

Association Consultants, LLC

Your Boots on the Ground

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October 6, 2021

RE: Monteray Shores PUD Homeowners Association, Inc.
Notice of Budget Q&A Session, Board Interest, and President's Letter

Dear Owner(s),

As fall begins, I hope you enjoy the cooler weather and calm in our area with the change in seasons. In preparation for the Annual Meeting of the Membership scheduled for November 20th, 2021, please find enclosed the 2022 Budget, a Board Interest Form, and the annual letter from the President.

A meeting of the Board of Directors will be held on Thursday, October 21st, 2021, at 7 pm to have a question-and-answer session for owners regarding the proposed 2022 operating budget. All owners are welcome and encouraged to attend so that you may ask any questions about the budget or the proposed increase to the annual assessment. You are encouraged to submit questions in advance of the meeting to my e-mail address below. The Board will respond to all questions at the meeting. This meeting will be held virtually via Zoom. ***If you plan to attend, please contact our office for a meeting link invitation and confirm your contact information is on file.*** If we do not have your number or e-mail on file, you will not be granted admittance to the meeting.

Please note that you will be placed in a "waiting room" upon entry to the meeting. Once the e-mail address is confirmed against our records as an owner, participants will be granted access. All participants will be placed on "mute." To ensure everyone has the opportunity to ask questions, all will remain on mute until their turn to speak. All participants may make a note in the comments section to be sure to be allowed to speak. To ensure all participants are given the opportunity to speak, the discussion will be limited to questions pertaining to the 2022 Budget.

The Annual Meeting of the Membership will be held virtually via zoom on Saturday, November 20th, 2021, at 10 am. You will be voting to fill two (2) vacant positions on the Board of Directors. A Board Interest Form is enclosed. If you are interested in volunteering to serve as a member of the Board of Directors, please complete the Board Interest Form and submit it to our office as directed on the form. You will receive confirmation we received your document via e-mail. The annual meeting will be conducted differently this year. All attendance and voting will be done in writing and must be received in the management office before the annual meeting. As voting will be done via directive proxy, we must receive your completed Board Interest Form before November 1st, 2021, to include it in the Annual Membership Meeting mailing to all owners. Any Board Interest Forms received after the deadline will not be included in the notice mailing or on the ballot. More information and instructions regarding voting will be included with that mailing.

Also enclosed, you will find a letter from the President, Robert "Bob" Scott. Much has been accomplished this year, and we are looking forward to more improvement in the year to come. Should you have any questions or concerns, please don't hesitate to contact our office. My direct e-mail is

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amy@associationconsultantsllc.com. Thank you in advance for your participation, and we look forward to hearing from you at our question-and-answer session.

Sincerely,

A handwritten signature in black ink that reads "Amy E. Wygas".

Amy E. Wygas

Senior Association Manager

Association Consultants, LLC

on behalf of the Monterey Shores PUD Homeowners Association

Enclosures:

2022 Budget

Board Interest Form

President's Letter

MONTERAY SHORES 2022 BUDGET

Income			
Clubhouse Activities Income	\$0.00		
Kayak and Bike Commission	\$0.00		
Member Assessments/Dues	\$572,393.90	Annual Assessment per Lot	\$1,490.61
Guest Service Fee s(for Rental Properties use of amenities--Fee is in ADDITION to the Annual Assessment)	\$32,500.00	Guest Service Fee per Rented Lot	\$325.00
Vending Machines	\$0.00		
Misc Clubhouse Income	\$0.00		
Interest	\$0.00		
Architectural Fees	\$3,000.00		
Late Fees	\$1,500.00		
Total Income	\$609,393.90		
Expenses (Inflated by .062 for CY 2022)			
Accounting (Audit) - Tax Prep	\$2,655.00		
Accounting Services--Other	\$6,903.00		
Meeting Expenses	\$2,124.00		
Bad Debts	\$1,062.00		
Clubhouse - Activities	\$0.00		
Clubhouse - Cleaning Services	\$3,717.00		
Clubhouse - Exterior R&M	\$8,496.00		
Clubhouse - Interior R&M	\$7,434.00		
Clubhouse - Water Sewer	\$5,841.00		
Clubhouse - Cable TV	\$2,124.00		
Common Areas - Electric	\$12,744.00		
Common Areas - General R&M	\$26,550.00		
Contingency	\$2,124.00		
General Supplies	\$3,717.00		
Income Taxes	\$2,124.00		
Insurance	\$28,674.00		
Landscaping	\$79,340.00		
Legal Fees	\$10,000.00		
Payroll (GM, CM and ACM) + Contract Mgt	\$125,152.00		
Payroll - Miscellaneous Staff	\$14,473.00		
ASC Admin	\$0.00		
Office Supplies and Postage	\$3,186.00		
Payroll Taxes	\$16,407.90		
In-Season Security Patrol	\$0.00		
Pest Control Contract	\$1,062.00		
Pool Services	\$18,054.00		
Pools - Permits	\$531.00		
Pool - Repairs	\$2,124.00		
Taxes and Licenses	\$0.00		
Telephone/Fax line	\$2,155.00		
Trash Can Rollback	\$9,027.00		
Trash Collection	\$1,593.00		
Vending Supplies	\$0.00		
Total Expenses	\$399,393.90		
Reserve Contribution	\$210,000.00		
Income (always budget for a net \$0)	\$0.00		



MONTERAY SHORES PUD HOMEOWNERS ASSOCIATION, INC.

Board Interest Form

*****Please complete and return to Association Consultants prior to November 1st, 2021 to be included on the ballot for the Annual Meeting of the Membership to be held November 20th, 2021*****

I am interested in serving on the Monterey Shores PUD Homeowners Association's Board of Directors. I understand that if elected, I am not elected to a specific position as positions are determined amongst the Board.

NAME: _____

ADDRESS: _____

TELEPHONE: _____

EMAIL: _____

Please provide a brief description on what you feel you are able to offer the Monterey Shores PUD Homeowners Association as a Board of Director. A copy of this completed form will be included in the mailing to the membership in the Annual Meeting Package:

Please return the completed form to Association Consultants. You may email it to info@associationconsultantsllc.com, fax it to 252-500-0101 or mail it to

PO Box 370, Kill Devil Hills, NC 27984



Association Consultants, LLC

Your Boots on the Ground



Dear Neighbor,

To our newest owners, welcome. To our long-term owners, thank you for your continued support of our community. A lot has happened in the past year in Monterey Shores, and I'd like to share some of the highlights with you.

- The Board has three new members.
- Association Consultants LLC has been hired as our new community manager. They took over management on August 1st, when Kathy Scott, our General Manager, retired.
- Our reserve study was updated and will provide a solid basis for setting next year's budget. Based on the reserve requirements it is anticipated that a substantial increase in dues will be required. Our community has some tough decisions coming up in the next few years as we evaluate our aging infrastructure and make long range plans.
- A Covenant Review Committee was formed. The volunteer members will be reviewing the entire Declaration of Protective Covenants and making recommendations for revisions to the Board. Your input is critical to this process. The CRC will be gathering owner opinions throughout the process, which is expected to take 12 to 18 months.
- Construction on phase one and two of the flood management project has started.
- An on-line app replaced the old wristband system. Most users have been positive about this improvement.
- We have rebuilt the bulkheads around the community ponds.
- A new sign and landscaping will be added at the entrance to the community.

There has been a lot of turnover on the Board. The member with the most tenure has been on the board for about three years.

Bob Scott: Bob is the president of the Board. He was originally appointed by the board to fill a vacancy and was reelected in 2019. He has served as an at large member and then elected treasurer, and finally as president in 2020.

Val Flannery: Val was appointed to the board in 2019 to fill a vacancy and was reelected later that year. She serves as Board secretary.

Ted Case: Ted was elected to the board in 2021. He has served as co-treasurer and ASC Committee Chairperson. Ted was recently elected as the board's vice president and continues as the ASC Chairperson.

Mike LaRuffa: Mike was appointed to the Board in 2021 to replace Hugh McCain who resigned from the board when he moved out of the community. Mike was initially an at-large member but was recently elected the Board's treasurer.

Larry Westphal: Larry was appointed to the board in 2021 to replace Jon Pawlow who resigned from the Board when he moved out of the community. Larry is an at-large member of the board and is currently the liaison between the Board and the Covenant Review Committee.

