

Estates at Dove Run Homeowners Association

Member Meeting

Minutes for February 27, 2008

Board of Directors present:

- Maurrell English, Richard Green (President), Jennifer Godlewski (Secretary), Ed Henry (Treasurer), Alison Segal (Vice-President), Amar Tailor and Jill Winnington.

Agenda:

- **Greeting and Introduction of Board of Directors** by Richard Green
- **History of HOA (Homeowners Association) Start-Up:**
 - Richard Green gave a brief overview of the history of the Association: The HOA was incorporated by Richard Forsten (one of the builder's attorneys) on September 19, 2007 and legally transferred control to the homeowners on the same date at the first member meeting. At this time the Board of Directors was elected.
 - ✧ Richard Green also explained that it took much "prodding" of Forsten to turn over the official documents of incorporation and release the contact list for the Directors. This information was not received until January 2008. The Board of Directors has met multiple times since January.
 - Richard also clarified that the meeting held in June 2007 was not an official member meeting, only a gathering of concerned homeowners desiring to 'fix up' the entranceway, which had been neglected. The donation total and its use are documented on the HOA's website: www.doverunhomeowners.com. The remaining balance was deposited into the bank account for the corporation at WSFS.
- **Purpose of HOA:**
 - Richard explained that the HOA's priorities and purpose at this point in time are:
 - ✧ Getting a budget approved for operational and capital costs.
 - ✧ Landscaping project and maintenance of entranceway off of Brick Mill Road.
 - ✧ Enforcement of Deed Restrictions.
 - ✧ Involvement in Town affairs; especially upcoming development connected to Dove Run and any other projects directly impacting our neighborhood.

- ◇ Improved communication with homeowners via the Association's website: www.doverunhomeowners.com

➤ **Overview of Proposed Budget:**

- Richard gave a brief description of each budget line item as detailed in the notice mailed to the homeowners for this meeting.
- Richard also explained that the budget is based on the Board of Directors' best estimates for each line item. This is the first year of an operating HOA and therefore no previous budget to refer to. Any surplus (if applicable) will be used to offset the following year's assessment.
 - ◇ Taxes and PO Box rental are self-explanatory.
 - ◇ Postage, Meeting Facilities Fee and Office Supplies are based on an assumption that multiple mailings and meetings will be required during this first year of operation.
 - ◇ Landscaping Maintenance is an estimate for the cost of maintaining any existing (or refurbished) landscaping at the entranceway on Brick Mill Road. This would include necessary weeding, mulching, etc. and also watering of plants and grass.
 - ◇ Insurance is for Liability insurance for the Corporation. This covers destruction/defacing of HOA property, liability for injury in common areas, lawsuits against or theft by Directors.
 - ◇ Legal/Collection Fees would cover the estimated cost of an attorney to handle escalated non-compliance issues: payment of assessment and deed restriction violations.
 - ◇ Reserves/Contingency is a 'buffer' for unexpected costs. Again, since this is the first year of operation, there is no previous budget to refer to.
 - ◇ Capital Expenditures cover the estimated cost to re-landscape the entranceway at Brick Mill Road. Only one estimate has been obtained at this point in time. No contractor has been hired yet.

➤ **Meeting is opened to questions from members:**

(Please note questions and answers are not direct quotes and that member names were not given and therefore not recorded.)

Q: If I don't vote, does it matter?

A: (Richard): Explained quorum regulations per the Association's By-laws. Must have 30% of homeowners voting to constitute a quorum, otherwise the vote would not be valid.

Q: If the budget is not voted in, will the Directors construct a new budget? And if this is necessary, doesn't the Board of Directors want to know why it is rejected?

A: (Richard): A new budget would be required. The Board would assume it is because people think the assessment is too high.

Q: Member thanked Directors for volunteering and asks three-part question:

- 1. Can members get more than one-week notice of upcoming meetings?**
- 2. Were there other bids for insurance and landscaping or are the numbers just estimates?**
- 3. Not impressed with landscaping; can the members have more than one choice to vote on?**

A: (Richard):

1. The Board will try to get notices out sooner, but one-week notice is acceptable per the by-laws.
2. There was more than one bid for insurance but the Board was unable to obtain more than one bid for landscaping at this time. Four landscapers were contacted; only one submitted a bid.
3. Right now, we are only taking a vote on the budget and the estimated cost for the landscaping.

Q: Was there only one landscaping bid?

A: (Richard): Explained that, yes, we were only able to obtain one at this time. Other bids can be obtained, but the Board was concerned about too much time elapsing before a budget could be voted on by the members. The HOA cannot operate and a landscaping project cannot be started until assessments can be collected.

Q: Can information about the landscaping project be put on the website?

A: Explained it was possible, but the current proposal is available tonight for anyone who would like to look at it.

Q: Member expressed that they wanted more than one landscaping choice and encouraged others to volunteer and be a part of committees.

A: (Ed Henry): Explained that he agreed we need choices but reiterated the Board's concern over too much time elapsing before any projects could be completed. The Board felt the majority of

homeowners would be interested in moving the landscaping project on sooner than later, because of its current state of neglect.

Q: Member stated they wanted to go forward with the budget, but still wanted choices on the landscaping project.

A: (Ed Henry): Explained it would be OK to come back together and have another vote on landscaping choices.

Q: Member stated they thought it would be better to wait another year if necessary, to provide landscaping choices. Also stated they want to see accounting behind all of the operational expenses – in writing on website. Also wants to have explanation for how the Board came up with all of the numbers on the budget (i.e. Reserve).

