

HERITAGE ESTATES PROPERTY OWNERS ASSOCIATION  
MINUTES FOR BOARD OF DIRECTORS MEETING VIA ZOOM  
SATURDAY, JUNE 18, 2022

Directors present: Duane Esarey, President; Gay Cass, Secretary; Janet Johnson, Treasurer; Michele Nowak, Assistant Treasurer, Joe Nowak.

President Esarey declared a quorum and called the meeting to order at 10:36 a.m. A warm welcome was extended to everyone and the president immediately updated the directors on the status of small chores completed and in progress. All lot owners have been notified for trees along the road ways that need trimming. There is a desire to construct a sandbox area in the creek at the gazebo where small children can play safely.

Approval of Minutes: The minutes for the February 26, 2022 and the May 28, 2022 were emailed to the directors for their review.

1. **Motions passed:**

- a. Janet Johnson made a motion to accept the February minutes as presented, seconded by Duane, motion carried.
- b. Janet Johnson made a motion to accept the May minutes as presented, motion seconded by Michele Nowak, motion carried.
- c. The President instructed Janet Johnson to post both sets of minutes to the website as delivered.

Treasurer Report

Janet Johnson, treasurer, brought to the attention of the Board an in-depth analysis of our insurance status and concerns. Under new business those needs are spelled out and recommendations for follow up were made.

OLD BUSINESS:

Presidential review passed motions and decisions from the May 28 meeting:

1. At the May 28<sup>th</sup> meeting the directors approved a motion that the Board write a resolution recognizing Jean Moore for over 10 years of faithful and comprehensive service to the Heritage Estates Community and that President Esarey write a note expressing our appreciation for her services. Note will be written soon.
2. Also in May a motion passed to decrease the number of directors from nine (9) to seven (7) effective next year (2023). The determination is to be written into the Bylaws revision.
3. In May, the Board also passed a motion stating that the final draft of the new Bylaws should be presented to the membership for approval, pending the attorney's review, at the Annual Meeting.

The president reported that the construction on Lot 53 is now fully on track and they expect to be finished by August 20, 2022.

NEW BUSINESS:

1. Open Board seat: President Esarey reported that Paula Shepherd is willing to serve on the Board. Discussion ensued per the Board's current needs (balanced # of votes and need for a great deal of drafting/reviewing upcoming changes to the Bylaws the rest of this year) versus our recent reduction of the Board's size.
  - a. **Motion passed:** Following discussion, Janet Johnson made a motion that the Board appoint Paula Shepherd to fill Jean Moore's unexpired term (2019-2023) on the Board of Directors, Joe Nowak seconded the motion and it passed unanimously.

2. Insurance Updates: There are some concerns about the validity and type(s) of insurance coverage HEPOA needs. Janet Johnson is working with insurance agents to determine type of coverage we have as well as need and will get quotes for premiums. Several different types of insurance were discussed; although no action has yet been taken. Janet explained the "Directors & Officers Insurance" application from the Charlotte agency requires that we have a Conflict-of-Interest,, Anti-Harassment, and Anti-Discrimination policies that the Board must follow. She is checking on Fidelity Insurance, rates for Property Insurance and Liability Insurance, and also trying to determine if we need to carry worker's compensation. The Fidelity Insurance requires that we have a Fraud policy and specific Fiscal Procedures Policy. Janet is drafting these policies for Board Review and getting quotes for the insurance. When she has compiled the insurance information, she will email it to the board members for consideration the final decision will require board action via Zoom or email, to be determined. It was recommended that the BOD review all of our present policies and use Janet's final report to determine the coverage needed for HEPOA.
3. Items for discussion:
  - a. Savings Account: discussion centered on review of the information presented at the previous meeting.
    - i. **Motion passed:** Gay Cass made a motion, seconded by Joe Nowak, to move the Maintenance Account, (Reserve Funds) money to an interest-bearing Savings Account. Motion passed unanimously.
  - b. Transfer from Operating Fund to Reserve Account (Maintenance Account): discussion centered on review of the information per state law on this matter and best practices presented at the previous meeting.
    - i. **Motion passed:** Motion was made to transfer \$18,000 from the Operating Fund to the Saving Account, motion seconded and passed.
    - ii. Future guidelines for the amount of transfers will be determined by the Reserve Study and the Annual Budget. We will write protocols into the Bylaws for clarification.
  - c. Following discussion, Board consensus was achieved that our fiscal procedures need to be codified into the Bylaws, since information as to their adequacy will be required when we apply for our insurance policies.
  - d. Late fees – to be codified into Bylaws. Board consensus was achieved that when our policy for late fees is finalized we will need to communicate it to the membership, record it in the Bylaws and include it in Annual Report.
  - e. Janet brought the Board up to speed on IRS limits for vacation rentals in our community. There was a discussion to achieve general understanding and consensus per our need for policy on this matter. In order to comply with IRS definition of "residence," we must limit vacation rental property to 15% of houses in Heritage Estates (currently 3 houses). Homeowners may need to apply for a permit to list their property as a vacation rental or rentals such as AirB&B. An official policy stating need for, purpose, and regulations for these permits will be written and forwarded to the membership upon BOD approval.
    - i. **Motion passed:** Gay Cass made a motion that we get this information in the hands of the property owners immediately. Janet Johnson seconded the motion and it passed.
    - ii. We will email and send letters advising property owners of this concern. The law and its consequences for the HOA will also be stated in the Bylaws and President's Annual Report.
  - f. 2023 Budget: The president called to our attention the need to include a Line Item In the budget, to be called, a Contingency Fund, to cover unanticipated costs, such as legal fees.
  - g. There is a concern we may need legal advice with rewriting the Bylaws, the legality of dues reductions due to lot combinations, and how to handle errors made on past tax returns. Funds to cover this expense can probably be justified under the current Bylaw, allowing the Board to spend up to \$1,000 of unbudgeted funds.

#### Annual Meeting related chores:

1. Date for Annual Meeting was discussed, probably to be held Saturday, September 3, 2022.

2. Per the recent motion to reduce the Board size effective next year (2023), only two Board positions will be available for election at the Annual Meeting. Expiring terms are Dean Moore, Janet Johnson, and Janice Landen.
3. Janet Johnson, Michele Nowak, and Gay Cass will prepare annual budget for 2023, to be approved by the membership at the Annual Meeting.
4. Annual Report: The president will include the following in his report: President's letter, annual data, new policy for the number of directors on the Board, the 2023 budget, Treasurer's report; Pilot Reserve Study, Draft policy on Vacation Rental property, and the main legal points surrounding Lot Combination(s) and how they affect annual fees.

New Business from the floor:

1. Joe Nowak suggested the president format and present data already in hand to the website, providing an overview of shared well deed citations. The BOD does not govern this and will not get legally involved; however, if possible, we would like to make it easier for property owners to understand the distribution of deeded access, billings, and deeded access to the wells works.

Next meeting date to be determined.

At 12:59 p.m. Gay Cass made a motion to adjourn, seconded by Janet Johnson. Motion passed.

Respectfully submitted,

*Gay Cass*

Gay Cass, Secretary