

**LAKE CREST HOMEOWNERS ASSOCIATION
SPECIAL MEETING
January 14, 2019**

Minutes of the Special Meeting of the Lake Crest Homeowners Association, Hoover, Alabama, held at Hoover, in Neighborhood Clubhouse, Alabama at 7:00 p.m. on the 14th day of January 2019.

I. CALL TO ORDER

President Becky Hestley called the meeting to order at 7:02 pm.

II. ROLL CALL FOR OFFICERS

Present: Felecia Brewer, David Buchanan, Anita Frederick, Becky Hestley, Karin Hill, Scott Kopf, Kristen Osborne, and David Walls

Also Present: Jody Northcutt LCHOA Property Manager

III. INTRODUCTION OF NEW BOARD MEMBERS AND OFFICERS

Introduction of new board members and officers were announced as follows: Becky Hestley- President, David Walls- Vice President, Kristen Osborne- Treasurer, Anita Frederick- Secretary, Members at Large- David Buchanan, Felecia Brewer, Karin Hill, and Scott Kopf

IV. INFORMATION FROM THE BOARD

Current Committees for the neighborhood are: ARC, Activity, Pool, Lake and Communications-communications committee is going to be headed by David Walls and will include Neighborhood Website Update.

Minutes will be taken and posted at all HOA meetings, Board meetings, and any other meetings that occur.

Projects Being Considered for 2019: Concrete ramp for Trumpet Circle lake access, Landscaping improvement and re-painting of areas needed around the Clubhouse, Pressure washing for some areas within The Arbors, Re-Stocking the lake with Fish, Audit of our financial record, and Lake dredging project.

Becky Hestley reported that as this is a special meeting for the Homeowners to address concerns to the newly elected HOA Board that there were a few ground rules: Decorum and appropriate speech and respect for each other is called for so that concerns can be heard and addressed by all present at meeting.

V. RESIDENTS AGENDA

At this time Miguel Vilchez handed out an Outline of the concerns he and other residents wanted to make both the Board and the Homeowners at Large aware of. DeAnna Hadnot then opened their agenda by stating that their goal was to make Lake Crest the best neighborhood it could be and to share the questions and concerns that a group of homeowners have raised. Rebecca Turner then defined the Group of concerned homeowners who had done research on the issues that they identified were: DeAnna Hadnot, Miguel Vilchez, Doug Breland, Rebecca Turner, and Elaine Mizzell. It was reiterated that decorum was called for as some topics are sensitive in nature.

The point of Censorship on social media, specifically the neighborhood Facebook page was brought up: it was suggested by this group that censorship of any kind not be allowed and that the page should be moderated by a neighbor at large not only the property manager or a board member. It was mentioned that these same rules should apply to any other official neighborhood social media pages: i.e.: Twitter, Next Door etc. (Nikki Majewski volunteered for the Resident Administrator of Facebook Role.)

The point of how to appropriately communicate with the Board was brought up in regards to the best way to ask questions of the board etc.

The point of Bylaws and Voting was the next item on the agenda it was discussed that we as a board and homeowners at large must follow them. It was pointed out that verbiage is unclear as it references Awtrey the builder as “Directors” and references other titles in other areas of the bylaws. It was proposed that they be re-written re-approved and re-filed to make them more cohesive and up to date for the neighborhoods current needs.

- In answer to this it was stated by Kristen that as you need legal council to assist and it is a long and tedious process also costing a considerable fee. It was best to pursue amending the bylaws as appropriate and needed with the HOA Board and Homeowners approval as it is appropriate on an as needed basis instead. It was also clarified that you would need a proxy of 200 votes from the neighborhood for any type of approval of changes to occur.

The point was made in regards to Voting. it was requested that votes be recorded and made available to Homeowners. If any vote is called for via e-mail that those are printed out and recorded/made available to Homeowners. Currently votes are counted by the Property Manager solely it was suggested that the board and/or an independent party assist in counting any votes and the documents kept available for review as requested. Bylaws currently state votes should be counted by the board with the citation of the Second Amendment Section 2.10 *Ballot Voting in Lieu of Meetings*.

Rick Franks- Identified himself as past President and asked for the current Board to state their name, the length of time they have lived in the neighborhood, and their meeting attendance for HOA meetings prior to being elected to the Board.

- This was answered by each Board member and Rick went on to give a little history of what it was like while he was President of the board and the average attendance for the HOA meetings 30-35 people.

DeAnna Hadnot- Wanted to know if there was Quorum for the approval of appointed board members and to verify that if the voting was done via e-mail it was appropriate and that if asked for there was proof of the voting record.

- There were questions regarding board member Miguel Vilchez involvement in e-mail to vote for new board members. There was also question in regards to who was serving as Secretary and Treasurer towards the end of 2018 and who filled those roles while they were absent from her post. Felecia Brewer stated that she filled in as Treasurer.

