



Bald Head Association

2021 Annual Report

Communication, Advocacy and Protection of BHI Property Values

Annual Review

“The only thing we know about the future is that it will be different.” ~ Peter Drucker

“Do or do not. There is no try.” ~ Yoda

There were many times throughout 2021 that we, the Board and Staff of Bald Head Association, found ourselves in a whirlwind of activity resulting from the country’s current strong economy. Scores of owners sold their homes and lots, which brought new owners into the community, many of whom needed help getting acclimated into some of the complexities of owning on Bald Head Island. Many of those who bought properties already owned a home or lot elsewhere on the Island. There were 202 properties within BHA’s jurisdiction that were sold as of December 1st, with an additional 21 closings scheduled for December. These combined 223 closings are down just slightly from 249 in 2020 but up significantly from 2019’s number of 142.

With a focus on customer service – while protecting our staff and members from COVID-19 – we all seemed to adopt a philosophy of plowing through whatever work needed to get done on behalf of our members.

Six Priorities

BHA began a new year with the membership re-electing Board members Alan Briggs and Robert Drumheller to new three-year terms on the Board. Thereafter, the new Board elected Alan Briggs as President, John Kinney as Vice President and Robert Drumheller as Secretary/Treasurer. During its annual February Board Retreat, the Board identified a handful of substantive priorities to accomplish during 2021. These priorities focused the work of the Association this year as the Board, Committees and Staff worked collaboratively to advance goals set by the Board.

The first priority was the completion of the Wildlife Overlook construction. After numerous delays for building material shortages, construction plan revisions, inclement weather and barge cancellations, the Overlook was finally opened to the membership and the general public on Labor Day Weekend. The Overlook became the go-to spot for evening bird watching. We’re extremely proud of the new

Overlook and anticipate it will be a community treasure for many decades to come.

Transparency was a priority for the year, making it top-of-mind for BHA to keep members advised of the work being done and extending every opportunity for members to volunteer and become involved with the activities of the Association. Communication with members is vital to facilitating transparency and regular *Compass* email bulletins, monthly *Island Reports* and quarterly virtual informational meetings have been important opportunities for the membership to learn about BHA’s activities and to ask questions.

The organization’s primary function of architectural review was stretched and tested throughout 2021. Long-time ARC Coordinator Karen Mosteller retired from full-time work, and Fran Pagliaro masterfully stepped right into the role. The chairs of both sections of the ARC termed out, and a successful transition to their replacements has already taken place. BHA is grateful to both John Farabow (Section A) and Brewse Barnard (Section B) for their years of dedicated service to the Island through their commitment to chairing their respective sections. They have guided the ARC with great care, and their time commitment has been invaluable.

At the request of the Harbour Association, BHA took on the responsibility of providing architectural review services for the Harbour Association mid-year. We’re grateful to the semi-retired Karen Mosteller for coordinating that service for Harbour members on a part-time basis. The Middle Island Property Owners’ Association also contracts with BHA to provide its architectural review services. Last year, Fran also provided technical reviews on eight Middle Island projects.

The broad umbrella of financial issues was a priority of BHA in 2021, with the examination of the 2020 Reserve Study an important focus of the year. After analyzing the study, the Finance Committee recommended, and the Board

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*Attend the live,
online meeting!*

BHA’s 2022 Annual Meeting
Online: Saturday, January 29, 2022 ~ 9:00am

BHA has invited presenters from BHI organizations to join the online meeting.

Andrew John Kinney

Profession: VP, Supply Chain

Education: BS, Engineering, US Military Academy, West Point

Address: 26 Cape Fear Trail, BHI

Civic Activities: BHA Board, VP; BHI Conservancy Board, Member; Coastal Advisory Board, Bald Head Woods, Member; 11 years as a Scout Leader

Personal Interests: Sailing, our grandson, gardening.

Spouse name; profession; education: Elizabeth Kinney; retired; UNCW.

Platform/Philosophy/Positions

What interests you about being a member of the BHA Board of Directors? What experience or skills do you consider relevant to serving on the Board? What would you consider to be priorities for Bald Head Association for the next three years? Five years? Ten years? What makes the Island special to you?

I was drawn to service on the BHA Board by a desire to help make BHI a better place and to help preserve those things which make it unique. I have worked in the electronics manufacturing sector for 33 years, in varying positions of responsibility, with a focus on supply chain management, process improvement and profitability. Before that I served in the US Army for seven years as an officer in Korea, Germany and the First Ranger Battalion.

I think a major focus of BHA must be to work cooperatively with the other major entities on the island to preserve the special characteristics of BHI that drew us here as property owners and residents. Bald Head is unlike other coastal communities in that it offers both a well-preserved natural setting for relaxation and the benefits of a Club and other activities.

Bill Staton, MBA, CFA

Profession: Investment management / financial author (6 books)

Education: BS in Bus. Adm., UNC–Chapel Hill, 1969; MBA Finance, The Wharton School, 1971; Chartered Financial Analyst (CFA), 1977

Address: 2431 Hartmill Court, Charlotte NC 28226

Civic Activities: Have served on various conservation boards including Bald Head Conservancy, Balsam Mtn. Preserve, Catawba Lands Conservancy. Class 1 Leadership Charlotte. United Way capital campaigns. 2nd chairman First Night Charlotte. Founder Parents for Drug-Free Youth Charlotte. Current active member: Kenan-Flagler Advisory Board, Catawba Lands Marketing Committee, Myers Park Methodist community harmony work, Boy Scout merit-badge counselor.

Personal Interests: Tennis (4 weekly doubles groups); walking our dog, Bianca, 2x daily; meditation; reading; cooking.

