



Newsletter #4, June, 2015

A New Era for Middle Island

As you know, Middle Island has entered a new era following the approval of amended covenants by an overwhelming majority of property owners. On May 29, the Young family transferred ownership of the common assets of Middle Island – the roads, the docks, the beach access, the lease for the equipment building, the vehicles, the equipment, and the boathouse – to your Association, together with over \$600,000 to fund the rebuilding of the gravel roads as well as other amenities and infrastructure and to provide initial funding for our reserve accounts. We believe this very careful transition process has resulted in an outcome that is good for all property owners.

Many owners commented that the Board had done a good job of keeping property owners informed about the negotiations with the Young Entities, the issues addressed in the revised covenants, and the transition process; we intend to continue that approach to planning and decision-making. This newsletter provides you with an update about our initial months as an Association, about projects included in the 2015 budget that have begun, about planning that is underway for other major projects, and about several decisions we will face as an Association that you may wish to weigh in on.

We are excited – and hope you are equally excited - about the future of Middle Island. We welcome your comments.

A Continuing Commitment to Communication and Transparency

Just as transparency and good communication were vital to our successful transition, they will remain vital for our continued success managing this remarkable piece of Nature.

Boards of property owners' associations face special challenges. On the one hand, the Board has been elected by the property owners to make decisions that are in the best interest of our association and its members – and is ultimately responsible to the members for those decisions. Many decisions – including urgent decisions that require prompt action and routine decisions that are part of any association's operation – will be made by the Board and reported to the membership. Other major decisions will benefit from input and consultation with interested owners during the decision-making process, either through responses to the newsletters or through meetings of the property owners. We invite property owners to submit thoughts, comments, questions and concerns on any issue at any time to

middleislandpoa@gmail.com or to contact a member of the Board individually.

We may not always make the right call about when to consult or about what issues need consultation, but we will make our best efforts to maintain a high level of communication and transparency, using these newsletters, periodic emails, and the Middle Island Property Owners Association website.

The First Two Months

Because of the extensive planning preceding negotiations and turnover, the transition to property owner management was relatively straightforward. After the initial actions to record the instruments, to bind insurance for the Association and its assets, and to communicate to you all about the successful transition, we have moved forward to implement the plans presented to you when you were asked to vote on the Covenants.

As proposed in the budget, the Board has hired David Ward as our on-site manager. David works part-time for the Association and is your primary point-of-contact for routine maintenance and safety issues (luckyseahorse13@gmail.com). As you know from your Association dues statement, the Board has hired Charles Pardee, Jr. as our accountant. Chuck does this work for many property owners' associations in the Carolinas and, like David, has proven to be a great asset. Chuck is your point of contact for dues payments and accounting questions (pardee@islc.net). The Board is your primary contact for any comments or questions about policies, priorities, or budget (middleislandpoa@gmail.com).

Specific Reserve Funds for each of the major amenities and a General Reserve Fund were established, and the transition payment from Young Entities was allocated to the specific and general reserve funds as proposed last year. The dues for 2015, set in our Revised Declaration, were prorated based on the turnover date. Based on those expected dues payments, the Board adopted an operating budget for 2015, adjusting the full year budget for 2015 that you have previously seen. Finally, the Board adopted a capital expenditure budget, covering projects to be funded from the reserve/turnover funds. With the exception of the Cape Creek Dock pier rebuilding described in the following paragraph, these capital projects were in the capital expenditure budget sent to you last year.

Safety on the Roads



Speeding remains a problem on our roads, particularly speeding by guests on our gravel roads, which poses both a safety issue and an environmental concern because of the dust that fills the air when the roads are dry.

While this is a problem generally, it poses special risks at the intersection of East Beach Drive and Cape Creek Road, near the beach access parking where pedestrians are often in the roadway unloading carts or crossing to the beach access. We have considered this issue carefully, trying to find a solution that substantially improves our safety as drivers, bicyclists, and pedestrians (and secondarily, reduces our potential liability for a hazardous situation on a private

road), while limiting signage and regulation.