The positions held by Bob Scott and Larry Westphal are open for reelection this year. We encourage anyone that is interested in running for the Board to submit their names to our management company by November 1st. Contact our management company at info@associationconsultantsllc.com to obtain a candidacy form. This information will be included with the Annual Meeting packet. Board membership can be very rewarding but at the same time very challenging. All of the Board members would be happy to discuss the challenges that face our community in the coming years.

Our recently retired General Manager, Kathy Scott, started in 2018. I would like to acknowledge the accomplishments that occurred as the result of her efforts and the efforts of the Board during that period. We have rebuilt the entire pool area, refurbished the basketball court from asphalt to concrete, painted the club house inside and out, replaced stop signs with MUTCD compliant ones, replaced street lights with energy-efficient code compliant LEDs, replaced bulkheads at both retention ponds and updated our entrance signage, refurbished the playground to make it safer, rebuilt piers through several hurricanes, replaced street signs, upgraded the gym with new equipment, weights, fan and flooring, added pickleball and a backboard to the tennis courts, removed rotting wood fencing around the pool and replaced with cost-efficient vinyl, replaced lights and thermostats in the clubhouse with cost saving energy efficient items, and kept up with the regular repair and maintenance required in a nautical climate. We launched a new, functional website in early 2018 that has been an important tool for owners and renters. For the first time we compiled a partial email distribution list to be able to contact the owners. We have started the process of digitizing records for better storage and access. We have completed an exhaustive examination of the drainage and flooding issues facing our community and settled on a workable solution that benefits the entire community.

We have made great strides at becoming knowledgeable and compliant with our policies and procedures. We've reviewed and revised our accounting practices to improve accountability, increase investment returns, better track reserve expenses, and reconciled historic liability accounts. We have been working toward the transition to a professional management company for the past two years. The phenomenal increase in new homes and permanent residence in the past 18 months has underscored the need to view Monterey Shores as a more demanding, complex community than it was in 2017 when we had 25 full-time residents. After careful review and multiple discussions, the Board selected Association Consultants, LLC, as our management company. Amy Wygans is our new point person. Contact information for Association Consultants LLC, was mailed to every owner in late July. We are excited to have the support of Amy and the staff at Association Consultants LLC as we strive to make Monterey Shores the best possible community.

Our reserve study was updated and will provide a solid basis for setting next year's budget. Based on the reserve requirements (i.e., capital replacements) it is anticipated that a substantial increase in dues will be required, primarily due to road replacement which starts in 2023. Our community has some tough decisions coming up in the next few years as we evaluate our aging infrastructure and make long range plans. The study is available for review on our website (monterayshoreshoa.org).

At the Annual meeting last year, it was recommended that the Board review and revise the current Protective Covenants. Following legal and foundational research done by the Board, a volunteer committee was formed. The Committee has worked extremely hard since its creation. The Board has requested that the Committee gather input from the community, review neighboring community documents and make recommendations regarding revisions to our Covenants. Best practice suggests that Covenants be reviewed every ten years. The Committee is faced with a difficult task. This is a long-term process that will take many months to complete. Each homeowner can help by taking the time to reply to the Committee's surveys and watching for updates on our website.

Earlier this year, the Board voted to join the Community Association Institute (CAI), a trade organization that supports homeowner associations and property management groups internationally. All Board members are committed to operating with the best interests of the community in mind. To that end, we are utilizing the resources the Community Association Institute has available to assist us with fiducially responsible management of Monterey Shores. The Board has implemented many process improvements this year. Please see our attached report card based on the guidelines of the CAI.

The Board recognizes that not every Board decision will be popular with everybody. We try to consider an issue from multiple viewpoints and choose the option that is best for the entire community. Board members are advocates for the entire community, not individual groups within the community behavior. We ask that community members think critically when hearing gossip, rumors, accusations, or innuendos, whether in person or on social media. Contact the Board or Association Consultants, LLC with questions. Read the updates posted on the website. Volunteer if you can. The Board has established an email for community members to contact with questions and concerns: Info@associationconsultantsllc.com.