Spouse name; profession; education: Mary; retired marketing guru; Univ. of Florida, 1972, Queens Univ. MBA, 2001

Platform/Philosophy/Positions

What interests you about being a member of the BHA Board of Directors? Further preserving and protecting our island, its green life and wildlife.

What experience or skills do you consider relevant to serving on the Board? I'm a creative thinker, always participate actively and know Bald Head far better and longer than most.

What would you consider to be priorities for Bald Head Association for the next three years? Five years? Ten years? I think it's the same year after year. Litter is getting worse and worse. I sense driving while drinking is also. We all need to be better stewards of our environment and do a better job "living lightly on the land."

What makes the Island special to you? Back in 1969-70 when I was earning my MBA at the Wharton School in Philly, I joined the Delaware Valley Nature Conservancy. We, in turn, joined with other conservancies to oppose ALL development of Bald Head. I wrote and voiced strong opposition to its being home to anything other than nature. I still feel that way. I've been an owner on the island since 1984 and life member of the Conservancy almost from that time.

Christine Osborne



Profession: Real Estate Assistant, retired

Address: 7 Laurel Cherry Court Bald Head Island, NC 28461

Civic Activities: Island-related activities include BHI Chapel Meal Outreach Program, PSA, BHI Club House Committee

Personal Interests: Family, friends, golf, travel, cooking.

Spouse name; profession; education: Rex Osborne; Managing Partner and Broker in Charge, Windjam Properties-commercial, residential and development; Bowling Green State University

Platform/Philosophy/Positions

My husband and I first visited the island in 1997 and fell in love with this unique, beautiful paradise. We found a lot in 2003 and built our home, which we now reside in full time. Our two boys, Collin and Harrison, grew up spending their summers here.

I feel that it is important to give back to the island as well as my neighbors, friends. My history, being involved with three Homeowners Associations in Wake County (one at its conception and the other two being on each board), gives me the experience for this role.

In the future I would like to see more focus on not just sharing with the community what improvements are being discussed but also the cost that will be incurred. Open, clear communication between the Bald Head Association and its membership is key.

Joe Brawner



Profession: Worked in the international Chemical and Pharmaceutical Business

Education: BS Industrial Engineering (Virginia Tech); MBA (The Wharton School, Univ. of Pennsylvania)

Address: 6 Pintail Court, Bald Head Island, NC 28461

Civic Activities: In my 20+ years on BHI, I have served on the BHI Club Board, the BHI Conservancy Board, Village of BHI Public Works Committee, Chaired the Stage I BHA Architectural Review Committee (5 years during transition from BHI Ltd. to BHA) and served on numerous special Village study/project teams and committees.

Personal Interests: My family, golf, fishing and smoothing the pace of positive change on BHI.

Spouse name; profession; education: Judy; Teacher, Home Demonstration Agent, Housewife; BS Home Economics, Radford College

Platform/Philosophy/Positions

The BHA needs to more finely focus its attention and priorities to better identify and meet the requirements of Association Members. It has become too easy and too routine for the BHA Board to impose multi-year financial assessments upon property owners and to spend Members' money on projects not essential to improving the BHI experience for property owners. The purchase of the largely unbuildable Battery IV property and the recent "improvements" to the Wildlife Overlook, both given as reasons for recent BHA Member assessments, raise significant question – especially when contrasted, for example, with the minimal attention directed to managing Association-owned Common Areas.

Another key objective must be to more effectively communicate with the Village government and to minimize duplication of activities and effort in these two organizations, both of which are directly funded by BHI Property Owners. With openly shared goals and a more coordinated approach, greater progress versus shared Property Owner priorities could be realized at a lower overall cost. The Association must focus more aggressively on identifying and addressing essential matters and objectives while minimizing attention, effort and expense on non-essential activities.

The BHA, the Village, and all Bald Head organizations must become more comfortable with sharing and working together in an effective, cost-efficient manner to meet the shared requirements of BHI Property Owners. Optimizing Association performance while fully controlling its costs must be the key goal for the Association and progress versus this overall goal must be monitored and more openly shared with property owners.

Bald Head Association
Balance Sheet
 December 31, 2020 (with comparative totals for 2019)

	2020			2019
	Operating Fund	Repairs & Replacement Fund	Total	Total (for comparative purposes only)
Assets:				
Current assets:				
Cash and cash equivalents	\$ 428,488	\$ 1,048,252	\$ 1,476,740	\$ 1,277,438
Membership assessments & interest/penalties/fines receivable net of \$48,808 allowance	18,950	-	18,950	9,502
Accounts receivable net of \$7,750 allowance	163	-	163	9,535
Prepaid expenses	3,600	-	3,600	-
Total current assets	451,201	1,048,252	1,499,453	1,296,475
Land - Battery 4 creek lot	651,801	-	651,801	651,801
Property & equip., net of \$603,309 accumulated depreciation	712,348	-	712,348	650,761
Total property & equipment	1,364,149	-	1,364,149	1,302,562
TOTAL ASSETS	\$ 1,815,350	\$ 1,048,252	\$ 2,863,602	\$ 2,599,037
Liabilities and Fund Balance:				
Current liabilities:				
Accounts payable	\$ 23,902	\$ -	\$ 23,902	\$ 40,903
Deferred revenue	15,080	-	15,080	17,593
Security bonds and deposits	239,000	-	239,000	215,200
Total current liabilities	277,982	-	277,982	273,696
Fund Balance				
Undesignated	173,219	-	173,219	73,148
Investment in property & equip. net of related debt	1,364,149	-	1,364,149	1,302,562
Repairs & replacement fund balance	-	1,048,252	1,048,252	949,631
TOTAL FUND BALANCE	1,537,368	1,048,252	2,585,620	2,325,341
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,815,350	\$ 1,048,252	\$ 2,863,602	\$ 2,599,037

