

TABERNA MASTER HOMEOWNERS ASSOCIATION, INC.
MINUTES OF THE ANNUAL MEETING
December 7, 2011

The meeting was called to order by John Serumgard at 7:00. It was determined that a quorum was reached with those present and by submitted proxies. Board members present were: John Serumgard, President, Russ Packard, Vice President, and Jim Dugan, Treasurer, Chip Rice, Secretary, and at large members Chris McCausland, Rick Layton, and Al Lefebvre.

Guests: Denny Bucher, City Alderman
 Mike Epperson, New Bern City Manager
 John Stone, CAS President
 Katie Patnode, CAS Property Manager

The Pledge of Allegiance was led by Al Lefebvre

Annual Meeting Minutes:

On a motion made and seconded, the minutes of the 2010 annual meeting were unanimously approved.

Treasurer's Report:

In his opening remarks, Jim Dugan stated Taberna has 779 residential lots and 4 commercial lots. There are 61 vacant residential lots and 1 lot with a home under construction and nearing completion.

Operating and Reserve Accounts: The Home Owners Association maintains separate operating and reserve accounts for the master HOA and the four active sub-associations, Abbington Woods, Boleyn Creek, One Taberna Way, and Taberna Landing. These funds are numerically consolidated for a single HOA tax return. Your Board of Directors maintains a policy of investing reserve funds only in FDIC insured Certificates of Deposit.

Notable Financial Activities: The Finance Committee has reviewed the Master and Sub-Association Financial Reports, bank accounts, and investment accounts for the last two quarters of 2010 and the first three quarters of 2011. No discrepancies were found.

The reserve deposits have been made for the Master and two Sub-Associations in accordance with the 2011 Budget. The deposits for the other two Sub-Associations will be made later this month. As previously mentioned, reserve funds are invested only in FDIC insured CDs in order to protect the principal amounts. The board maintains a detailed reserve analysis for the Master and each Sub-Association and our reserves are sufficient to cover projected expenditures.

While the majority of property owners pay their accounts in a timely manner, there are a few that fall behind. Therefore, the Board authorized that invoices are due upon receipt and those accounts unpaid after 30 days be charged a late fee of \$20 per month until the account is paid. The Board also authorized placement of liens on accounts that were six months past due. All liens except those on four properties have been resolved.

Financial Reports: A review of the third quarter financial reports indicates that the majority of line items in the Master and Sub-Association budgets will be close to budget at the end of the year and that all operating accounts will have an ending cash balance.

The present and past Boards believe it is prudent to carry a certain amount of cash over from one year to the next to allow for any need for early disbursements and any delay in dues collection. Therefore the Board has voted **“to have any monies remaining at the end of the year in the Taberna Master Homeowners Association bank accounts and the bank accounts of the Abbington Woods, Boleyn Creek, One Taberna Way, and Taberna Landing Sub-Associations be used for forward operating expenses and deficits of these accounts.”**

Reserves: The Master Reserves now total \$116,090 for the Asset Replacement Fund and \$38,214 for the Operations Contingency Fund. The Contingency Fund, also known as the Hurricane Fund, had accumulated the set goal of \$50,000 principal and had accumulated an additional \$1,966 in interest before Hurricane Irene struck. Hurricane cleanup expenses totaled \$18,570. An addition of \$16,604 will be needed to bring this fund back to the \$50,000 goal. The board decided to spread this funding over the 2013 and 2014 budget years at a rate of \$10.60 per lot per year.

Annual Budgets: The Annual Budgets for the Master Homeowners Association and the four sub-associations have been approved by the Board of Directors and were included in your Notice of Annual Meeting.

2012 Dues: The Annual Master dues for 2012 will be \$270 for most of the residential lots and \$295 for the Lake Lehman, One Taberna Way, and commercial lots.

The Sub-Association dues for 2012 will be as follows:

Abbington Woods:	\$750 per year	which remains as in 2011
	\$187.50 per quarter	

Boleyn Creek Villas:	\$780 per year \$195.00 per quarter	which is a 4% increase
One Taberna Way:	\$1,800 per year \$450.00 per quarter	which is a 20% increase
Taberna Landings:	\$1,000 per year \$250.00 per quarter	which remains as in 2011

Election of Board Members

There are four current Board members whose terms expire on December 31, 2011. They are James Dugan, Rick Layton, John Serumgard, and Russ Packard.

John Serumgard introduced the slate of candidates for the 2012 Board which was included in the ballots distributed to all residents. They are James Dugan, Joe Kelly, Paul Tracewell, and Nick D'Alessandro. There were no nominations from the floor. By acclamation, the slate of candidates presented for the 2012 Board was approved.

President's Report to Annual Meeting

John Serumgard presented a review of the Board's activities and accomplishments for 2011.

