

## **CHAPEL GROVE HOMEOWNERS' ASSOCIATION**

### **Minutes of the Annual Meeting**

**November 1, 2006**

The Board of Directors of Chapel Grove Homeowner's Association met at the Odenton Fire Department on Wednesday, November 1, 2006.

Present were:

Doug Zander – President  
Nancy Gossard – Vice President  
Luella Bressler - Secretary  
Byron Malogrides – Treasurer  
Randy Buckley – Member-at-Large  
Mike Miller – Member-at-Large  
Jim Frank – Parking Committee

Kerrie Wilson – ProCom  
Jerry Pruchniewski - ProCom  
Laurie Thorne – Recording Secretary

### **CALL TO ORDER**

Doug Zander called the Annual Meeting to order at 6:33 p.m. and asked that all homeowners present finalize check in .

### **VERIFICATION OF QUORUM**

Kerrie Wilson of ProCom confirmed that quorum has been achieved. Winchester Homes has submitted a proxy for 48 units. In addition, seven (7) Board Members and sixteen (16) homeowners were present, and other homeowners submitted four (4) additional proxies. A complete list of attendees can be found at the end of the minutes.

### **REPORTS OF OFFICERS AND STANDING COMMITTEES**

President's Report: Doug Zander indicated that all homeowners should have received the proposed annual budget in the mail in recent weeks. The proposed budget will be reviewed later in the meeting.

Vice President's Report: Nancy Gossard indicated that she had recently received a call from a gentleman in the town homes regarding potholes in the parking lot. Nancy has spoken with Winchester and they are addressing the issue.

Treasurer's Report: Byron Malogrides shared that everyone has received a copy of the current financials as of the end of October, plus a copy of the proposed budget. There was a question from the audience as to where the financials could be obtained, and Byron indicated that they could be found on the rear table.

Secretary's Report: Luella Bressler indicated that she had no report.

Member at Large Report: Randy Buckley indicated that he had no report.

Member at Large Report: Mike Miller indicated that he had no report.

Parking Committee Report: Jim Frank indicated that he had no report.

## **NEW BUSINESS**

Annual Budget: Doug Zander asked Byron Malogrides to review the 2007 proposed budget and answer questions. Byron provided the following overview:

- Byron stated that there is not a proposed increase in assessments in 2007. Based upon input from the committees, they have reduced expenditures in a number of areas, and are still looking to have surplus of \$38,000. The Board has made the decision to be upfront about the surplus, so everyone knows the monies are available if and when they are needed. For example, areas such as snow removal and area beautification are difficult to predict. Some issues in area beautification are becoming an issue more quickly than forecasted. An example of this are the fence line issues that exist today, that will have to be replaced in the near future. The Board could present a balanced budget, but when these needs arise, they would have to come back to the homeowners with a special assessment. Byron then opened the floor for questions.
- A homeowner noted that the amount budgeted for Management Fees is going up a significant percent, and asked why. Byron responded that the management fee is based upon the number of homeowners, and the number of units completed continues to rise. In addition, there is a cost of living increase included in the amount. It was noted that line item 7010 (Management Fees) is up over 20% with \$23,500 budgeted in 2006, actual expenses of \$32,269, and \$40,407 forecasted for 2007. Jerry Pruchniewski of ProCom noted that Chambers, the previous management company, created the 2006 budget, so they are unaware of how the 2006 budget number was determined. A homeowner asked how the fees were calculated. It was explained that fees are based on a per unit basis, and the community is projected to add five (5) homes per month, with a projection of 188 single-family homes. It was also noted that all of the town homes have been built. ProCom explained that the community is billed for the actual number of homes, as they are built, and the projected figure may not be reached. ProCom continued that this is budget figure that is forecast based upon forecasted sales. A homeowner then inquired what the rate per unit was. It was noted that the rate is \$8.50 per settled single family home, and \$10.50 for each town home unit, with a three (3) percent increase per year. It was also noted that the community just switched from Chambers to ProCom seven months ago, and they are working well through the transition period. A homeowner interrupted, and indicated that they were under the impression that this was an annual contract, not a multiyear contract, and that homeowners were to be given notice before automatic renewal occurred. The homeowner continued, and shared that most homeowners were unhappy with the change of management companies, and questioned how the Board was going to perform on evaluation if the contract expires December 31<sup>st</sup>. Byron stated that he was aware that the contract was to expire in December. He continued and stated that if