Bald Head Association
Statements of Revenues and Expenses and Changes in Fund Balance
for the Year Ended December 31, 2020 (with comparative totals for 2019)

	2020			2019
	Operating Fund	Repairs & Replacement Fund	Total	Total (for comparative purposes only)
Revenues:				
Member assessments and fees - ordinary	\$ 708,390	\$ 216,900	\$ 925,290	\$ 818,425
Special assessment	-	-	-	224,049
Association center fees	1,600	-	1,600	7,450
Architectural review committee	104,400	-	104,400	80,280
Penalties and interest	31,498	-	31,498	10,578
Interest income	501	3,677	4,178	1,575
Gain (loss) on disposal of assets	(535)	-	(535)	-
Island report advertising	56,942	-	56,942	50,515
Boat park annual leases	33,031	-	33,031	32,621
Garden plot annual leases	1,555	-	1,555	1,617
Other income	11,729	-	11,729	844
TOTAL REVENUES	949,111	220,577	1,169,688	1,227,954
Expenses:				
Operating and administrative expenses:				
Wages	306,816	-	306,816	274,930
Health insurance expense	43,887	-	43,887	51,240
Payroll taxes	23,742	-	23,742	21,071
Pension plan	6,973	-	6,973	5,658
Other employee benefits	5,190	-	5,190	5,167
Transportation	13,669	-	13,669	28,570
Payroll processing fee	2,487	-	2,487	2,870
Computer & software expense	25,612	-	25,612	19,556
Other administrative	4,537	-	4,537	7,959
Management fees	-	-	-	1,380
Bank charges	618	-	618	968
Bad debt	21,054	-	21,054	10,751
Equipment lease & repairs	3,118	-	3,118	2,623
Exterminator services	3,585	-	3,585	-
Assessment expense	1,455	-	1,455	1,497
Office supplies	4,623	-	4,623	2,705
Office postage	1,815	-	1,815	1,461
Communications media expense	10,136	-	10,136	5,657
Consulting	10,953	-	10,953	2,105
Miscellaneous	250	-	250	210
Total operating and admin. exp.	490,520	-	490,520	446,378
Depreciation	41,567	-	41,567	42,764
Association Center				
Repairs and maintenance	41,013	-	41,013	38,913
Utilities	17,155	-	17,155	12,699
Interest expense	-	-	-	2,755
Taxes - property	17,850	-	17,850	16,686
Association Center building insurance	13,820	-	13,820	14,331
Member services	26	-	26	812
Total association center	89,864	-	89,864	86,196
Other service areas				
Common area & reserve expense	165,611	40,929	206,540	238,616
Committees	6,310	-	6,310	7,976
Island report	23,759	-	23,759	25,562
Boat park	3,838	-	3,838	6,029
Battery Park - maintenance	1,925	-	1,925	2,589
Insurance	10,972	-	10,972	8,556
Audit and accounting	9,200	-	9,200	4,000
Legal	27,114	-	27,114	19,553
	248,729	40,929	289,658	312,881
TOTAL EXPENSES	870,680	40,929	911,609	888,219
Revenues over expenses	78,431	179,648	258,079	339,735
Fund Balances:				
Beginning Fund Balance	1,375,710	949,631	2,325,341	1,985,606
Prior period adjustment	(10,598)	12,798	2,200	-
Purchase of fixed assets from Reserves	10,058	(10,058)	-	-
Transfer to/from Operating Fund	83,767	(83,767)	-	-
Ending Fund Balance	<u>\$ 1,537,368</u>	<u>\$ 1,048,252</u>	<u>\$ 2,585,620</u>	<u>\$ 2,325,341</u>

Bald Head Association
Statement of Cash Flows
 for the Year Ended December 31, 2020 (with comparative totals for 2019)

	2020			2019
	Operating Fund	Repairs & Replacement Fund	Total	Total (for comparative purposes only)
Cash flows from Operating Activities:				
Revenues over (under) expenses	\$ 78,431	\$ 179,648	\$ 258,079	\$ 339,735
Adjustments to reconcile revenues over(under) expenses to net cash provided (used) by operating activities				
Depreciation and amortization	41,567	-	41,567	42,764
Loss on disposal of recorded assets	535	-	535	-
Prior period adjustment	(10,598)	12,798	2,200	-
Transfers between funds	83,767	(83,767)	-	-
(Increase) decrease in:				
Assessments & interest/penalties/fines receivable	(9,448)	-	(9,448)	18,470
Accounts receivable	9,372	-	9,372	(2,496)
Prepays	(3,600)	-	(3,600)	2,074
Increase (decrease) in:				
Accounts payable	(17,001)	-	(17,001)	25,656
Accrued interest payable	-	-	-	(6,373)
Deferred revenue	(2,513)	-	(2,513)	(5,653)
Security bonds and deposits	23,800	-	23,800	12,700
Net Cash provided (used) by Operating Activities	194,312	108,679	302,991	426,877
Cash flows from Investing Activities:				
Purchase of fixed assets	(93,631)	(10,058)	(103,689)	(33,906)
Net Cash provided (used) by Investing Activities	(93,631)	(10,058)	(103,689)	(33,906)
Cash flows from Financing Activities				
Mortgage principal payments - Battery 4	-	-	-	(200,000)
Net Cash provided (used) by Financing Activities	-	-	-	(200,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	100,681	98,621	199,302	192,971
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	327,807	949,631	1,277,438	1,084,467
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 428,488	\$ 1,048,252	\$ 1,476,740	\$ 1,277,438