We have concluded that the best solution at that intersection involves 1) a stop sign at the eastern end of Cape Creek Road before it joins East Beach Drive and 2) a yield sign where southbound East Beach Drive enters the intersection. The stop sign on Cape Creek Road is essential, since Cape Creek Road traffic is blind to the beach access parking area, which carts often enter at a high rate of speed. East Beach Drive southbound also has visibility problems seeing approaching traffic on Cape Creek Road, and faces oncoming crossing traffic headed from East Beach Drive onto Cape Creek Road. East Beach Drive northbound is across the street from the beach access parking area and has better visibility of both the continuation of East Beach Drive and the westbound part of Cape Creek Road; we do not believe a sign governing northbound traffic is needed at this time. Please send any comments about proposed signage to middleislandpoa@gmail.com

A related safety concern comes from golf carts parking at the beach access. Four person carts should be parked all the way forward in the lined space so the cart does not extend into the roadway. Six person carts create a safety issue because they extend into the roadway even if pulled forward. Since there is a readily available, safe parking alternative 100 feet to the north in the “Additional Parking” area south of the tennis court, we concluded that this safety issue should be addressed promptly. We have asked property owners and their guests using six person carts to park in that overflow lot. Our plan is to post a sign prohibiting six-person carts in the parking spaces across from the beach access, making that safety solution permanent.

We are completing two beach access projects included in the 2015 capital expense budget and funded with transition funds. We have added one additional parking space for your convenience across from the beach access. We are also improving the “Additional Parking” area near the tennis court in a way that we believe maximizes parking, creates spaces for long carts, retains attractive plantings, and avoids creating a large rectangular parking area devoid of vegetation.

Finally, under the authority granted in Article IX of the Revised and Restated Declaration, at its next meeting the Board plans to adopt a reasonable road impact fee for all new construction and major renovations.

Dust from the Gravel Roads



We continue our efforts, begun before turnover, to get one of the two liquid calcium chloride suppliers in the southeast to bring a truck to Middle Island. We have not identified any viable alternatives to the application of liquid calcium chloride, either because they pose environmental concerns (petroleum based agents) or because they pose huge logistical issues (calcium chloride flakes). This year the only viable option is the company in Georgia that has previously treated Middle Island, and their ability to respond has been further complicated by a recent injury to one of their truck drivers. We explored whether paying a premium could get a truck to Middle Island, and the owner (who has been great to deal with and knows Middle Island well) responded that it wouldn't, he wouldn't gouge a good customer, and he will keep trying to work us in. He invited us to call weekly, and we have done so.

In future years, we have a good solution: both suppliers are interested in treating our roads if we call in April, after their de-ice season ends and before their high dust season begins (when nearby large contract clients, such as counties and the federal government, have priority).

Rebuilding the Gravel Roads

Slightly over half of the \$600,000 payment from the Young Entities is dedicated to rebuilding the gravel roads. Under our agreement, we will need to begin rebuilding this fall and finish by this coming spring.

The Board has begun detailed planning for the rebuilding. The road will be rebuilt in phases, beginning from the far end of the road. Even before any rebuilding begins, construction materials (primarily gravel) will be transported to the island and stored temporarily at large turnarounds and on side roads – a step made necessary by the sheer number of truckloads of gravel required and limits on barge availability. There are many planning challenges, but one key challenge is to rebuild while minimizing the impact on property owners. Expect to hear our approach to this major project at our Annual Meeting.

Docks, Ramps, and Bulkheads



Shortly after turnover, we closed the Cape Creek (“Marina”) Dock because the attachment of the gangway to the pier had become damaged during a minor storm, creating a significant safety problem. Fred Craig, a civil engineer and member of the Board, designed and implemented a solution, markedly strengthening the attachment, reducing lateral forces on the gangway, rebuilding the pier/walkway (as shown in the picture), and substantially improving the appearance of the pier. We funded this project from the transition funds deposited in the Cape Creek Dock Reserve Fund for dock replacement.

The transition payment from the Youngs also included funding to rebuild the boat launch ramp next to the Cape Creek Dock, addressing safety issues and making the ramp more functional and durable in the face of substantial forces from the tidal flow of the creek. The project is in our current capital budget.

We are evaluating exactly how and when the ramp should be rebuilt.

We have not yet set the fees for use of the Cape Creek Dock facilities for storage, launching, and dockage of boats, which for tax reasons will probably take the form of an annual supplemental assessment for these dock users. We are very interested to hear from potential ramp and dock users about their plans, with particular attention to factors that would influence their use of the docks, the launching ramps, and the boat storage area or boathouse.