It has been an interesting and eventful year for Taberna: Foreclosure, bankruptcy, decay, drought, earthquake, and a hurricane. And that's before we mention illegal signs, uncovered trash cans, uncurbed dogs and myriad other irritations and violations of our covenants.

My first public act as President this year was to welcome home "Tabearna" after his year of service as our ambassador to New Bern's wonderful 300th anniversary celebration. Our appreciation goes to all who made him possible. He continues to grace our front entrance with the calm dignity that so typifies Taberna.

While the Homeowners Association has no direct link with the Taberna Country Club, we cannot overlook the fact that it is physically the heart of Taberna. We were all very concerned about the unfortunate news just after New Years that the club was facing foreclosure. The subsequent trip into bankruptcy reorganization, confirmed by the courts, has meant that the club has continued to operate and provide good service to the membership and the community. We will go no further, except to wish the owners all the best as they go forward to resolve their financial issues.

It is customary for the President to review the work of our various committees. At the outset I would like to acknowledge a committee that had nothing to do this past year, and we all appreciate it. The Adjudicatory Panel, under the leadership of John Reichenbach, had nothing to do all year, and we are grateful.

Administration:

During the past year your Board has attended to several administrative details for the community. We renewed for an additional two years the lease on the HOA offices at 3948 Highway 70 East at the same rate as in the previous lease. We renewed for an additional two years all of our insurance policies, including commercial property coverage, liability coverage, fidelity bond, umbrella, and Director and Officers liability with only minimal premium increases. We reestablished a post office box as our primary mailing address, to insure better protection for the mail we receive than the outside mailbox on Taberna Circle.

Maintenance and Repair

When a section of the front fence collapsed early in the year, inspection revealed that paint was peeling from many sections of the fence, far earlier than the expected 10 year life of the previous paint job. (Unfortunately that painting company was no longer around.) After B&G researched the options, they recommended that we have the fence powder coated. This was done and we are now looking forward to a full 10 years or more before we need to do it again. Repair was also made to the boardwalk entering Todd Denson Park. This was needed because of the greatly increased use of the Park after the upgrades made last year, especially the addition of a dog park section. Boleyn Creek Villas elected to slurry seal its alleys to insure their continuing utility to the community.

Covenant Enforcement

The Board fully appreciates the importance of covenant enforcement to the residents: it was the number one issue in a poll conducted three years ago. This year, Rick Layton, our immediate past president, served as our chief enforcer. He reports that he issued a total of 47 letters to residents about covenant violations. The principal issue was improper signs, which is a continuing problem. Rick is preparing an annual summary of enforcement activity that will be submitted to the Taberna Tribune for publication.

Building and Grounds

The Building and Grounds committee, under the leadership of Ron McCausland, continues to provide excellent service to the community. This year the committee successfully saw to the process of seeking new two year landscape maintenance contracts for the six common areas we maintain, and assisted the three residential communities that provide lawn care service to individual homes. In doing so, we

significantly standardized both the solicitation materials and the language of the final contracts. In addition, B &G oversaw the post Irene cleanup which will be discussed a bit later. The contracting process has been completed, with all of the current contractors being retained. B&G also assisted in resolving issues involving overcharges for irrigation usage, and mix-ups in electrical connections. One project expected to be resolved by year end is restoration of the front entrance lighting and removal of the Taberna lights from the city's streetlight circuit. Ron is retiring as B&G Chair at the end of the year, but will continue as a member. We cannot thank him enough for his tireless service this year and for many years past. He and his wife Chris, who serves on the Board, are outstanding examples of service to our community.

Hurricane Irene

Hurricane Irene was ONLY a category one. While a few of us departed for quieter and dryer ground, most of us battened down the hatches and resolved to wait it out. But Irene came as advertised, at category 1 wind speed. But it stayed and stayed and stayed; and rained and rained and rained. Water rose in our swamps and creeks. And trees fell all over the place. When the blow was finally over, we emerged to find the power out in all of Craven County, trees down right and left, and many resting on houses. To all our neighbors who sustained damage to their homes, we extend our deepest sympathies. We hope you have all completed your repairs, or are well on your way to doing so. We can be thankful that no one in Taberna, New Bern or Craven County was seriously injured in the hurricane. The public areas that the HOA administers were not immune from damage. The Naturpark had so many trees down that it was impassable, and so we had to close it until the trees could be cleared. All throughout the community, downed trees had to be cut up and removed. The B&G committee and especially Ron McCausland went the extra mile in seeking out qualified contractors to do the work at reasonable rates. Our landscape contractors also were a great help, as exemplified by the large tree that has been stood up and supported near the 4 way stop. But it was difficult to know what to do next. After all, it isn't often that we have hurricanes, and we all aren't trained in how to respond. The Board was cognizant of the desire of many residents to remove not only downed trees, but also some trees that posed significant threats to their homes if they would fall. Accordingly, the Board relaxed the rule on tree removal to allow homeowners to remove trees they reasonably believed posed a threat to their property without having to seek prior approval from the Architectural Control Committee. After a period of relaxation and after it appeared most cleanup had been completed, the normal rules and procedures were reinstated effective October 1. The aftermath of Irene also demonstrated the prudence of earlier Boards in establishing and funding an emergency reserve fund of \$50,000. The fund allowed swift action to respond to the damage caused by the storm, without worrying about where the money would come from. In all, we spent around \$18,000 on storm related activities. It is the current Board's intention that we will replace that money over a two or three year