Supplemental information:

Interest paid in 2020: \$0

Income taxes paid in 2020: \$0

**Bald Head Association
Revenues, Expenses, Changes in Fund Balance - by location
For the Year Ended December 31, 2020**

	Master	Palmetto Cove	The Grove	Cedar Court	Palm Court	Braemar Highlands	Loggerhead Trail	Cape Fear Station	Keeper's Landing	Surfman's Walk	Summer's Crescent	TOTAL
Operating Fund												
Revenues												
Assessments	519,569.00	1,273.00	4,142.00	-	-	-	3,125.00	22,667.00	86,926.08	40,441.00	30,247.04	708,390.12
Fees & Other	240,227.45	-	-	-	-	-	(8.00)	-	-	-	-	240,219.45
Interest Income	502.00	-	-	-	-	-	-	-	-	-	-	502.00
Total Revenues	760,298.45	1,273.00	4,142.00	-	-	-	3,117.00	22,667.00	86,926.08	40,441.00	30,247.04	949,111.57
Management Fees	33,893.00	(616.00)	(137.00)	-	-	-	(297.00)	(5,525.00)	(13,659.00)	(7,805.00)	(5,854.00)	-
Other Expenditures	(722,820.13)	(629.00)	(1,000.00)	-	-	-	(50.00)	(4,600.00)	(74,553.47)	(40,903.37)	(26,124.07)	(870,680.04)
Net Operating Fund Surplus (Deficit)	71,371.32	28.00	3,005.00	-	-	-	2,770.00	12,542.00	(1,286.39)	(8,267.37)	(1,731.03)	78,431.53
Fund Balance, Beginning - Operating	1,331,137.90	1,185.17	1,011.04	333.96	1,508.67	(66.51)	1,250.88	10,479.56	15,483.98	9,187.01	4,186.34	1,375,710.00
Transfers from reserves	75,000.00	-	-	-	-	-	-	-	-	6,075.00	2,692.00	83,767.00
Reserve purchase of fixed assets	10,058.00	-	-	-	-	-	-	-	-	-	-	10,058.00
Prior period adjustment	(10,598.31)	-	-	-	-	-	-	-	-	-	-	(10,598.31)
Fund Balance, Ending - Operating	1,476,968.91	1,213.17	4,016.04	333.96	1,508.67	(66.51)	4,020.88	23,021.56	14,197.59	6,994.64	5,159.31	1,537,368.22
Reserve Fund												
Revenues												
Assessments	24,276.00	12,349.00	19,938.00	-	-	-	9,195.00	102,848.00	36,493.92	7,599.00	4,200.96	216,899.88
Interest Income	936.05	171.93	140.09	6.37	12.74	9.55	22.29	1,884.82	310.33	136.03	46.35	3,676.55
	25,212.05	12,520.93	20,078.09	6.37	12.74	9.55	9,217.29	104,732.82	36,804.25	7,735.03	4,247.31	220,576.43
Expenditures	(4,149.40)	-	-	-	-	-	-	(1,413.60)	(35,365.52)	-	-	(40,928.52)
Asset Acquisition	(10,058.00)	-	-	-	-	-	-	-	-	-	-	(10,058.00)
Net Reserve Fund Surplus (Deficit)	11,004.65	12,520.93	20,078.09	6.37	12.74	9.55	9,217.29	103,319.22	1,438.73	7,735.03	4,247.31	169,589.91
Fund Balance, Beginning - Reserve	250,198.96	35,710.75	19,762.28	1,509.90	3,686.34	2,570.15	(2,918.75)	430,125.38	113,568.21	67,233.91	28,283.63	949,630.76
Transfer to operating	(75,000.00)	-	-	-	-	-	(438.00)	-	-	(6,075.00)	(2,692.00)	(83,767.00)
Prior period adjustment	13,236.31	-	-	-	-	-	-	-	-	-	-	12,798.31
Fund Balance, Ending - Reserve	199,439.92	48,231.68	39,840.37	1,516.27	3,599.08	2,579.70	5,860.54	533,444.60	115,006.94	68,893.94	29,838.94	1,048,251.98
Total Fund Balance	1,676,408.83	49,444.85	43,856.41	1,850.23	5,107.75	2,513.19	9,881.42	556,466.16	129,204.53	75,888.58	34,998.25	2,585,620.20

Bald Head Association
Information on Future Major Repair and Replacements
December 31, 2020
Unaudited

An independent contractor conducted a study in December 2020 to estimate the remaining useful lives and repair and replacement costs of the components on common property owned or managed by Bald Head Association. The following information is based on the study and presents significant information about the components on common property owned or managed by the Association.

