



HOA ANNUAL HOMEOWNERS' MEETING MINUTES 06/24/2021

I. President's Welcome and Call to Order

President Himmel called the meeting to order at 6:10 pm at Salem United Methodist Church, 29 Church Street, Selbyville, Delaware 19975.

II. Introduction of Board Members and Guests

The following Board Members were in attendance: Lee Himmel, President; Frank Ford, Vice President; Phil Mustico, Treasurer; Nina Paterno, Secretary. Also in attendance was Seascape Community Manager, Jonathan Poole.

III. Confirmation of Quorum of Board Members and Homeowners

- A) Let the record reflect that a quorum of the Board was present.
- B) Let the record reflect that a total of 51 households were represented with 43 households in attendance and 8 proxy votes. This total meets the required quorum of residents in order for the annual meeting to be held.

The Board passed a motion that two new items be added to the agenda for the meeting, under 'V B: New Business' - Goose Control Program and Sullivans Landscaping Front Entrance Design Proposal.

IV. Approval of Prior Annual Meeting Minutes:

- A) Annual Meeting Minutes May 14, 2019.
Let the record reflect that the 2019 Annual Homeowner meeting minutes were officially accepted and will be posted to the HOA web page.
- B) Annual Meeting Minutes July 25, 2020
Let the record reflect that the 2020 Annual Homeowner meeting minutes were officially accepted and will be posted to the HOA web page.

V. Business:

- A) Open Business from previous meetings:

1) Financial Reports

a) Report on the Dry Storage Lot

It was noted that the 24 spaces in the dry storage lot are filled and a wait list has been started. President Himmel proposed raising the storage lot fee to cover specific improvements such as resurfacing the gravel lot surface. If the storage lot annual fee were raised from \$100 to \$150 per year for two years, \$4800 would be raised which would cover the cost of resurfacing the lot with gravel. These funds would be deposited into a separate account from the HOA operating budget. After the improvements were made the annual fee for the storage lot would be reassessed.

b) Report on the Year-to-Date Budget

Treasurer Mustico provided an update on the Association finances.

The Operating Balance as of June 24, 2021 = \$89,503.63.

The Reserve Account Balance as of June 24, 2021 = \$141,810.85.

Several specific line items were reviewed. Tick and mosquito spraying around the pool was completed at the request of residents in response to a higher than normal deer tick presence this year. This was noted as an unbudgeted expense.

c) Report on Financial Outlook

Vice President Ford reported on the financial outlook for the Association reviewing the spreadsheets that have been added to the HOA website. He noted that the goals of the Board are to uphold property values, and the appearance and safety of the community. He also noted that the Boards have done a good job negotiating service contracts and improving the maintenance of common areas. For example, the current Board worked with Envirotech to ensure that they provide maintenance for outfalls and storm water management areas that are already included in the contract, but weren't part of the routine maintenance schedule.

Vice President Ford noted that the annual assessment or HOA dues of \$750 was originally set by the Declarant – the developer/builder. He stated that the current Board recommended that the community increase HOA dues in 2022 by \$125, from \$750 annually to \$875 annually in order to meet current operational costs for the service contracts to maintain the common elements. It was noted that, as detailed in the Financial Outlook Report, if dues do not increase, it is projected that there will be insufficient funds to cover the cost of the service contracts for the maintenance of the common elements by 2024. This projection was based on an inflation rate of 2.5%, and the current inflation rate is 5%. Therefore, there may be insufficient funds earlier than the report estimated. Also note that increasing dues in 2022 rather than 2024 will allow a slower increase in dues over more than one year, rather than a large increase in dues all at once.

It was noted that the initial Long-term Reserve Report was completed in 2020, thoroughly reviewed by the Board and found to be incomplete. A copy of the report can be found on the HOA website.

