

Colington Harbour Yacht & Racquet Club

PO Box 2196

Kill Devil Hills, NC 27948

January 20, 2015

Board of Directors

Colington Harbour Association

1000 Colington Drive

Kill Devil Hills, NC 27948

According to the terms of our Lease and Operating agreement of January 1, 2011 along with the addendum to that Lease effective December 31, 2013, the "Club" is required to notify the Association if it intends to exercise its option to renew its lease. While said notification is not yet currently required the "Club" would like to take this opportunity to advise the board of the Association in advance, that it intends to renew said Lease and Operating Agreement.

During the last two months the Club has invested in excess of \$75,000 of Club funds to resurface both pools, replace a large portion of the concrete decking around the pool, repaired the concrete retaining wall plus various other repairs that had become necessary. \$55,000 was funded from Club operating funds and \$20,000 from the dedicated reserve account.

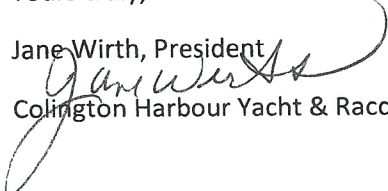
Additionally, the Club had been advised that the Association had an update performed on the Capital Reserve study and the replacement cost of all items currently covered by that dedicated reserve account has been increased. Those increased costs along with the value that has been added by these recent improvements are reflected in the revised dedicated reserve listing attached.

The original Lease called for an annual deposit of \$12,000 into the dedicated reserve to be adjusted annually as required to fully fund those items leased to the Club. That amount has been more than adequate to cover the listed items whose annual contribution requirement was \$9088. With the upgraded value and improvements, the contribution to the reserve is still adequate to cover all items listed at \$11,388.

The Club is happy to report that it has been able to maintain and improve all facilities that it operates under this agreement and has not raised its membership costs to Association members since 2001. The Club would like to renew its lease and operating agreement at this time for an additional 5 year term.

Yours truly,

Jane Wirth, President


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