Component	As of December 2020		
	Estimated Remaining Useful Life (Years)	Estimated Future Replacement Cost	Fund Balance at Year End
Aluminum Ramp	23	\$ 8,400	\$ 3,510
Dock Wood Pilings	30	40,920	9,616
Dock & Pier	12-15	417,111	87,816
Fence - Chain Link	8	44,057	-
Fence - Woven Wire	3	5,245	-
Fences & Gates - Wood	3-12	89,500	73,247
Gazebos & Benches	13-33	71,028	22,917
Lighting - Walkway	2	6,800	3,319
Mulch Path	10	4,935	842
Pavers & Sidewalks	12-25	181,615	33,572
Retaining & Tabby Walls	19-25	170,521	42,470
Roads - Asphalt Mill & Overlay	0-25	619,673	508,329
Roads - Asphalt Seal & Repair	6	15,694	1,823
Roads - Gravel	16	20,000	-
Signage	10-15	28,070	8,109
Signage w/Fencing	4-10	22,326	10,290
Walkway, Trellis & Bridges (Wood)	12-13	732,385	111,560
Wood Decking	14-15	222,530	36,123
Audio Visual Equipment	8	10,000	1,551
Doors & Windows	10	138,840	21,527
Exterior Siding	10	141,050	21,870
Fire Alarm System	11	11,625	1,802
Fire Sprinkler Repair & Upgrade	2	11,112	1,723
Flooring - Carpet & Hardwood	3	25,777	3,997
HVAC	6-14	60,006	9,303
Kitchen - Refurbish	13	19,840	3,076
Paint - Interior	9	54,275	8,415
Paint & Waterproofing - Exterior	3	33,800	5,241
Rain Gutters	28	5,487	851
Restroom - Refurbish	7	62,000	9,613
Roof	15	37,021	5,740
		<u>\$ 3,311,643</u>	<u>\$ 1,048,252</u>



BHA Committee Descriptions

Consider sharing your knowledge, skills and time by serving on an Association committee. The committees' general goals are defined below to help you identify areas of interest. Please be a part of these efforts. This is your Association and your Island! Additional information is at BaldHeadAssociation.com.

Architectural Review Committee (ARC)

The ARC has the crucial charge of reviewing home plans and administering the Design Guidelines, with typically hundreds of reviews handled each year for home plans, landscaping and renovation-related submittals. Comprising two sections — Section A and Section B. Nine volunteers serve on each ARC section.

Community Wide Standards (CWS) Committee

This committee evaluates BHI properties to help ensure homes are compliant with the Community Wide Standards.

Education and Recreation (ER) Committee

(Formerly the Socialization, Education and Recreation Committee.) This committee discusses, devises, recommends and/or implements educational and recreational programs for property owners, renters and visitors.

Finance Committee

This committee assists with developing the annual budget and helps the Board monitor the Association's financial status. It also oversees the annual audit process and makes recommendations on financial policy to the Board.

Long-Range Planning (LRP) Committee

(Formerly the Strategic Planning and Long Range Projects Committee.) This committee reviews and evaluates past long-range plans and summarizes progress toward stated goals. They recommend actions that help fulfill Association purposes and responsibilities.

Nominating Committee

This committee has the crucial job of identifying qualified candidates to run for future BHA Board positions and continue the tradition of strong leadership for the BHA.

Resource Conservation and Beautification (RCB) Committee

This committee makes recommendations for the maintenance and development of Common Areas, spearheads "Operation Re-Forest — We Forest" annually and coordinates Litter Sweeps each year.

Thank you for your interest in your Association!



BHA Committee Volunteer Form

Bald Head Association (BHA)
P.O. Box 3030 / Bald Head Island, NC 28461
Phone 910-457-4676 / Fax 910-457-4677
Email: Carrie@BaldHeadAssociation.com

Name
BHI Address
Alternate Address
City, State, Zip
BHI Phone
Off-Island Phone
Cell Phone
Email
Profession

I am interested in the:

- Architectural Review Committee (ARC)
Finance Committee
Nominating Committee
Community Wide Standards (CWS) Committee
Long-Range Planning (LRP) Committee
Education and Recreation (ER) Committee
Resource Conservation and Beautification (RCB) Committee

I want to serve as a committee member because:

I feel I could contribute the following skills or perspective:

If I am not chosen for this committee, I would be willing to serve on the (check all that apply):

- Architectural Review Committee (ARC)
Finance Committee
Nominating Committee
Community Wide Standards (CWS) Committee
Long-Range Planning (LRP) Committee
Education and Recreation (ER) Committee
Resource Conservation and Beautification (RCB) Committee

Thank you!

Feel free to attach additional pages, if needed. Emailed or faxed submissions are welcome.

••• *Annual Review, continued from page 1*

approved, a plan to step-up the annual reserves allocations over the next five years to ensure the organization's reserves are adequately funded. The Board also hired a new auditor to audit BHA's 2021 financials in early 2022.

One priority that was a new focus of the organization in 2021 was the establishment of an Ad Hoc Community Wide Standards Committee. The desire by the Board was to evaluate properties across the Island to identify which, if any, needed work in order to be brought into compliance with BHA's Community Wide Standards. As homes age on Bald Head Island, it became clear that this will be a critical function of BHA into the coming years. The new committee of six member homeowners volunteered their time to identify the homes in need of repair and collaborate with staff to help property owners bring their homes into compliance. Overwhelmingly, the effort was a success. The individual committee members traversed the Island in teams of two, initially identifying 42 homes that potentially needed attention. Of those, 34 were found by the committee to be out of compliance. As of the end of 2021, plans to bring their homes into compliance have been received from 21 owners; 10 additional homeowners have completed their work. BHA plans to continue this successful effort into the coming years.

With a focus on what will be needed to meet BHA's short- and long-term space needs, BHA altered the Association Center slightly to utilize better existing space for staff for the next three to five years. A conversation has begun with an architect well versed both in BHA's work and the Island as a whole to determine options for expanding the Association Center in the coming decades as the Island pushes toward build-out. This effort will help determine long-term space needs for the organization so BHA can continue to provide high-quality customer service.

As all effective organizations often do, the Board focused on supporting its staff as one of its 2021 priorities. After spending many months working remotely from home due to the pandemic, staff transitioned back to working on the Island in a way that made sense, always with the option for the return to remote work in the event COVID infections required a shut down. BHA is in the early stages of an evaluation of staff roles and salaries and benefits to learn how BHA compares with similarly situated HOAs given the complexities of recruiting and retaining employees who are required to commute via ferry daily.

