

**Kenmure Property Owner's Association
Special Board Meeting
Thursday, July 21, 2011
Phone & FAX 828-692-2346**

Motion: See attached

A special meeting of the KPOA was called by President Linda Mensch in order to discuss and approve a motion, and to state clearly the repayment plan for the purchase of the former KEI Sales Office at 10 Kenmure Drive, Flat Rock, NC 28731. The meeting was called to order at 4:12 PM. Present were: Linda Mensch, Bob Wilson, Rob Freeman, Mike Mulcahy, George Brown, Dick Brown, and Bonnie Niehoff. Debbie Evilia served as Recording Secretary.

Mr. Bendel presented the procedure by which the monies will be repaid to the Road Fund.

- In the July 31, 2011 Financial Statement there will be a decrease in the cash balance reported in the Road Fund. The monies from the Road Fund will be replaced with a Note Receivable with a due date of 2026. The cash will be placed into an Administrative Fund. There will be a Note Payable to Road Fund shown in the administrative fund statement. There will also be an asset listed as Land & Building-10 Kenmure Drive in the administrative fund statement. Beginning with the 2012 Budget, the Board will approve additional monies to fund expenses along with the repayment of the Note Payable in the administrative budget. The Annual Financial Statement and information regarding the note balance will be published in the newsletter and this information will also will be on the agenda at the Annual KPOA Business Meeting in December 2011. It is important to note that these monies from the Road Fund are treated exactly the same as any other investment in which Road Fund monies are used.
- Mr. Bendel also had an authorization signed that will allow KPOA to do wireless transfer of monies at First Citizens Bank. Linda Mensch, Rob Freeman, George Brown, Michael Mulcahy and Dick Bendel signed the authorization after approval by voice vote of the Board (authorization attached).

With no other clarification needed, Rob Freeman introduced a written motion to purchase the property at 10 Kenmure Drive, Flat Rock, NC 28731 using funds from the Road Fund (see attached written motion). The motion was seconded by Bonnie Niehoff and unanimously approved by voice vote.

There being no further business, the meeting was adjourned at 4:20 PM by Linda Mensch, President.

Debbie Evilia, KPOA Recording Secretary

Linda Mensch, KPOA President

**MOTION RELATING TO THE PURCHASE OF 10 KENMURE DRIVE
WITH ROAD FUNDS**

MOTION: That the Kenmure Property Owners Association ("KPOA") Board has decided to purchase the property located at 10 Kenmure Drive Flat Rock, North Carolina. A sales contract dated April 22, 2011 has been negotiated and executed for the purchase. The sales contract has been approved by the KPOA Board. The purchase price under the sales contract is \$275,000. KPOA is also obligated to pay certain closing and other costs related to the purchase of the property (including but not limited to legal, appraisal and inspection fees). Information was disseminated to the KPOA membership through mailings, public meetings and posted on the KPOA website concerning the purchase price and the potential for Road Funds to be invested to finance the purchase. An affirmative vote of the membership, by more than a majority of KPOA members, was received approving the purchase of the property.

Further, the KPOA Board has examined the projected cash needs (both long and short term) for Road Funds and has determined that excess funds exist which should be invested under the KPOA Board's investment policies. The Board has received a written opinion from its legal counsel advising that pursuant to the KPOA Bylaws and Declaration, Road Funds may be invested to finance the purchase of 10 Kenmure Drive. The KPOA Board's historical practice has been to invest funds, including Road Funds, in excess of projected needs.

THEREFORE: The Board authorizes the KPOA Treasurer to lend to the KPOA Administrative Fund the sum \$275,000 plus those costs related to the purchase of 10 Kenmure Drive from the Road Fund under the terms and conditions set forth herein. The Road Fund shall be repaid over a 15 year period with monthly principle and interest payments beginning on the last day of each month beginning January, 2012 and ending December, 2026.

Interest for the period from the closing date until December 31, 2011 shall be based on the average one year certificate of deposit rate as of July 18, 2011 obtained by the KPOA Treasurer from three banks doing business in Henderson County, North Carolina. Interest for the remainder of the repayment period shall be adjusted yearly based on the average October 1 one year certificate of deposit rate obtained from three banks doing business in Henderson County North Carolina. The selection of the banks for the interest rate calculation set forth above shall be at the KPOA Treasurer's discretion.

All payments shall be applied first to accrued and unpaid interest on the unpaid principal balance and the remainder to principal. The KPOA Board may approve the early repayment of the loan without paying interest which has not accrued and without penalty.

The KPOA Treasurer shall report to the KPOA membership on a yearly basis the status of the loan repayments beginning in 2012.

ADOPTED this 21st day of July, 2011