Board President Himmel, presented the following information on the 3 Stages of Business Development

He stated that your Board's responsibility for financial stewardship, specific to the budgeting process is:

- a) To protect the appearance, value and safety of our community, and
- b) To make improvements to maintain and/or enhance property value for all.

In 2017 and 2018, the community was in Stage #1 - Emergence (development). At that time the budget focus was primarily based on required maintenance (electric, landscaping, etc.) and some enhancements. Funding was provided from the net income (total Income less total operating cost). Spending for any enhancements was based on homeowner/board input, but not included in the current budget and represented variances to the annual budget.

In 2019 and 2020, the community was in Stage #2 - Expansion. The budget focus was primarily based on required maintenance plus the previous year's improvements to operations. Funding

was provided primarily from net Income plus some from retained earnings from previous years (checking account). Spending for enhancements was still based on homeowner/ board input, but now some of the enhancements were included in the annual budget and some were variances to the budget.

2021 represents a transition year for the community. The current Board made a commitment to homeowners at the 10/15/2020 meeting that no money would be spent without homeowner input and approval. Discussions specific to enhancements were intended for future board/homeowner meetings with approval via the “election buddy” process. The budget focus has been primarily based on required maintenance plus several enhancements including \$3,000 budgeted for an annual audit and fees for tree trimming. Enhancements are still based on board/homeowner input and approval. Funding for enhancements is from net income plus “retained earnings” from previous year’s budget (checking account). Some spending for enhancements was included in the annual budget while other enhancements continue to represent a variance to the annual budget, such as \$3,000 budgeted for legal fees for proposed bylaw revisions and other legal questions.

In 2022 and beyond the community will be in Stage # 3 of Business Development – Maturity. The budget focus should be primarily based on required maintenance plus enhancements as “approved” in advance by homeowners. So a majority of approved enhancements should now be included in the annual budget and not represent variances to the budget.

d) Community Vote on HOA Dues Increase

Per Deed of Restriction 25 c) “An annual assessmentshall be set by a majority vote of the members who are voting in person or by proxy at the annual meeting...” Therefore, a vote on whether to raise the HOA dues was held as there was a quorum of Homeowners represented at this annual meeting.

A total of 25 households voted for approval of the dues increase in 2022.

A total of 19 households voted against the dues increase in 2022.

Therefore, let the record reflect that a majority of homeowners represented at this annual meeting have voted to approve an increase in the annual HOA dues and, therefore, the HOA dues for 2022 will be \$875.

Let the record also reflect that the current Board recommends, that on an annual basis, the Board of Directors should:

- a) Update the HOA Financial Outlook Report based on the operating budget, service contracts, and estimated rate of inflation;
- b) Make an assessment of the need for an annual dues increase to cover the operating expenses; and
- c) Report these finding at the Annual Homeowners’ Meeting for a discussion and potential vote on raising HOA dues to cover operating expenses.

The Board passed a motion that agenda items ‘V: A Open Business’ 3) ‘SWM Updates’ and 4) ‘Committee Reports’ be taken up after the New Business Items are completed

The meeting continued with agenda item 'V:B New Business' 1) Community Vote to Revise Three Bylaws.

B) New Business:

1) Community Vote to Revise Three Bylaws

The Board proposed that the Association consider revising the following three Bylaws and hold a community vote to have them revised through the appropriate legal channels and then recorded in the County land records as required by the State of Delaware.

a) Proposed that Article IIC, Section 23a) of the Lighthouse Crossing Bylaws, which sets the amount for capital improvement expenditures that the Board can spend in one year without the written consent of majority of the total votes of the Association, be revised to change the amount from 20% of the annual budget to 5% of the annual budget.

b) Proposed that Article III C, Section 23e) of the Lighthouse Crossing HOA Bylaws, which states that the length of contracts for goods or services for the Common Areas, Open Spaces or the Association can only be one year, be revised to allow three-year contracts as long as the contract contains a clause requiring renewal or cancellation of the contract every twelve months.

c) Proposed that the Bylaws be amended to require that the Capital Contribution to the HOA of \$500 be assessed at closing for all home resales.