Committees and Their Impact

As always, BHA genuinely recognizes that its work would not be possible without the generous contribution of its committee volunteers. BHA boasts 44 volunteers, including its six-person Board of Directors who contribute untold hours to the organization's success each year.

Architectural Review Committee

The Architectural Review Committee volunteers are quite simply the foundation of BHA's committee volunteer pool this year. A full 41 new construction projects were reviewed in 2021. This number rivals the level of new construction submittals

during the early 2000s. This alone is remarkable. But, consider that the committee also reviewed nearly 375 other types of submittals (major/minor remodeling, paint/color/roof changes and landscaping, etc.) and reviewed literally hundreds of tree removal requests. Monthly meetings have extended from just a couple of hours to typically five hours each. The words "thank you" are truly a small token of our gratitude to these members for their time and commitment to "getting it right."

Socialization, Education and Recreation Committee

The Socialization, Education and Recreation Committee didn't plan new activities this year due to COVID restrictions and protocols, but the Committee is planning the 2022 Smith Island Social (scheduled for January 29, 2022) and will be bringing back Community Dinners in 2022. More details will be forthcoming on these two treasured events.

Strategic Planning and Long Range Projects Committee

This Committee advised the BHA Board on matters related to the BHI Transportation Authority and other topics of long-term nature, both for the organization and the Island as a whole. We're grateful for their forward-thinking and macro-view of the challenges and opportunities for the Island.

Resource Conservation and Beautification Committee

In early December, members of the Resource Conservation and Beautification Committee led the "Operation Re-Forest — We Forest" effort to plant new trees on BHA Common Area, replacing a fraction of those lost during Hurricanes Florence and Michael in 2018. Coupled with more than 35 shrubs and trees planted by staff in the BHA-managed communities, nearly 150 trees and shrubs were planted across the Island during the two-day planting event in early December. Thank you to all the volunteers who helped!

As a Whole

Several other projects are noteworthy. BHA hosted a Village Council Candidate Forum with the League of Women Voters of the Lower Cape Fear to help BHI property owners understand the positions of the candidates.

Paving was completed on nine alleys located in Cape Fear Station and several other streets that BHA is responsible for maintaining.

And, BHA worked proactively to improve the appearance of the three BHA-managed communities of Keeper's Landing, Surfman's Walk and Sumner's Crescent. For the first time, a complete review of all trees within the communities was conducted with BHA's staff and arborist to remove trees that were a potential threat to the homes in the event of a storm.

On behalf of a grateful BHA staff, we look forward to serving our members next year and beyond with the professionalism, passion and commitment you've come to expect.

Respectfully,

Carrie Moffett, Carol Collins, Denise Eidal, Pam Henson, Diane Mesaris, Karen Mosteller, Fran Pagliaro, Pam Rainey, Mary Anne Steele

BHA'S 2022 Annual Meeting, Online Voting and Smith Island Social

The 2022 Annual Meeting will be held on Saturday, January 29, 2022, at 9:00am. Contained within this packet of information is a description of the changes to the organization's governing documents the BHA Board of Directors is requesting of the membership. Below are specific instructions for voting online and participating in the 2022 Annual Meeting. Contact BHA with any questions at 910-457-4676, ext. 21.

Annual Meeting

Out of an abundance of caution and in line with COVID-19 protocols, BHA will hold its 2022 Annual Meeting virtually. The Annual Meeting will be held on Saturday, January 29, 2022, at 9:00am. The live event will be held via Zoom Webinar and is open to members. It will be recorded and posted online for viewing on your own schedule. Information about joining the meeting will be available on BHA's website in mid-January. Visit BaldHeadAssociation.com.

Online Voting

BHA is utilizing the software Vote HOA Now for online voting for the 2022 Annual Meeting. Within this Annual Report is a description of the items that members will be considering for approval. Members who cannot or prefer not to vote online can contact BHA (Diane@BaldHeadAssociation.com) to request a paper proxy be mailed or emailed. **To vote online, visit the secure web address listed in the box below. You'll be taken to a secure site specific to BHA's election. Enter your unique registration code found on the label below.** Online voting will begin at 8:00am on Monday, January 3, 2022, and end at 4:00pm on Wednesday, January 26, 2022. All paper proxies must also be received by 4:00pm on January 26, 2022, in order to be counted. Voting on the day of the Annual Meeting will be via ballot using the same website and unique registration code. No motions will be taken from the floor.

Note that special instructions will be available for owners of multiple properties on the website. Questions? Contact Carrie Moffett, BHA Executive Director, at 910-457-4676, ext. 26 or Carrie@BaldHeadAssociation.com.

Smith Island Social

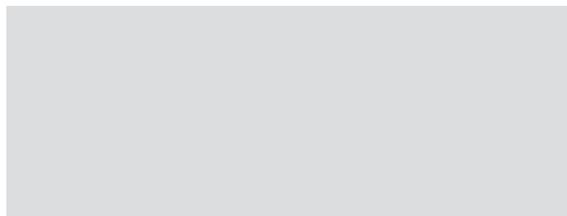
The Smith Island Social, a long-running annual tradition held at the BHI Club the evening after BHA's Annual Meeting, will return this year after a short hiatus due to COVID-19. The event will be held Saturday, January 29, 2022, beginning at 6:00pm. Reservations can be made by calling the BHI Club at 910-457-7300 by January 15, 2022. Menu and event details will be forthcoming. Mark your calendars now to attend!