We look forward to seeing you at our annual meeting in November. Because of concerns about the high rate of COVID infections within our community, we have decided to hold the meeting on Zoom. We hope this change will allow more members of our community to attend the meeting. Check your mail for the annual report and more details.

Bob Scott

President, Monterey Shores HOA



The Board has implemented many process improvements this year. Here is our report card.

The CAI published the following guidelines for HOA boards.

CONDUCT REGULAR MEETINGS. As required by law, the Board conducts an annual meeting. In addition, the Board holds regularly scheduled meetings each quarter. A portion of the meeting is devoted to homeowner input. These meetings are conducted on Zoom to allow nonresidents to participate. The Board also holds special meetings as needed to address specific issues, such as budget planning.

CONDUCT ELECTIONS. All candidates are encouraged to present a summary of their background and support for their candidacy. This summary is included with the documents sent to all homeowners prior to the Annual Meeting. In prior years votes were tabulated by management and confirmed by a member of the Board. This procedure was modified in 2021 to include verification by a reputable individual outside of the community. The next election will be tabulated by our management company.

SET AN OPERATING BUDGET. An operating budget is prepared annually and approved by homeowners at the Annual Meeting. Our budget can now be guided by the reserve study. Our financial health is also reviewed by an outside accounting firm and their report is posted to the website for owner review.

PLAN FOR AND FUND RESERVES. Although reserve studies were not conducted for several years, a new study was prepared in 2020 and this study was updated in 2021. The current Board is committed to updating this report periodically and to using it as the basis for recommending reserve projects each year. We are also committed to ensuring the financial viability of our community. This will require that funds are collected each year that will provide for major projects and reduce the possibility of special assessments in the future.

PROVIDE ACCESS TO RECORDS. Community records and budgets are posted on the community website. Board minutes are available on request to all members of the community to review at the Clubhouse office by appointment. In the future all new Board minutes will be posted on our website.

DISCLOSE CONFLICTS OF INTEREST. We believe that all Board members' interests have not influenced their decisions as Board members but based on this recommendation we believe that it would be a best practice to prepare a written board policy that clarifies the requirement to disclose any potential conflicts of interest.

COMMUNICATE AND ENFORCE RULES. Our governing documents are posted on the public pages of our website. While our ASC volunteers have done an amazing job in the past, they are excited to turn over all communication on violations and applications to our management company. The ASC will continue to set guidelines and identify violations. Please send any concerns to info@associationconsultantsllc.com.

ESTABLISH AND ADHERE TO AN APPEALS PROCESS. Residents are notified of violations and provided an opportunity to correct violations prior to imposing fines or other sanctions. Our new community management company has a well-established process to manage the correction of violations. As our community has grown, the Board decided that a management company, outside of the community, would be better positioned to manage this process. However, homeowners will continue to have the ability to appeal directly to the Board. Our violations and appeals process is defined in our covenants.

COMMUNICATE. A new website was designed to promote better communication. Monthly updates are published and whenever new information is added a notification is sent to homeowners that have registered on the site. Once a year, the Board president sends an update by mail to all homeowners. The number of mailings sent each year has been limited by cost. A

single mailing has a cost of approximately \$700. The Board has decided to send updates by email. Our concern in the past has been that some recipients may not want messages sent by email and potentially miss critical messages. Our new management company will communicate primarily by email, and this will provide us with an opportunity to change our procedures. Please make sure you have a valid email on file.

KNOW AND FOLLOW THE LAW. The Board has utilized legal counsel in the past but recently has used a law firm that specializes in HOA law in NC to help with reviewing our governing documents, policies, and procedures. We have also retained legal counsel to represent the HOA in specific disputes.

CONTINUE LEARNING. Earlier this year the board enrolled in the CAI which provides guidance to HOA boards and management. This association also certifies HOA management professionals and companies. The management company recently hired by the board received their highest certification level. Board members have access to CAI resources, classes, and other information.

UNDERSTAND AND COMMUNICATE RIGHTS AND RESPONSIBILITIES. The HOA strives to strike a reasonable, logical balance between the preferences of individuals and the best interests of the community. New owners are informed of community expectations and our governing documents are posted on the public pages of the website for review.

Thank you for your continued support.

Bob Scott
President, Monterey Shores HOA