miller to report on the roll call and check-in process in order that a quorum be established. Mrs. Miller reported that eight (8) votes were present in person and twelve (12) votes were present by proxy representing 32.25% of the total membership votes and declared a quorum established per the Bylaws, which states "a quorum at members' meetings shall consist of members, present in person or by proxy, entitled to cast ten percent (10%) of all the votes of each class of membership".

Mr. Wiggins stated that the affirmative vote of a majority of the members represented at any duly called members' meeting shall be binding upon all the members.

IV. Proof of Mailing:

Mr. Wiggins stated that per the Bylaws, Notice of all members' meetings shall be given in writing, stating the time and place and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the meeting date. Mr. Wiggins examined a Proof of Mailing of the Notice of the Eighth Annual Members' Meeting and indicated that the Proof, along with a sample of the Notice, would be filed with the records of this meeting.

V. Approval of Annual Members' Meeting Minutes:

Mr. Wiggins stated the minutes of the Annual Members' Meeting, held November 20, 2014, required approval. Mr. Wiggins requested the Secretary read these minutes unless there was a motion to waive the reading and approve the minutes as submitted.

Upon a motion by Mrs. Gloria Kernodle, Lot 12-C, seconded by Mr. Dennis Iavarone, Lot 7-D, and carried, it was:

MOVED: That the reading of the minutes of the Annual Members' Meeting held November 20, 2014 be waived; and further, that the minutes be approved as written.

VI. Executive Board Election:

A. Nominating Committee Report

Mr. Wiggins announced that the first purpose of this Annual Members' Meeting is the election of the Executive Board.

In preparation for the members' vote on the election of the Executive Board, Chairman Wiggins appointed Gail Miller and Martha Sue Ludman to serve as Inspectors and Tellers of the Election, if necessary.

Chairman Wiggins stated that, with regard to the election of the Executive Board, per the Bylaw stipulations, Article IV, Section 1, which in summary states "the Declarant has the right to appoint all members of the Executive Board until the Declarant turns over control of the Association or the Declarant no longer owns any portion of the Gallery Townhomes". Chairman Wiggins stated that the Declarant turned over control of the Association on February 1, 2008, with the election of an Executive Board comprised entirely of property owners and these elected individuals were elected to serve on a two (2) year staggered term.

Chairman Wiggins stated that per the Bylaws, Article IV, Section 1, "the affairs of the Association shall be managed by an Executive Board consisting of not less than one (1) nor more than three (3) directors, all of whom shall be members of the Association". Chairman Wiggins stated further that per the Bylaws, Article IV, Section 2, "at the first meeting of the Association after the Period of Declarant Control one (1) director shall be elected for a term of two (2) years and two (2) directors shall be elected for a term of one (1) year, and thereafter directors shall be elected for terms of two (2) years.

Chairman Wiggins indicated that per the Bylaws, Article V, Section 2, "the Nominating Committee shall make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled".

Mr. Wiggins stated that he had been nominated for the one (1) open Executive Board seat to serve for a term of two (2) years from the date of this Annual Meeting.

Mr. Wiggins welcomed members in attendance to consider serving on the Board as well as creating and serving on standing committees. He noted the need for volunteers to assist with the oversight of the landscape contract and regular maintenance.

Mr. Wiggins requested a motion to close the nominations.

Upon a motion duly made by Mr. Dennis Iavarone, Lot 7-D, seconded by Mr. Kurt Jacobson, Lot 8-E, and carried, it was:

MOVED: That the nominations be closed; and further, that the Nominating Committee's slate be elected by acclamation.

B. Election Results:

Mr. Wiggins announced the results of the election of The Gallery Executive Board. He noted that the new Board member serves a two-year term.

Michael Wiggins – 2016-2018

VII. 2016 Budget Ratification

A. Budget Presentation & Review

The Chairman next addressed the ratification of the 2016 operating budget.

Mr. Wiggins referred to the Bylaws which in summary states "an annual budget for the Association for the next year shall be presented at the annual meeting of the Owners. Within thirty (30) days after the adoption of a proposed budget, the Executive Board shall provide to all Owners a summary of the budget and a notice of the meeting to consider ratification of the budget. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless, at that meeting, a majority of all the Owners rejects the budget."

Mr. Wiggins stated that the Executive Board, with the assistance of Management, was responsible for the preparation of the 2016 budget.

Mr. Wiggins reviewed the budget by covering, with explanations, the changes from 2015 in each of the revenue and expense categories and provided details of the changes in the level of services to be afforded in 2016. Mr. Wiggins noted that as discussed and agreed upon at the 2014 Annual Meeting the stairway replacement project, which has been completed, was paid for using the existing Painting Reserves. A bank loan was obtained to immediately reimburse the Painting Reserves, with a payment term of five (5) years thus the reason for the increase in the assessment.

Mr. Wiggins stated the adopted 2016 annual assessment for each townhome is $2,018.00, which represents an "increase" of $228.00 as compared to 2015.

Mr. Wiggins concluded stating that the 2016 assessments will be payable in two (2) installments of $1,009.00, each being due January 1, 2016 and July 1, 2016. Delinquent assessments not paid by close of business on January 31 and July 31, 2016 respectively, will be subject to the Association's collection policy, including the levy of late fees and interest charges.

Mr. Wiggins stated that having heard no action on the part of the membership to reject the budget, he declared the adopted budget ratified per the stipulations of the Bylaws. He stated that the 2016 assessment billings would be mailed to the membership immediately following this meeting.

A copy of the ratified 2016 budget is attached to these minutes as Exhibit "A".

VIII. New Business and Member Comment:

Mr. Wiggins stated he had reviewed the minutes from the previous members' meeting and found no items of unfinished business requiring action.

He then opened the meeting to items of New Business and member comments.

A. IRS Tax Treatment Action:

Mr. Wiggins introduced the first item of New Business, explaining that per the recommendation of the Association's accountant and in compliance with the IRS regulations, the Association had been advised to adopt the following resolution

by motion of the Members at each Annual Meeting, in order to maintain maximum flexibility with regard to the filing of the annual corporate tax return as it relates to the tax liability on the Association's accumulated reserves.

Upon a motion by Mrs. Marianne Iavarone, Lot 7-D, seconded by Mr. Richard Kain, Lot 6-D, and carried, it was:

MOVED: That since The Gallery at Rivers Edge Owners' Association, Inc. is duly organized and existing under the laws of the State of North Carolina; and further, that since the members desire that the corporation shall act in full accordance with the rulings and regulations of the Internal Revenue Service, the members hereby adopt the following resolution by and on behalf of The Gallery at Rivers Edge Owners' Association, Inc.:

RESOLVED: That any excess of membership income over membership expenses, for the year ended December 31, 2015 as defined in Internal Revenue Codes Section 277, shall be applied against the future expenses, as is provided by IRS Section 528; and further, that should the Association have two (2) consecutive years of excess operating revenue over operating expenses, that such calculated surplus in the Second year may be transferred to Reserves.

B. Member Comments

Items for discussion included the touch-up paint needed for the stairways. Mr. Wiggins also discussed various items of maintenance noting that only those scheduled maintenance items such as painting, gutter cleaning, etc. are covered by the association budget. All other maintenance items are the responsibility of the owners.

With no further comments forthcoming from the members, Mr. Wiggins thanked everyone for their input and attendance.

IX. Adjournment:

Upon a motion duly made, seconded and carried, Chairman Wiggins declared the meeting adjourned at 10:35 o'clock AM

Submitted by:

_____

Gail Miller, Recording Secretary

Approved by:

_____ Dated: _____

Michael Wiggins, President