Focus your smartphone's camera on this QR code to go to the voting website

Vote online:

<https://baldhead.ivotehoa.com/register>

January 3, 2022, 8:00am – January 26, 2022, 4:00pm



December 2021

Dear Bald Head Association Member,

At the 2022 Annual Meeting being held on January 29, 2022, BHA members will be asked to vote to fill two vacancies on the BHA Board of Directors in addition to several changes to BHA's Bylaws and to its Covenants. Several of these changes are the result of a new North Carolina law that permanently allows homeowners associations to provide meeting notices via email and to vote electronically, which was a luxury previously unavailable until the pandemic. Some changes are simple (correcting scrivener's errors); others are more complex (providing a process for amending the Secondary Covenants that control many of the properties on the East End of the Island). We have provided a brief explanation of all of the proposed changes below.

This document is intended to provide an early look at the issues and proposed language that members will be voting on with the electronic proxy/ballot. Instructions for voting electronically, as well as the voting website and unique registration codes, are found on the back page of this Annual Report.

Contact Carrie Moffett (Carrie@BaldHeadAssociation.com) with questions about any of the proposed language below and email Diane Mesaris (Diane@BaldHeadAssociation.com) for issues related to electronic voting.

Bald Head Association Proposed Bylaws changes – 2022 Annual Meeting

Article III – Section 3 – Meeting of Members.

Two changes are recommended related to membership meetings. The change in Section 3 allows BHA to provide electronic notice of any meeting of the BHA membership rather than mailing hard copies of such notices. This proposed change is duplicated in a change to Article XIV, Section 1 below. The change in Section 5 allows the use electronic voting and not just paper proxies/ballots.

Section 3

CURRENT LANGUAGE:

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or otherwise circulated to the membership at least thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such members to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

PROPOSED LANGUAGE:

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or otherwise circulated to the membership at least thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice or to the email address supplied by the member, provided the member has consented to transact business with the Association electronically. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Article III – Section 5 – Meeting of Members.

Section 5

CURRENT LANGUAGE

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot. The Entire Board of Directors shall vote undesignated proxies.

PROPOSED LANGUAGE

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be (1) in writing and filed with the Secretary or (2) validated through a third-party electronic voting system and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot. The Board of Directors shall vote undesignated proxies.

Article XI – Committees.

There are three proposed changes to Article XI – Committees. The first establishes a new Community Wide Standards Committee. The second and third change the names of committees to define more clearly their roles and functions.

1. After the Architectural Review Committee, the following proposed language shall be added:

Community Wide Standards Committee

- a. Teams of committee members shall make regular evaluations of the neighborhoods in order to permit the BHA to identify properties in need of maintenance to comply with the Community Wide Standards.
- b. The committee as a whole shall seek to view and evaluate or look at photos of all properties, if possible, teams have identified as in violation.
- c. The committee as a whole should vote on whether or not homes are in violation.

- d. For all properties for which a violation is found by a majority of the committee, the then current Community Wide Standards procedure should be followed.
2. Change the name Socialization, Education and Recreation Committee to Education and Recreation Committee.
3. Change the name Strategic Planning and Long-Term Projects Committee to Long Range Planning Committee.

ARTICLE XIV – AMENDMENTS.

BHA proposes to change both sections of the Article XIV – Amendments. The change in Section 1 allows BHA to provide electronic notice of any proposed changes to the bylaws and the annual membership meeting rather than mailing hard copies of such notices. This proposed change is duplicated in Article III, Section 3 above. The change in Section 2 eliminates an inconsistency in the hierarchy of governing documents in the event of a conflict between them.

Section 1

CURRENT LANGUAGE:

These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of members present in person or by proxy, subject to the quorum requirement. Any proposed changes shall be mailed to the membership along with notice of the Annual Meeting at least thirty (30) days in advance of said meeting.

PROPOSED LANGUAGE:

These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of members present in person or by proxy, subject to the quorum requirement. Any proposed changes shall be provided to the membership along with notice of the Annual Meeting at least thirty (30) days in advance of said meeting. Such notices may be sent by email provided the member has consented to transact business with the Association electronically or by hard copy mailed postage prepaid to the most recent address of the owner of record at the time of the mailing.

Section 2

CURRENT LANGUAGE:

In the case of any irreconcilable conflict between the Declaration, these Bylaws or the Articles of Incorporation of the Association, the provisions of the Articles will control.

PROPOSED LANGUAGE:

In the case of any irreconcilable conflict between the Declaration, these Bylaws or the Articles of Incorporation of the Association, the provisions of the Declaration will control over the Articles and Bylaws, and the Articles will control over the Bylaws.

Bald Head Association Proposed Covenants changes – 2022 Annual Meeting

The Board proposes several changes to the Covenants – two are administrative in nature, one proposes to remove an architectural review requirement and one provides for the ability to amend Secondary Covenants after approval by those members affected by specific Covenants without requiring a vote of the entire BHA membership.

ARTICLE 5.1(B) – ASSESSMENTS. CREATION OF ASSESSMENTS.

BHA proposes to remove the requirement for an officer of the Association to sign a certificate stating whether assessments have been made. In prior years, volunteers performed all of the financial responsibilities of the Association. Today, paid staff perform this function on a regular basis. Removing this requirement allows staff to provide statements to members quicker and more efficiently.

CURRENT LANGUAGE

5.1(b) Assessments. Creation of Assessments. The Association will, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid. Such certificate will be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

PROPOSED LANGUAGE

5.1(b) Assessments. Creation of Assessments. The Association will, upon request, furnish to any Owner liable for any type of assessment a certificate in writing setting forth whether such assessment has been paid. Such certificate will be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

ARTICLE 5.7 – DUE DATES OF GENERAL ASSESSMENT.