period beginning in 2013. We have done some replanting where it seemed prudent. We will continue to monitor the growth in areas where shrubs sustained substantial damage. If additional replanting is warranted to restore the landscape, it will be considered. One lesson learned from Irene is that we may need to improve our ability to communicate with all residents on a timelier basis. This is something we will be looking into going forward.

Natural Gas

Probably the greatest improvement in Taberna this year is something that the THOA had nothing to do with except cheerleading and support: the installation of natural gas mains in Taberna. For several years Taberna residents have been asking Piedmont Gas to install these mains. Until this year, the reply was, "we'll study it," and then - - nothing. This year was very different. Again it was the initiative of a few neighbors asking Piedmont to proceed. This year the response was different. Tab Mail carried copies of a survey form; later door hang tags were put out by Piedmont gas. The responses came in and in sufficient numbers that Piedmont moved forward. It will take several weeks more before all of Taberna has gas mains, but several residents are already hooked up and "cooking with natural gas." Here is a great big Thank You from all the community to those residents who persevered with Piedmont.

Naturpark committee

Last year a special committee under the leadership of Bo Wernersbach formulated plans successfully to upgrade Todd Denson Park. This year it was the Canoe Dock's turn. A committee under the leadership of Bob Carnes, Ren Klawson and Tom Watson studied the area and returned with several good recommendations, which the Board adopted. First was to change the name to Naturpark to reflect the broader role they proposed for the area and the typical Swiss nomenclature. Next was to develop an extended nature trail through the area to provide a one mile pathway through some very significant trees and shrubs. Third was to add some identification tags so hikers will understand what they are seeing. Plans were submitted to the Army Corps of Engineers for approval of an elevated boardwalk over some wetlands. By the time the approval came back, it was too hot to proceed with construction and then Irene came. Then the contractor who was to build the walkway left the area. We expect some preliminary clearing work will be starting shortly, as the committee seeks out another contractor.

Storm water Management

Taberna is covered by a storm water management permit issued by the State of North Carolina. Periodically, the state conducts an inspection to insure that the permit is being followed. This year it was Taberna's turn to be reviewed. Starting in late spring, the state met with us and outlined what it would be checking, principally all the drainage

swales and catch basins that direct storm water to natural streams and creeks. A key feature of our permit is that storm water should flow over vegetative cover before reaching hard areas such as streets, or waterways, and there should be a minimum of piping, only enough to get water under roads and driveways. Our Wetlands Management Committee, under the leadership of Betty Rovins, undertook to inspect all the drainage easements and swales in Taberna to insure they were being properly maintained. Finding that they were, we told the state we were ready to be reviewed. The actual state review did not take place until mid-September. The report said we were in full compliance with our permit. The only discrepancy noted was that several homes had piped house gutters to the street, exiting through curb cuts. This should not be allowed, we were told. Accordingly we have amended our Architectural Guidelines to advise residents of this limitation. You received written notice of this change with the Notice of Annual Meeting and it will become effective January 1.

Wells

Speaking of changes to our Architectural Guidelines, we have also adopted a change with regard to wells. Earlier this year several homeowners installed private wells. The Architectural Control Committee felt that this activity should be subject to review by the ACC in view of the requirements in the covenants to identify wells on any new house plans submitted for review. The Board concurred and adopted the new guideline on wells that you also received with the Notice of Annual Meeting. Again, this change takes effect on January 1.

Architectural Control Committee

Taberna has been fortunate to have an active and effective Architectural Control Committee, under the long time leadership of Dick Turner. While we only had one new house start this year, the ACC continues to oversee fences, tree removal, alterations to homes such as enclosure of screen porches, and other architectural changes.

WEB Site

The Taberna HOA web site continues to be a work in progress. The addition of the Summary of Covenants and Rules and Regulations last year greatly improves the utility of the site. We continue to work on suggestions for improving the visual content.

Crime Watch Committee

Sue McCarthy and Tom Tucker ably co-chair our crime watch committee. It has organized our community in several subunits and recruited residents to keep oversight of their neighborhoods. In addition, the committee maintains liaison with the New Bern police department and transmits from them timely reminders about reducing the opportunity for crime. We thank them for all they do.