there were issues, the community has a thirty-day out clause. Luella shared that the current contract period is from June 1, 2006 to December 31, 2006, with automatic renewal each year. The contract allows for either party to reserve the right to cancel with cause with sixty days written notice, or without cause with ninety days written notice. Luella also noted that Section 14.2 of the governing documents indicate that any management agreement, unless determined otherwise by the Board of Directors, may be terminated for cause with thirty days notice, and that the agreement shall not exceed one (1) year. The homeowner stated there was such a hostile environment regarding the change of management companies, that if it had been shared that the contract ended in December, she would have remembered. She also stated that she felt that the community should have more input. Doug responded that the community does have input, but that the final selection is by the Board, after weighing input by the homeowners. The homeowner then questioned whether or not the community has had input. Doug responded that there have been discussions regarding these issues, and that the Board has also been discussing using the polling system on the web page to try to get input from community. Doug indicated that the Board looks at the contracts, determines the satisfaction level, and tries to do what is best for the community. The homeowner asked that they be made aware. Doug stated that since the beginning of the year, the Board has made sure that information discussed at board meetings is posted on the website. Doug indicated that even if there was a misunderstanding of the contract end date, they have to follow the signed contract and the governing documents of the Association. Doug continued that the elected board members need to take the homeowner's input, have a discussion, and vote. Another homeowner questioned how this would occur. Doug stated that a board member would have to recommend that a contract be reviewed in order to begin the process. When reviewing contracts earlier this year, Doug stated that they didn't go with lowest or highest bid. Chambers charged \$6.50 for single-family homes, but that was the value the community received. The Board selected ProCom, and rejected a bid of \$20.00 per unit, regardless of whether it was a single family or town home. Doug continued that if homeowners feel the need to raise an issue, then they need to raise it to a Board member. He continued that the community has 348 homes, but that there were a limited number of homes represented in audience, and questioned whether the bulk of owners were dissatisfied. The homeowner shared that perhaps most homeowners felt the contract continued until May. Nancy stated that the Board conveyed that the contract went until December 31, 2006, and that the minutes were amended to reflect that the contract ended in December, and subsequently posted on the website. A second homeowner suggested that makes good fiduciary sense to review the contract since it is a significant portion of the budget. Doug responded by indicating that all committee chairs were asked to review items in their area of responsibility, and to respond to the Board with any issues and concerns. A third homeowner inquired if they could receive information on what additional services Chapel Grove receives for additional monies spent. Jim Frank shared that Chambers Management was very unresponsive, while ProCom has been very responsive and helpful, and he has found there to be a night and day difference between the two firms. Byron continued that Chambers charged Chapel Grove for four (4) meetings a year, and any additional meetings held were charged at the rate of \$200.00 per hour. In comparison, ProCom includes twelve (12) meetings as part of their contract. Doug thanked Jim for sharing his experience with the two firms. Doug continued that Chambers knew of the May meeting well in advance, and it was in Chambers' contract that they needed to provide notice to the homeowners' ten (10) days prior to the meeting, which they did not do, and made the Board look bad. A

homeowner shared that she found Chambers to be very responsive, and she needed to contact them often since she lived near the model homes. A fourth homeowner shared that they also had had unsatisfactory interactions with Chambers. Mark Max, a homeowner, emphasized the business sense of reviewing the contract. Doug asked if a Board member like to make a motion to review the contract. Nancy Gossard **motioned** to review the contact based upon satisfaction within the next thirty days. Luella Bressler seconded the motion. The floor was opened for discussion. A homeowner questioned what the timeframe would be for review of the contract. Doug explained the process for contract review, and indicated that it was prudent to review every contract. Doug continued that the Board would review the contract and vote within 30 days. The vote was called on the motion and all board members were in favor and the motion carried. Nancy indicated that they would review the community's ability to terminate for cause. Byron reiterated that the Board spent several sessions reviewing proposals and contracts before presenting this budget, and no issues were presented against the renewal of the contract, and everyone who had a contract under their responsibility was addressed. Another homeowner emphasized the need to review the contract, while another homeowner added that the point to be focused on should be the expiration of this contract, and termination for cause, etc. Doug told the residents present that at every meeting there are enough contracts with issues, such as pool and landscaping contracts, and that he felt it was important to not make work in areas we don't need to focus upon, and that contracts get refined over time. The May meeting was perceived as difficult due to poor communication by Chambers Management. Since the change, there has been some difficulty with direct deposit, but no other issues with ProCom. One resident asked that it be conveyed that that ProCom is doing a good job.

- A question was raised regarding line items 9800 (Snow Removal – Sidewalk); 9810 (Snow Plowing – TH2); and 9820 (Snow Plowing – TH3). The Board explained that line item 9800 (Snow Removal Sidewalk) is for the town home areas only. Byron corrected this statement and indicated that line item 9800 also pertained to sidewalks in the entry in the common area and the sidewalk around the pool. Line item 9810 is for the clearing of the street and parking areas, which the county doesn't do. The county is responsible to plow in the single family area except where section five starts at the end of Seneca. Winchester is responsible from that point back to Starstella and Winesap as that area hasn't yet been turned over.
- A homeowner questioned why the projected surplus for 2006 of over \$51,000 was not designated to become part of 2007 income. Byron indicated that excess monies would be invested into a CD or Money Market Account with Smith Barney. The Association maintains two accounts; one is a capital reserve account and the other is rainy day fund where the association draws funds for unexpected needs. Doug shared that the Board had made decision not to put these monies into general funds, so that as the community continues to develop, unexpected needs can be addressed as they arise.
- A homeowner noted that there was much discussion last month regarding late fees and the policy, but that there was no projection of late fee income for 2007. Doug responded that this was a good point, noted the Board's appreciation for pointing this out, and indicated that it would be researched.
- There was a question regarding line item 7890 (Administrative Expenses) and what was covered in this area. Kerrie Wilson responded that this covered items such as mailings, copies, postage, etc., that are billed on a usage basis.

