**TALL SHIP ASSOCIATION ANNUAL MEETING**

**DECEMBER 11, 2016**

**LAKEVIEW ROOM**

**Call to Order**: B. Stuart called the meeting to order.

**Proof of meeting:** B. Stuart presented the notarized proof of notice showing that proper notice had been mailed to owners. Stuart declared a quorum with twenty owners present and thirty proxies.

**Introduction**: B. Stuart introduced the 2016 Board of Directors. They are as follows: Olimpia Borys, Gary Moser, Frank Patterson, Rob Routman and himself.

**Welcome**: B. Stuart welcomed the guest present.

**Board Member Reports:** B. Stuart discussed a list of accomplishments for the year such as the major construction project, landscaping improvements and the irrigation system repair.

**Treasurers Report:** R. Routman advised that the current operating budget as of November 30th is on track to complete this year with an additional contribution available for capital reserves. Cash balance in capital reserves was $273,232.51 as of November 30th. Final December 31st budget balances are contingent on expenses but projections based on trend indicate capital reserves should be around $335,700.00 at the completion of 2016 budgets and after the rollover of operating budget surplus. A spreadsheet capital reserves sensitivity analysis as of November 30th was presented indicating provisions for future capital expenditures, regime fees, and corresponding capital reserve balances.

The treasurer announced that plans were underway to allow interested owners to repay their share of the special assessments for building renovations. The current construction loan balance stands at $3.8 million with a small amount of final expenses yet to come in. Thus the final permanent loan amount is not known at this time. On June 15, 2017 the construction loan converts to a permanent twelve year loan. Owners pay a $925.00 quarterly fee from which the Association makes 144 payments to the bank. The balance in the special assessments account for payments to the bank is $187,991.00 as of November 30th. Interest rates on the permanent loan will be set in 2017 and 2024 and can currently only be estimated. The interest rate on the first seven years of the permanent loan will be based on Treasury rates as of June 15, 2017. The interest rate for the last 5 years of the 12 year loan will be determined in 2024.

Currently, based on rough estimates and projections, the total of 12 years of quarterly assessments to pay off the loan indicate a per unit liability of around $41 thousand. If a unit chooses to prepay, the prepayment would be around $31 thousand. Thus the interest savings per unit would be around $10 thousand over twelve years. Owners who choose to prepay the special assessments would have to have their prepayment to the Association by May 15th to allow their checks to clear so that the Association’s prepayment check can clear at the bank in time. As it gets closer to May the Association will be able to communicate more exact prepayment information.

(Page 1 of 2)

**Beacon:** O. Borys asked that owners submit feedback on the Tall Ship Beacon. The Beacon is published in January, April, July and October. Borys welcomes owners to voice any concerns, submit suggestions and would love to meet with owners to listen to stories that could possibly be published in the Beacon.

**Update on Construction Project:** M. Clarke with MCA, stated the bow window project is finally coming to an end. Buildings have new synthetic stucco which is waterproof, walls are clean and new vinyl windows have been installed. Clarke stated SE Wall Systems did a great job and provided a wonderful crew.

Clarke stated moving forward there are three tall columns left to repair in the Frigate Building. The Board has authorized these repairs and agreed to fund the repair out of the assessment account.

**Election of Incoming Directors:** G. Moser nominated Barry Stuart, Olympia Borys, Frank Patterson and himself as directors. The nomination was unanimous.

**Owner Questions:** Mr. Humphries mentioned that the bow windows are dirty as well as the gutters being full. Humphries asked if the window cleaning can be done more than once a year and if he could hire the window cleaners to clean his windows when needed. G. Lee responded “you can hire them to clean the windows when needed” and the Board agreed. G. Lee stated gutters are cleaned three times a year which is at year end, in the Spring after pollen and in August or September.

A question regarding the repairs needed on the leisure trail steps between Ketch and Yawl was discussed. The leisure trail steps are budgeted to be replaced in 2020. Repairs have been made to prolong the usage until this time.

**Satellite dishes:** The Board reminded the owners that satellite dishes in common area will be removed beginning January in accordance with the previously announced policy. No comments were offered.

**Master key policy:** B. Stuart discussed the new master key policy. All units must be rekeyed to the new master. Foothills Property Management, Keowee Key Fire Department and Barry Stuart will have a master key to allow access to the units in case of emergency.

**Deck policy:** The Board discussed the upcoming implementation of its previously announced deck policy regarding enclosures and screening. Owners made comments pro and con, and discussed issues regarding uniformity of appearance, sun shades, screening and allowable modifications to the decks. A non-binding advisory vote of the owners was taken regarding banning sun screens and enclosures. One unit voted against the policy and the balance of the voting was either in favor or abstentions.

(Page 2 of 2)