Finance Committee

Bob Costanzo has been an effective leader of the Finance Committee, providing oversight to our financial transactions and effective suggestions on finance and accounting matters. Committee suggestions for review of our current financial support relationships lead in part to the consideration of more comprehensive professional assistance.

Professional Community Management

By now, all of you are aware that the Board has committed to hiring a Community Management company to assist in managing Taberna. In a few minutes you will meet John Stone, the president of CAS, the firm we have selected, and Katie Patnode, who will be our community manager. In September I asked the Taberna Tribune to publish a special President's letter devoted to this subject to provide some of the "why" and "how much." We did not approach this subject lightly. The Board began considering the possibility last year. We spoke with the leaders of communities with community management about their experience and their managers. Earlier this year we identified several possible managers, and asked two of them to make fully presentations. We conferred with the HOA leaders of several communities managed by our preferred choice, CAS, especially those who had gone from self-management to professional management, and found exceptionally positive responses from all whom we spoke to, including Fairfield Harbour and St James Plantation, a very large community in Brunswick County. Many of you may know about it as it is on the way to Myrtle Beach. Before we hear from the CAS Personnel, I would like to review some of the "whys" that this decision was made.

- We will establish a single point of contact for all things dealing with the management of the community, one that will have continuity over the years if the relationship continues beyond the initial one year contract. One phone number, one office.
- Much of the day to day work will be taken over by the management company, especially on the collection of dues, other financial issues, contract management and oversight, and covenant enforcement.
- Dues could be payable on line and by credit card if you wish.
- A professional management company has to keep up to date with all things legal, and would ensure we complied with any new or revised laws.
- With a reduced work level required of Board and committee members, we would hope to have more volunteers to serve in these vital roles.
- New or unusual situations would be met with professional expertise, rather than the often ad hoc response we produce now. Irene is an example. While we believe the Board and the B&G committee did the best they could under the circumstances, we would probably have been better served by having professional assistance to deal with the various issues as they arose.

Professional managers would provide purposeful preplanning, standard protocols, and organized response.

- We are establishing a new financial operating and recordkeeping system. The ability effectively to audit it will be much greater than our current system. We also expect the management company will take over the collection process when we unfortunately have to seek liens on properties in default.

We are not giving up any responsibility to protect the best interests of Taberna. We will continue to have our Board and initially all our committees. As we go forward in this first transitional year we may find we need fewer members on some committees, or may not need the committee at all. But the elected Board members and officers will continue to establish all policy matters and oversee all operational matters. We can do so with the confidence that we are advised by knowledgeable and effective professionals. I know some residents are concerned that we are turning all management of Taberna over to the management company to make all the decisions for us. Nothing could be further from truth. Rather we feel we are trying to improve life in Taberna for all residents by seeking superior performance for many of the routine back office functions of the Board, while retaining all power and responsibility to establish sound policies, rules and regulations, and to provide oversight to routine clerical, financial and maintenance activity. In addition, when unusual or complex problems arise, we will have the counsel of personnel well versed in all facets of community management. Will it cost the community more? Yes it will. The additional monthly cost is less than \$4 per household. The annual cost is about the price of a meal for two at some of the fine restaurants here in New Bern, if you don't drink much. We think this will be a positive move for Taberna. And if it proves not to be the case, both CAS and we are comfortable operating with a one year contract.

Closing

The year was not without its funny moments, however. And I will finish with what was the most unusual question I think I fielded. A real estate agent asked if we had any rules on residents keeping pot bellied pigs as pets. What do you think?

Thank you for the chance to serve as your president this year. I have enjoyed it. Thank you again to our board members, our committee chairs and members, and all the residents for all their hard work in helping make Taberna the best place to live in Eastern Carolina.

Guest Speakers:

John introduced John Stone, President of CAS, who gave an overview of the CAS organization and introduced Katie Patnode as Taberna's new property manager starting

in 2012. John Stone and John Serumgard addressed several questions from the homeowners, emphasizing that this is contract that hires CAS to act under the direction of the Board.

John then introduced Denny Bucher, a resident of Taberna and City Alderman for most of Taberna. Denny discussed several New Bern topics, primarily Electricity, Housing Authority, and Ward 2/3 realignment. There were a lot of questions from the homeowners about electricity rates and the Progress merger.

John then asked Mike Epperson, New Bern City Manager to make some remarks. Mike talked about how the city has done a lot of work to get the budget under control, stating that our audit status is no longer considered High Risk by the state. Mike also addressed several questions from the homeowners, mostly about the water rates and water quality.

John then entertained a motion to adjourn the meeting; the motion was made and seconded; the meeting was adjourned at 8:40 pm.

Approved by the Board of Directors:

By: _____
John Serumgard, President

_____ Date