- The Board provided information regarding line item 7896 (Recording Secretary) and shared that this was billed at the rate of \$200 per meeting.
- It was asked if there were specific projects earmarked to be addressed by line item 9025 (Grounds Improvement and Repair). Byron indicated that this amount was rolled into line item 9020 last year, and he choose to give the repair contract a separate line item this year.
- A homeowner asked if line item 8600 covered the tot lots. Doug responded that it covered the tot lots, walking paths and work out stations.
- There was discussion as to why line item 7500 (Social Events) was decreased by half. Randy Buckley addressed this question by saying it was determined that Social Events should be more of a volunteer effort as it wasn't fair to ask the community as a whole to fund a party for the few homeowners who participated. The homeowner indicated that he disagreed with that philosophy, and questioned the expense/value ratio of the pool vs. the expense/value of social events.
- Kerrie addressed a question raised regarding line item 9150 (Telephone) by indicating that this is a special program called Callgate, where Verizon programs in specific numbers that are allowed to be called. This program is available for \$5 per month, or \$60 per year. After research, it was discovered that this was more cost effective than paying to disconnect and reconnect telephone services.
- A homeowner questioned what services were provided under line item 7560 (Safety Committee). Terri responded that they have been talking to county police regarding the undercurrent of juvenile delinquents in communities whose homes back up to Waugh Chapel. She has spoken to off duty county police officers that do roaming checks through a community. This line item is to offset the costs of having these off duty county police on site. A homeowner questioned if this amount would be adequate. Byron responded that they typically charge \$60 per hour, and the checks are performed randomly. Doug has evaluated the numbers and this covers 33 hours of coverage. They would look to use police during periods of heightened activity such as the spring and fall, and during the Christmas holidays. Another homeowner asked if the committee was also looking at the issue of speeders in the community. Nancy responded that they would be putting lines on the roads, including Seneca and several other streets. This is the first step; the next step will be to go to recording devices. They have explored speed bumps, but determined that most people do not want them. They are also looking at stop signs. The next step would be to get the police there to issue tickets.
- Joe, a homeowner on Seneca, noted that there is a significant amount of speeding going on, and expressed his concern that someone will be hit and hurt or killed. Doug noted that there was only one person on the committee, and they had spoken to Kerrie last week. Joe also noted that a concern was expressed a year ago, and a year later the problem is worse as more people have moved into the community. Doug acknowledged the homeowners' concern, and asked the safety committee to look at the situation. Doug also noted that the committee is only two to three months old, and needs people to be committed to the committee, and to bring information to the Board, so it can be brought to community.
- An audience member questioned the increase in line item 9100 (Pool Management) from \$22,000 to \$28,000. Byron responded that this was an inflation increase. The homeowner continued and questioned a 25% increase due to inflation. Doug questioned how the pool management contract was structured and asked if anyone present had a copy. Kerrie offered that a new copy of the contract could be found in the board packet. Doug noted that the Board would look into the situation and post the answer on the website.

- A homeowner questioned the increase in line item 9170 (Pool Water and Sewer). Doug noted that the budget now includes the irrigation system.
- A question was raised about line item 7160 (Legal Fees), and Byron noted that the same amount was budgeted as last year. The homeowner asked if the majority of these expenses were related to late fees. Doug shared that the majority of the Association's legal fees were for matters dealing with encroachments, covenants, etc. Doug noted for the audience that the Association doesn't make money in these situations, and that all fees go to the attorney.
- Byron shared that he had just reviewed the pool contract and noted that there is a typo in the budget, as the 2006 pool maintenance contract was in the amount of \$ 27,800, and that the budget reflects a typographical error.
- Randy Buckley **motioned** to amend the proposed budget to include an additional \$1,000 in line item 6340 (Late fees), and to approve the proposed budget. Jim Frank seconded the motion. The vote was called and six Board Members were in favor of the amended budget, and one Board Member was opposed. The motion carried, and the amended budget was approved.

Homeowner Concerns:           The following homeowner questions were raised.

- A homeowner inquired whether he needed to submit a request for architectural changes to the committee, if he lived in the construction area. Nancy responded that he still needed to submit an application for review.
- A homeowner asked when the officers on the Board would change. Doug indicated that the Board would vote upon new officers this evening.

## **ADJOURNMENT**

Doug Zander called for a motion to adjourn the Annual Meeting and move into the Organizational Meeting. Byron Malogrides **motioned** to adjourn the Annual Meeting. Randy Buckley seconded the motion. All in favor. The Annual Meeting of the Chapel Grove HOA was adjourned at 7:50 p.m.

Approved by: \_\_\_\_\_  
                  President

Date: \_\_\_\_\_

Submitted by:

Laurie J. Thorne – Recording Secretary

[lauriethorne@comcast.net](mailto:lauriethorne@comcast.net)

410.721.7536