Doug Breland- Wanted to suggest that the Community wants to be aware and involved in all meetings and receive detailed minutes for any meetings that occur. Wanted to remind everyone that unpublished meetings are not valid meetings. Wants all meetings to be published and open to all Homeowners at any time. Also wanted to request that the Board use other tactics to get to know all Homeowners, suggestions were as follows: Get to know you Board Member Parties, Welcome Committee for new neighbors, an overall suggestion for Excellent communication between the Board and Homeowners at large.

It was also suggested that the use of community property be defined as only for Homeowners and eliminate use of amenities for fee or not. Also that all residents in good standing should be allowed to use the Clubhouse for Free without having to pay any additional fees.

It was also suggested that there should be Term Limits posed for Board Members as defined in the following manner: Wants an Odd number of Members, No Proxys, 3 Year terms of service for no more than two consecutive sets, and there must be a break of 3Years before ability to run for office again. Summation was to move forward with total transparency of a refreshed Board.

Kenny Fountain- Raised the question in regards to the Lake Lawsuit between Homeowners and the HOA. It was asked if dues went to pay for this legal action as well as the thought that legal action such as this should be communicated to Homeowners at large. He also pointed out that he wanted more transparency in Finances and wanted an annual audit.

- Mark Williams- our past president addressed that the last Audit was 2012 and that as serious questions in regards to financials had been waged it was agreed that a 2018 Audit would take place and there were initial proposals for Financial Reviews and Audits in place for the current board to review and move forward with either receiving additional bids for this project or choose one of the suggested for partnering with for Audit.
- Becky Hestley- suggested that board was considering an audit to be performed at the end of each treasurer's term to ensure that the next treasurer is left with books that are transparent and in order. Also for the current board Kristen will work with Jody to continue to improve our reporting both internally and externally to Homeowners.
- Rebecca Turner- suggested that we should also look at dues and if there is a need for dues to have increased from \$480 to \$600 annually. It was agreed by the board to look at the budget and the expected expenditures and see if the amount is correct for our neighborhood. Some of the neighborhood projects that have been completed during the time the dues increased were discussed briefly, they were: Playground upgrade, Clubhouse update, Security System Upgrade along with Fob System for the Pool, and Lake Issues were all mentioned as large ticket items that would have resulted in Dues increase.

Jordan Baker- Raised question for details of Lawsuit and if they played a part in the dues being increased?

- Elaine Mizzell- Addressed the information in regards to the Lake Lawsuit as she was one of the Homeowners involved, the details were as follows: 10 Homeowners received a letter that they were not allowed to use a pump to pull water for their lawn irrigation systems. She further stated that Awtrey had given Homeowners permission as incentive to sell the houses on the Lake. In fall of 2016 once the cease and desist letter was received it was further explained that Lake residents in question would have 2 years to swap to city water for their irrigation and remove their pumps. The Homeowners communicated their displeasure with these terms to the Board in an attempt both in writing and verbally to reach a new agreement that was amicable to both parties but did not feel they were able to do so without Legal Representation. The Homeowners sought legal council and a suit was filed against the HOA. This suit was settled and has been filed as such by each parties attorney the outcome of this was: Homeowners named in the Suit were Grandfathered in to have their irrigation pumps, the pumps must now be inspected every 3 years and give results of the Inspection to the Property Manager. All others on the lake will pay \$495 per year for irrigation should they choose to use the lake water to irrigate their lawns moving forward.
- Mark Williams and Charlie Conklin- Mark stated that the agreement with initial homeowners was verbal only from Awtrey and the changes were proposed to try and make sure there were checks and balances for irrigation systems, lake water usage, etc. He also stated that once the suit was settled the Covenants were revised and filed with local court to outline new Lake Irrigation Laws *Covenant #16*. During this time Charlie discussed the potential liability of lake irrigation if pumps were to not be inspected as well as where the liability would fall should an incident occur. It was also mentioned that while there were no approved wooden structures for the lakeside

still as an option some Lake homeowners want to know if they might request to have those structures still? (Point of notice the Residents involved in this suit did not think that the HOA's legal council was timely in communication and wanted to raise the point that perhaps we should look at new representation for the HOA.)

DeAnna Hadnot- brought up the point of HOA Financials specifically involving the Waving of Board and Committee heads dues. Wanted to know if 1099's should be issued for this compensation and if the Audit would confirm these waivers have occurred.

Kristen Osborne- addressed that Mark's letter addressed this issue with the idea that a Proxy should be sent out to the neighborhood at large for vote on this issue however, the current board Tabled the discussion and have decided to remove the benefit as it is not in support of our Bylaws and as this is such a large item the board wants to take our time to discuss options for a future vote of the Homeowners to bi-fold agree to amend this bylaw that states no compensation for the Board as well as to add that some type of dues waiver be offered if approved. It was also reminded that a proxy of 200 homeowners must agree to pass any amendment to the bylaws at a minimum. During this time it was also addressed that we would like to move to \$0 balance Budget including how to set up reserve funds with this method moving forward.