Per HOA Bylaws Article V Section 6: "... Bylaws may be amended only by the affirmative vote in person or by proxy or written consent of members representing a majority of the total members of the Association entitled to vote." Therefore, 65 household votes in approval are required before the Bylaws can be amended.

As 65 households were not represented at this meeting, a vote on amending the Bylaws could not be held.

Let the record reflect that the current Board recommended that the community hold a vote and vote to approve having these three Bylaws amended. The Board also recommended that the next Board coordinate with Community Manager Jonathan Poole to use the Election Buddy Program for this community vote so that every household is contacted and given the opportunity to vote for these proposed changes to the Bylaws.

2) Goose Control Program: Secretary Paterno presented the following information.

It's the Board of Directors responsibility to maintain the common open space here at the Lighthouse Crossing. One of the biggest if not the biggest concern that Homeowners rise with the Board is the concern about the goose feces that are polluting our beautiful community. So the Board believes that we would be remiss in our duties to the community if we did not deal with this issue.

The Board has prepared and handed out this evening a Canada Geese Fact sheet that outlines the facts about geese and the potential risk to humans and pets exposed to their feces. We

provide some basic safety precautions including cleaning driveways and shoes and the importance of never feeding geese.

We have also handed out the Goose Control Program that the Board will be enacting. The handout has all the details. The main components of the program will be egg adding, monofilament grids at the ponds, swan decoys in the spring and spraying of the chemical deterrent flight control. All those program components are part of the Envirotech contract. All are included in the contract already except for the spraying of flight control. We have been waiting for pricing from Envirotech but at this time, we are proceeding with enacting this program and having Envirotech spray the flight control. There are some miscellaneous funds in the current budget that can cover spraying for the remainder of 2021, and the next Board will have to follow-through and get that cost budgeted for 2022.

Further community discussion ensued regarding the use of the chemical deterrent "Flight Control". Let the record reflect that by a show of hands a majority of Homeowners were in approval of the goose control program except for the use of "flight control".

The Board then adopted the following Resolution:

Be it resolved that, as the HOA Bylaws require that the Board of Directors "provide for the operation, care, upkeep, and maintenance of all areas of common responsibility", and that the Homeowners attending the June 24, 2021 Annual Homeowner Meeting by a show of hands voted in approval of the proposed program except for the use of flight control, the Board of Directors hereby adopts the Lighthouse Crossing HOA Goose Control Program except for the use of flight control as part of the routine maintenance of the common grounds.

The Board also recommended that further discussions regarding the use of "flight control" or other possible deterrents be held at the next Board meeting.

3) Election of 2021-2022 HOA Board of Director Officers

Four Association members submitted their names for election to the Board and briefly addressed the Association: Phil Mustico, Dawn Winters, Bob Manolescu and Linda Williams. Dawn Piacine made a motion to open nominations. There were no additional nominations from the floor. Dawn Piacine made a motion to close the nominations.

Let the record reflect that as there are five positions on the Board and only four Homeowners submitted their names for election to the Board, a vote on the election of Board officers was not held. A motion was passed naming these four Association members as Officers of the 2021-2022 HOA Board of Directors.

4) Sullivans Landscape Front Entrance Design Proposal

Secretary Paterno presented a Landscape Plan for the front entrance designed for the community at no cost by Sullivan's Landscaping. This plan was presented to the Association as an example of a formal front entrance design, including the potential costs, as a starting point for further community discussion about landscaping the front entrance.

Let the record reflect that the current Board recommended that this proposal be an agenda item at a future Board meeting for further discussion of landscaping at the front entrance.

The meeting then proceeded with the Open Business Items 3 and 4.

V. Business:

A) Open Business from previous meetings:

3) SWM Update: Secretary Paterno presented the following information and Board recommendations.