A: (Richard): Explained again the urgency to get a vote on the budget. Also stated he was now available to answer any questions about the budget.

Q: Can we see all of the quotes?

A: (Richard): Explained all quotes are available upon request.

Q: Member stated the Board was rushing things and that it is not a big deal to take things a little more slowly since the homeowners have already had to wait this long. Also suggested the HOA uses the website for voting and wants email to Directors up and running. Also believes the Board of Directors is not well organized.

A: (Richard): Restated previous comments on similar questions/comments. Explained the Board is exploring different options for the website and voting online is a possibility.

Q: Member stated they understood the need for a budget and the landscaping project. Expressed that the assessment was a reasonable cost, but they were taken 'off-guard' by the notice because it was not explained well. Also stated they never received a copy of the by-laws. Also asked:

- 1. Why does the HOA need insurance? For what are we liable?**
- 2. How are we going to get more than 50% of the homeowners to pay the assessment?**
- 3. What will we do if we don't get enough money?**

A: (Richard):

1. The HOA is required to carry liability insurance per the By-Laws.

A: (Jill Winnington):

1. Explained we received three bids from different insurance companies and that the insurance would cover against:
 - a. Theft
 - b. Common Area Liability
 - c. Lawsuits against Board of Directors
 - d. Destruction of Property

Jill also explained that the reason this was not broken down on the notice to homeowners was because of the need to cut costs for the mailing by keeping it to one page.

A: (Ed Henry):

2. Explained that the assessment amount will be pursued for each homeowner, even to the point of legal action.
3. Explained that no major projects will be started until there is enough money to pay for it.

Q: Member stated they did not understand what they were voting about. Also stated they do not see a need for additional expenses. Suggested the HOA use volunteers for website management.

A: (Richard): Explained that before the HOA can go forward on anything, there must be a budget. Explained office expenses covered: accounting software, copying, letters, ink, mailings, etc. Explained legal fees as estimate for hiring an attorney to pursue assessment delinquencies. Explained reserve/contingency is there to try to offset the loss of delinquent assessments, so that it could be possible for the landscaping project to move forward while those assessments were pursued.

(Alison Segal): Reiterated that an attorney would pursue delinquencies and handle liens for deed restriction violations.

Q: Member stated that they want things done sooner than later and that it would be too much chaos to have another meeting for landscaping choices. Member felt the assessment was reasonable.

Q: Member stated that other members should get involved if they want choices, otherwise they should pay their money and be quiet.

Q: Member stated they will volunteer to get more bids and that they think the vote should be postponed until this is done.

A: (Alison Segal): Explained that the Board did try to contact several landscapers in the MOT area, but were only successful in receiving one bid.

Q: Member stated they did not think the Board was following the proper voting procedures.

A: (Richard): Stated that the board was following the procedures as per the By-Laws.

Q: Member stated they were upset that the notice was the first notification of the HOA's existence.

Q: Member stated that the budget was just an estimate of expenses. Also stated that a treasury report should be given at each subsequent meeting and that the accounting books should be available anytime at request. Also stated that the accounting books could not be disclosed on the website.

Q: Member contrasted the cost of our assessment to that of his previous neighborhood, which was \$155.00 per month instead of per year! Also stated he was embarrassed by the state of the entranceway.

Q: Member stated that the landscaping proposal drawing doesn't sufficiently show what the finished product will look like.

Q: Will the members have to reconvene if the budget is not approved?

A: (Jennifer Godlewski): Explained that the current vote could not be changed because some of the votes are via proxy. This means that there would have to be another vote if not approved. Also reiterated that the budget is only an estimate of costs and does not mean that other landscaping choices cannot be obtained and voted on in the future.

Q: Member stated that in their previous community every detail was voted on and that the homeowners saw every bid. Also stated they were not against updating the landscaping of the entranceway, but were surprised at the

cost. Also stated that the HOA should wait for more bids and vote on choices. Also stated that they felt all of this information should be mailed out to the homeowners.

Q: Member stated they felt a \$20.00 to \$25.00 fee per home should be sufficient for start-up costs.

Q: Member stated they understood that the HOA needs operational money and that any overages would be rectified by the end of the year and applied toward the budget next year.

Q: Member stated they wanted all information detailed going forward.

Moved by Ed Henry and seconded by Maurrell English to move forward with the vote on the budget with the stipulation that the Board of Directors are not authorized to hire a landscaping contractor until more bids are acquired and another vote taken on landscaping choices.

→ Motion was passed by a majority.

Q: Member stated that the Board of Directors were unprepared and offered his assistance for future meetings.

A: (Richard): Stated he was prepared to go over any line item in the budget as necessary.

(Amar Tailor): Stated that the Board of Directors are doing the best they can at this point. Asked the members to remember that the Board is operating without any money (no money is now left over from "work-day") and some of the decisions have been made in order to be cost-efficient, not neglectful.

(Ed Henry): Stated that the Board would strive to do a better job in the future.

Members were provided with a ballot with which to cast their votes on the budget. There was a ballot box for members to deposit their votes before or after the meeting.

The votes were tallied after the meeting along with all of the proxy votes received in the mail.

The total number of votes received: 101; constituting a quorum according to Article III, Section 7 of the By-Laws). The budget was approved with 69 votes 'for' and 32 votes 'against'.