The bulkhead at the Bald Head Creek Dock was a major issue during the transition. The bulkhead had not been well-anchored to the shore when it was initially rebuilt. At considerable expense, the Young Entities rebuilt the anchoring system and realigned the bulkhead sheets as an additional part of their contributions toward the transition. In the process, they also significantly improved the appearance and security of the walkway and pier serving the dock area.

The long-term safety and stability of the bulkhead remains to be seen. Part of the engineering evaluation we had performed suggested that heavy traffic should be kept off the bulkhead fill area to reduce stresses on the bulkhead anchoring system. The Board also concluded that decommissioning the road entirely would 1) prevent damage to the bulkhead from heavy vehicles, 2) reduce sightseer cart traffic on the road, 3) reduce unauthorized use of the dock, 4) allow proper posting of the area ("Property owners and invited guests only") that would not be possible in a roadway right-of way due to the Village sign ordinance, and 5) not create a significant safety issue or inconvenience property owners, provided a proper parking area is created at the bend in the former roadway just northwest of the bulkhead. Before moving forward, we discussed the plans with the Village Director of Public Safety to confirm that she would not have any significant concerns about the changes. Because of the need to protect the newly rebuilt (and expensive) bulkhead against heavy traffic, we moved forward with this project. To reach the Bald Head Creek Dock area when traveling by cart, please turn near the equipment shed, drive past the first bollard, and park in the parking area at the bend of the drive.

The gate to the floating Bald Head Creek Dock is locked to deter casual use by sightseers. Property owners who have paid their 2015 dues can contact our on-site manager David Ward (luckyseahorse13@gmail.com) for a dock gate key if they do not already have one. We are exploring alternatives to a keyed lock.

Our Annual Meeting – Labor Day Weekend

The Annual Meeting of the Middle Island Property Owners' Association will be held in the Theater Room at the Bald Head Island Conservancy on Saturday, September 5, 2015 at 4:00 PM. We anticipate a significant agenda that we will send to you several weeks in advance of the meeting.

We look forward to your participation. Although you are, of course, welcome to contact any of us individually, you may find it particularly useful to send your question or comment through our email address middleislandpoa@gmail.com; we will try to be sure that the Board member with the relevant responsibility or expertise responds.

Dues

And of course, a newsletter from your Association would not be complete without a reminder that dues are now due. If you have not already sent your dues to Chuck Pardee, please do so today. Thank you.

Your Board of Directors (middleislandpoa@gmail.com)

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Rich Tarplin, Vice President (rich@tarplinstrategies.com)
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Addendum:

Super Channel for a Super Port? – A Threat to Middle Island and Its Environment

You should have received information about the provision of the Senate version of the North Carolina budget bill that would remove “The Rocks” - the 150 year old breakwater along the Cape Fear River north of Bald Head Island. Removing “The Rocks” may lead to the opening of a new channel across Bald Head Island from the Atlantic to the Cape Fear River. Senator Lee, former member of the NC Ports Authority, is the major advocate for removing “The Rocks.” As you may also know, the NC Ports Authority has long term plans (rejected once by the legislature) to build a super port just above Southport on property owned by the NC Ports Authority.

The proposed new superport would require relocation of the dredge channel near the port and deepening of the channel throughout. Some have speculated that the plan to remove The Rocks is a prelude to a plan to dredge any resulting inlet to provide direct access by super freighters across Bald Head Island to the proposed superport.

The Village’s shoreline consultant confirms that a new inlet across Bald Head Island would produce significant changes along the Atlantic shoreline, both above and below the site of the inlet; his views are summarized in the Village Resolution opposing removal of The Rocks (found on the website below). Needless to say, a new, very deep and very wide channel for super freighters would produce more drastic changes: it would accelerate beach erosion in beach communities north of the new “channel” as sand flows into the dredged channel; would starve East Beach of the natural sand brought down by long shore currents, accelerating the erosion of East Beach; and would endanger renourishment programs for South and East Beach, because channel maintenance efforts would be expected to shift to the new channel.

Please see <http://savebaldheadisland.yolasite.com/> for further information about action you can take.