

Mount Shaddai Homeowners' Association

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JANUARY 20, 2007 BOARD OF DIRECTORS MEETING MINUTES

The Board of Directors of Mount Shaddai Homeowners' Association met on January 20, 2007 at 110 Hemlock Lane in the Nantahala Township of Macon County, North Carolina. The meeting was called to order by Michael Effre, President. Michael confirmed that proper notice of the meeting had been received.

Attendees: *BOD meeting attendees may be Board members, officers and anyone currently assigned to a special project or guest.*

1. BOD members present:

Dan Whitehouse
Michael Effre
Roger Mays
Sarah Effre
Tom Mclean

2. Guests present:

none

It was determined that a quorum was present.

Meeting Agenda:

Presidents' Report

Michael proposed that Cookie Godsey be elected as Assistant Treasurer for the purpose of having someone on the mountain to write checks for local vendors. This will allow for more timely payment of bills. The motion was seconded. A vote was taken and the motion passed unanimously.

Michael proposed a community Pot Luck BBQ to be held on July 4th. Torrey Johnson has kindly volunteered to allow the BBQ to be held on his property at the top of the mountain. The BBQ would include El Shaddai residents, Whispering Springs residents, and all guests and renters. The motion was seconded and a vote was taken. The motion passed unanimously.

Michael raised the issue that some individuals feel that Rudy Bata should be paid for an unpaid 2005 legal bill. The bill was previously unpaid due to the belief that Mr. Bata had a conflict of interest when he was representing the Association. The Board discussed the merits of both sides. A motion was made to pay the bill plus reasonable late fees. The motion was seconded and a vote was taken. The motion passed unanimously.

Treasurer's Report

Tom reported that we currently have about \$9,000 in the bank.

He requested that the Board authorize the purchase of an updated version of Quickbooks. Tom and Sarah have both been looking through the Quickbooks files and are having trouble communicating since the version currently used by the Association is outdated and Sarah is using a more updated

version. It was decided that Sarah would see if there was a second user key for her set and if so would give that key to Tom. If not, a new version may be purchased.

The point was raised that Jimmy Solesby often has to buy materials on behalf of the Association. It was suggested that it would be easier to open a credit account in the name of the Association and authorize Jimmy to charge to the account. The Board agreed this would be more efficient. A credit application was provided for the APAC vendor.

Water Manager's Report

Background info: Cherokee Well Drilling, the contractor who attempted to fix the leaks in the well late in 2006, paid to have a camera sent into the well to determine whether they had fixed the problem. It was determined that the fix did not take, and Cherokee Well Drilling sent another crew to try again to correct the problem. They have determined that the current well cannot be fixed and have pulled out of the job, saying they will construct a new well, but there is not any point to putting any more money into the current well.

Dan reported that he has spoken with five other Well contractors to see if anyone else will work on the well. Some came and looked at it but none were interested in working on it. One company, Holland, mentioned the possibility of putting a steel casing in but never called back. Michael said he would call Holland back and would also call Miller, who put in the original well, to further pursue the possibility of getting someone to fix the current well.

Dan reported that Jimmy Solesby did not pass the Water Operator's test but plans to take it again. For the time being he is still working under the auspices of Bob Liniger.

Roads Report

Roger reported that Whispering Springs has agreed to make their 2006 contribution by placing four loads of gravel on the main road. The value of the contribution is approximately \$1,000. They have indicated they plan to increase the contribution to \$1,200 for 2007.

The back road has been closed off for the winter. The purpose is to keep large trucks off the road since the pipes under this road are not buried deeply enough. More gravel will be put on the road to open it up in the spring. Dan will work with Jimmy Solesby to determine how much gravel is needed.

Discussed the possibility of straightening out the curve near the bottom of Rhododendron. Also discussed whether this made sense given the future need to replace the blacktop. Decided that Roger would call the State to see what they would recommend for our roads and whether they have assessed them in the past.

Secretary's Report

Sarah presented the preliminary Roads, Water, and Administrative budgets. Discussions were held and minor changes were noted. Motions were made to approve the Roads, Water, and Administrative budgets. The motions were seconded. All three budgets were unanimously approved. If further changes are needed, they will be voted on at the next Board meeting.

Additionally, Sarah presented a preliminary cash flow projection for each of the funds: Roads, Water Maintenance, Water Usage, and Administrative. It was agreed that the general methodology was appropriate. The preliminary projection will be updated for actual results as well as any updates to the 2007 budget for the next Board meeting.

Sarah presented a set of Financial Controls to provide checks and balances over the process of authorizing and paying invoices as well as monitoring cash levels. A motion was made to permanently adopt the new procedures as Standard Operating Procedure for the Association going forward. The motion was seconded and the procedures were unanimously approved. A copy of the procedures is attached as Exhibit A.

A discussion was held as to the adequacy of our insurance policies. Tom agreed to get the current policy to Roger (who has an insurance background). Roger will assess the adequacy of our insurance policies and report back to the Board.

A discussion was also held regarding the budgeted amounts for legal services. Michael requested permission from the Board to consult with the Association attorney, Mr. Fromnecht, on some legal issues facing the Association including the legality of the impact fee, our right to re-write the Covenants before they expire, and proper collection procedures under the Covenants. The Board agreed that Michael should consult the Attorney to clarify these issues.

There being no further business, Michael adjourned the meeting.

Respectfully submitted by,

Sarah Effre
Secretary of the Homeowners' Association

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