CURRENT LANGUAGE

5.7 Due Dates of General Assessment. The Board of Directors will fix the amount of the General Assessment against each Unit at least thirty (30) days in advance of the due date. Written notice of each General Assessment will be sent to every Owner subject thereto. The due dates will be established by the Board of Directors. The Board of Directors will require the General Assessment be paid at least annually, but may require them to be paid more often. Special Assessments and Supplemental Assessments may be collected separately from the General Assessments and the Board may require that they be paid, annually, semiannually, quarterly, or monthly. The Association will, upon request, furnish a certificate signed by an officer of the Association setting forth whether the General Assessment, Special Assessment, or Supplemental Assessment on a specified Unit have been paid.

PROPOSED LANGUAGE

5.7 Due Dates of General Assessment. The Board of Directors will fix the amount of the General Assessment against each Unit at least thirty (30) days in advance of the due date. Written notice of each General Assessment will be sent to every Owner subject thereto. The due dates will be established by the Board of Directors. The Board of Directors will require the General Assessment be paid at least annually, but may require them to be paid more often. Special Assessments and Supplemental Assessments may be collected separately from the General Assessments and the Board may require that they be paid, annually, semiannually, quarterly, or monthly. The Association will, upon request, furnish a certificate in writing setting forth whether the General Assessment, Special Assessment, or Supplemental Assessment on a specified Unit have been paid.

ARTICLE 7.1(C) – DESIGN GUIDELINES. GENERAL.

BHA proposes to remove in its entirety the requirement that any improvement to the Common Area be approved by the Architectural Review Committee for two reasons. First, this provision as it is currently written provides the authority to the Architectural Review Committee, whose members are appointed by the Board of Directors, to override decisions a majority of the Board whom the BHA membership has duly elected makes regarding improvements to BHA's Common Area. Secondly, the Architectural Review Committee has expressed concern about approving commercial projects given that the standards by which it would review such projects are largely written for residential development.

CURRENT LANGUAGE (PROPOSED TO BE REMOVED)

7.1(c) Design Guidelines. General. This ARTICLE will apply to improvements to the Common Area by, or on behalf of, the Association.

ARTICLE 11.2 – RESPONSIBILITY OF OWNER.

The change in this section is strictly to correct two scrivener's errors, changing the word "slightly" to "sightly" and "prorate" to "pro rata" in the body of the text.

CURRENT LANGUAGE

11.2 Responsibility of Owner. Each Unit Owner will maintain and preserve the grounds of the Unit, Living Unit, and all structures located thereon in a clean, neat, sightly and attractive condition; and will provide for the removal of all trash or refuse from the Unit. This removal will be consistent with the Community Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to this Declaration. In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may, but is not required to, perform such maintenance responsibility and assess all costs incurred by the Association against the Unit and the Owner in accordance with ARTICLE 5. The Association will afford the Owner reasonable notice and an opportunity to cure the problem prior to entry. Within certain subdivisions or communities depicted in EXHIBIT B, certain properties as shown on recorded

plats of said subdivisions shall be owned by the Owner of more than one Lot, for the sole benefit and use of said Owners. For example, a common driveway may provide access to two or more Lots, or a common walkway may provide beach access or access to other areas to the Owners of two or more Lots. The Owners of such Lots shall have the primary responsibility for the maintenance and upkeep of such jointly-owned properties. However, to the extent that one or more of said Owners fail or refuse to maintain such properties in a good, useable and sightly condition, or to the extent that one or more of such Owners does not pay said Owner's pro rata share for the upkeep and maintenance of such facility, the Association shall have the full right and authority to go upon such property, and to bring such improvements located hereon into a good, sightly, useable condition, or to cause landscaping or maintenance to be undertaken to maintain the safety and sightly appearance of such property, and the Association shall have the right to assess, in the nature of a special assessment, without approval of any Owner, the cost thereof against any Owner not contributing said Owner's fair and pro rata share of the cost of such activities or improvements. Before the Association undertakes such action or expends any funds, the Association shall give a written notice to all affected owners, giving such Owners thirty (30) days in which to take the required action or to pay the required fees. Failure of the Owners to then so act shall give the absolute right to the Association to proceed as allowed herein, and to collect as part of the assessment an additional twenty percent (20%) of the cost of the work performed as an administrative and supervisory fee.

ARTICLE 17 – STAGE TWO SECONDARY COVENANTS.

CURRENT LANGUAGE

17.1 References in Stage Two Secondary Covenants to Stage Two Primary Covenants. The Stage Two Secondary Covenants shall remain in full force and effect, but the Stage Two Primary Covenants are no longer in effect and have been replaced and superseded by this Declaration. The Stage Two Secondary Covenants contain references to the Stage Two Primary Covenants. Those references shall refer to certain sections of this Declaration as set forth on EXHIBIT C.

17.2 Enforcement of Stage Two Secondary Covenants. The Association is vested with exclusive authority to enforce the Stage Two Secondary Covenants, except to the extent that any of the communities so authorized by the Stage Two Secondary Covenants may, if they so desire, form a sub-association for the purpose of enforcing the Stage Two Secondary Covenants applicable to that particular community; provided that these communities may not be forced or otherwise compelled by the Association to form a sub-association.

[PROPOSED NEW SECTION TO BE ADDED]

17.3 Amendment of Stage Two Secondary Covenants. The Stage Two Secondary Covenants applicable to any particular community may be amended, by vote of two-thirds of those Members comprising the community, provided such amendment is approved by all of the Directors comprising the Board of the Association.