One of the biggest initiatives of the current Board has been preparation for the management of the SWM Infrastructure and the Board has held meetings and site visits with the appropriate government agencies to review the current status of the system. As the current Board has previously reported, there are a number of items that the developer needs to complete in order for SCD (Social Conservation District) to conduct the final SWM inspections and give final approval for the SWM. To date, the current Board has not received a reply to the May 1, 2021 Board email that was sent the developer, Robert Kleinpaste, his representative, Bill Wallace, and builder, Alan Halle, requesting a schedule for the completion of all developer projects to be turned over to the HOA and the transfer of the open space parcels to the HOA, including the SWM system. The Board has summarized their finding in an SWM Report that will be posted to the HOA web page. That report contains three recommendations from this Board.

a) That as the SCD recommends the HOA should contact Selbyville Town Administrator Stacey Long to review concerns regarding the completion of the SWM system by the developer to determine how best to proceed to follow-up with the developer to complete the system, including the repairs listed in the SCD's March 2021 Inspection Report.

b) The current Board recommends that the HOA coordinate with the company that prepares the Level I Reserve Report to identify and estimate pricing for SWM long-term maintenance items, and have those items added to the Reserve Report, to ensure that the Reserve Account has sufficient funding to cover those items.

c) Board recommends that after the SWM system is approved and maintenance responsibility falls to the HOA, on an annual basis the HOA should contact the SCD SWM Inspector and schedule a walk-through of the entire SWM infrastructure system with the inspector. This process would allow for the early identification of any problems that might require repair, and will allow the HOA to coordinate with the Inspector to ensure that the HOA obtains a copy of the annual SCD SWM Inspection Report.

4) Committee Reports

- a) Architectural Review Committee Chairman Walter Hyde
- b) Bylaws Revisions Committee Board Representative Frank Ford
- c) Social Activities Committee Board Representative Nina Paterno
- d) Welcoming Committee Chairwoman Donna McClellan

This agenda item was tabled until a future Board Meeting due to lack of time.

VI. Open Forum

A) Homeowner Donna McClellan requested to address the meeting regarding the geese problem here at Lighthouse Crossing. Donna was unable to attend the meeting.

B) Homeowner Ken Daly addressed the meeting on the topic of Lighthouse Crossing HOA taxes. The HOA only pays Town of Selbyville taxes and not county taxes. Seascape will contact the county regarding the erroneous HOA County tax bills.

C) Homeowner Janine Hyde provided a photograph of pond access signs currently used at a nearby community. She asked that the Board consider placing similar signage at the pond access points here at Lighthouse Crossing.

D) A Homeowner noted that there was a suspicious vehicle parked on Two Ponds Road. The Selbyville Police Department was contacted and it was suggested by the officer that the Board consider posting no trespassing signage at the entrance. The Board noted that the officer was incorrect and that the community roads are public, not private roads in the Town of Selbyville and no trespassing signs would, therefore, not be allowed.

E) It was noted that the flags at the front entrance were being damaged by the crape myrtle tree branches. Discussion followed regarding the option to remove the tree versus removing the flags. It was decided as an interim measure to remove the Lighthouse Crossing and Delaware State flags that are so damaged until a final community decision is made.

F) It was noted that the pond one light needs to be reset following a storm and that will be brought to the attention of Envirotech. It was also noted by the Board that Envirotech had stated that they would be providing their communities with a list of pros and cons regarding whether it is better to leave the aerators in place over the winter or remove them. The Board stated that the vote on 9 month versus 12 months of operation for the pond aerators should wait until that information is received from Envirotech.

VII. Set date, time and location of next Board meeting

The new Board of Directors will set the date, time and location of the next Board Meeting, and will send a meeting notice to all Homeowners a minimum of ten days prior to the meeting.

VIII. Adjournment

The meeting was adjourned by President Himmel at 8:18 pm.

This version of these meeting minutes was revised by the 2020-2021 HOA Board Secretary 10/06/2022