1. At this time there were discussions in regards to Whitestone Way, Trumpet and Flag Circle. It was brought up that when Awtrey built our subdivision they wanted the lawn maintenance to be solely taken care of by residents of these streets and it was drafted that they would have committees to vote on what service to use and the budget needed for these costs. Currently the only street from this group that has a committee is Whitestone Way. The question was raised about an average in amount paid in 2018 and if there was a way to track what they were paying to the HOA for both their dues and their maintenance fees. Kristen suggested that we use fund accounting and parcel out their payments so that the average can be used for maintenance as needed or to lower the overall amount of the payment if it is deemed to be too high as currently set.

Miguel Vilchez- Wanted to report on some of the issues he found while he served on the board. Those issues were to include:

1. Document Transparency- he wanted to state so residents would be aware per the bylaws they could request any document financial or otherwise for inspection at any time and it would need to be produced. (Jody Northcutt clarified that it would be helpful to make any of these requests in writing so that they can be followed up on timely.)
2. Financial Audit- reiterated the need for a periodic Financial Audit and from his research wanted to request an audit in addition to the year 2018 to include 2014 and 2016. Wants to also see any other financial documents for that period of time.
3. Wants to look for the ways to lower annual assessments specifically the amount of dues. It was suggested that our neighborhood amenities do not qualify us for the cost that our dues currently are. Suggested that it would have been better to rise from \$480 to \$500 instead of \$600 and wants to know why the dues were raised as they were. (As discussed earlier in the minutes some of the projects and reasons for dues increase were discussed during the meeting at that time.)
4. There was again discussion in regards to Credit Memos, i.e.: Dues being waived for committee heads and board members. It was suggested that no Credit Memos be given aside from on a case-by-case basis in the event of extreme financial hardship or other documentable reasons that a Homeowner should want to request approval of this.

5. Suggested that the scope of the HOA Managers job be defined and that he/she should not perform duties that were better suited to the Secretary and Treasurer of the Board as well as to investigate the type of employment they should be extended and if all proper tax and insurance is being appropriately managed for this employment.
6. Suggested that the amount of liens currently on Lakecrest properties is 4 and that the \$10,000 reflected in the budget for our Legal Fees did not equal out. It was clarified that the above amount included the lake lawsuit as well as the liens on the properties. (It was also clarified by Kristen that moving forward the legal fees would be line items for budgeting purposes. It was also better defined that even if we were to employ a management company instead of a personal HOA manager that the role of Secretary and Treasurer on the board would still exist but whoever was managing the property would still do communications and financials and they would be inspected and approved by the Officers as well as the Board at Large.) It was requested that copies of the 2016, 2017, and 2018 budgets that include legal fees be provided to Miguel and Jody again reminded that it would be helpful to have any requests for specific documents in writing.

VI. NEW BUSINESS: The floor was opened to other residents in attendance to voice their questions or concerns they were as follows:

1. There is much hail damage to the Gazebo on Trumpet Circle; can we file an insurance claim to replace the roof? Jody Northcutt verified that our insurance agent did not suggest we file a claim for repair but that it is proposed to do the work needed to repair the Gazebo in the 2019 budget and that it will be looked at and approved by the board in the coming months. Update will be provided once that item has come before the board.
2. It was asked that the use of pool/playground not be opened to businesses, non-residents, or any others who are not using them appropriately be allowed. It was brought forth that someone in the neighborhood runs an at home daycare and uses the pool during the summers for her daycare attendees. Karin Hill is the Pool Committee chairwoman and stated that this would be investigated and if discovered would be rectified as this is not a part of the agreement for pool usage within the neighborhood. Update will be provided at the point that this matter has been further investigated. It was also reiterated that residents don't prefer anyone swimming in clothes and Karin clarified that some neighbors have different types of swim dress but it would be observed upon the opening of the Pool and addressed if found to be outside of "typical/appropriate" swimwear. It was also defined that 4 houses on Hibiscus pay ½ dues to be members of the pool via Awtrey and follow all other rules as set out by the HOA to be included in amenities use.

VII. CONCLUSIONS:

- A. Board transparency was a common theme and it was decided that the HOA would do more to communicate with all residents what is being discussed, voted on and affecting the neighborhood.
- B. There was a request of a timeline for the board to give answers to the items mentioned in these minutes and it was requested that a period of One Quarter be given for the Board to address all issues in total. However, as a board we will give updates when they are available if before Quarter Deadline.
- C. David Walls spoke that we would address problems and work together with residents, as did the previous board members who have served. Wanted to reiterate how appreciative we are for all of their hard work and that as a Board we look forward to being able to serve the Neighborhood moving forward.

Next meeting will be HOA meeting February 4, 2019 at 7:00 PM. Special HOA Meeting Adjourned at 8:58 PM

