

**Bay Quarter Shores Association
Board Meeting Minutes
May 10, 2008**

Meeting was called to order at 9 a.m., Mike Silagyi presiding for John Collier who could not attend

Board members present: Gary Morris, Michael Goodrich-Stuart, Frank Klein, Fraser Getgood, Stan Johnson and Ruth Franck; also present were Dick Lee, Jill Goodrich-Stuart, Sam Chancellor and James Ince.

1. Minutes of the April 11 meeting were approved unanimously.
2. The financial report was postponed to the July 5th meeting.

Old Business

1. Frank Klein gave an administrative report and noted that pool registration forms are being compiled for the year.

He spoke about wireless internet access that will be available through Kaballero. At present two poles are anticipated to be installed: one at the barn and the other near the boat dock at the clubhouse. As a quid pro quo, Kaballero will provide BQS with free internet access in the clubhouse. Frank requested \$100 from association funds to acquire a wireless router and Ethernet cable to make the internet connection available for laptop users in the clubhouse. Michael Goodrich-Stuart said he has a spare wireless router he would be willing to donate if it would be sufficient for use in the clubhouse. Poles should be installed by Kaballero around May 19th and working by the date of the semi-annual meeting in late May. Board members generally agreed that a location for a pole near the boat dock would be preferable to one on the point. Since power is nearby, Frank felt that would be acceptable to the internet service provider. The goal of the board is to keep the pole out of the line of sight between the clubhouse and the Potomac River. The board approved a motion to spend up to \$100 to purchase the supplies needed to make wireless internet service available in the clubhouse. Some discussion about access security and passwords followed. Frank said that it is possible to put codes in place that would prevent outsiders from using the service at the expense of BQS members.

Frank said that the campground has about 12 campers so far this year.

2. Mike Silagyi gave a maintenance report which included the following items:

Cleanup Day

Mike would like to thank all of the people who participated in the cleanup activities and the ladies for preparing a delicious meal.

Pool

The cover was removed on April 29, 2008. Not too much leaf debris had slipped in and the water was clear. Leaves were cleaned out and the treatment started.

Bill Sanford reassembled the pumps. A few "O rings" had to be replaced, nothing major, and there are no leaks.

Pool Pump House

The single momentary switch in the pool pump house has not been replaced with two momentary switches. The old unit was rebuilt last year after the wiring was found to be smoldering. The interior components were corroded. The switch was to have been replaced on May 5, 2008. Mike is awaiting a call from Mr. Haynie to reschedule the installation.

VDOT

Mike has not had time to contact VDOT regarding the repair of damaged culverts and the cleanout of others.

Fireworks

All of the fireworks for the Independence Day celebration have been purchased. The amount was \$1,377.81. We saved gas money because Mike was making a personal trip to Pennsylvania.

Mower Deck

One of the pulleys on the finish mower deck seized up. Bill Sanford was able to order two new pulleys and a new belt, and make the repairs himself.

3. Stan Johnson reported on Clean-up Day. He was pleased with the results and wanted to thank all those who contributed their time and energy. Stan hopes to be able to arrange such an event again in the fall or next spring. He said a report and photos have been posted on the association's website. Fraser Getgood mentioned that during Clean-up Day, he had noticed access lot fences are becoming rotten. Mike Silagyi said he plans to replace the fences on access lots with plastic fences in the future. Another item discussed was the driveway on the Bay Quarter Drive access lot, which has been rutted by vehicle traffic. Mike said that Bill Sanford would be putting topsoil in place there to fill the ruts and the chain will be replaced to limit future problems of this nature.

4. Stan Johnson spoke about the state-mandated reserve study. He mentioned a couple of changes to the draft document that board members had previously reviewed. Specifically, a paragraph was added on page 8 (paragraph 12) speaking to the need of identifying items that should be included in annual updates. Another change on page 8

(paragraph 10, item C) gives the study committee's recommendation as to the preferred way to raise reserve funds. A third addition is on page 9 (paragraph 13, item A) discussing the association's bylaws regarding dues being permitted to rise based on the U.S. Government's Consumer Price Index (CPI); Stan said that the recommended \$30 annual increase to fund the required reserve fund is within the CPI guidelines for the past five years (the last time dues were adjusted).

Stan expressed his confidence in the study's figures. A projected income sheet provided by Bay Accountants allowed Stan to note that if all lot dues owed to the association were paid annually, the need to increase dues would be mitigated. Fraser said that the process of billing for dues includes first and second notices being sent, followed by the placement of liens and penalty interest assessments on properties that are delinquent after a stated period (two years). He said he feels it is important for the association to establish this as standard operating procedure to set precedent for continued and uniform enforcement. He feels that if any lots fall into this status, the association should be placing liens this year based on the procedures the board had adopted. Mike said a delinquency list is coming from the accountants soon. Mike reminded the board that a collection agency (Collections Unlimited in Texas) had been retained by the association in the past and also noted that some records of unpaid lot dues had been lost in the 2003 clubhouse fire. Fraser said that the board had decided to place liens in the future as opposed to using a collection agency since it believes this is a more efficient way to be sure the association gets paid. When a lot on which a lien has been placed is sold, the association will automatically get its cut of the proceeds. Examining the fee income sheet from Bay Accountants, Mike said that some of the funds indicated as "optional" are in fact for associate memberships and campground fees which are not income that can be counted on since campers and associate members are not required to sign up every year.

Ruth Franck had some questions about the reserve study. She asked for clarification of page 4 (item 6) concerning the types of items for which reserve funds could be tapped and how those items could be identified. Stan replied that it would be up to the board's discretion to vote on spending each time reserve funds are used. Ruth asked for a definition of "collections" on page 7 (paragraph 3) and Stan said that Jennifer Troy-Black would have to answer her question. Following a discussion surrounding campground fees noted on page 7 (item 9), Ruth said she would investigate area campgrounds to see what they are charging for their sites and service. She noted that she supports the reserve study committee's recommendation that to raise the required funds dues should be raised by \$30 (to \$225 annually) instead of making special assessments of several hundred dollars per lot now and doing so again in 10 years. Ruth also asked about page 8 (item 11) and requested clarification of "growth in responsibilities." One example was given: the soccer goals put in place near the barn. After making a capital improvement, maintaining it becomes an added responsibility of the board. Mike Silagyi noted that maintenance needs will not go away and that the committee's recommendation to adjust the dues annually based on changes in the CPI is intended to permit the association to address maintenance issues and compensate for inflation while preserving reserve funds earmarked for the long-term replacement of big-ticket capital items (i.e. roof for the

clubhouse, the Kubota tractor, etc.). Ruth asked whether it would be beneficial to prioritize spending on these items. Fraser Getgood and others said that all amenities deserve support. Just because some are less used than others is not a reason to let them fall into disrepair or to remove them from the list of items in need of long-term repair/replacement. Ruth wondered whether page 9 (item C) would tie the hands of board members dealing with such emergencies as the failure of the clubhouse septic system last year. Mike Silagyi said this would not be a problem and that the word “recommends” (instead of “require”) permits sufficient latitude to take needed actions on an emergency basis. Fraser reminded the board that the reserve fund is not intended to take the place of insurance and he likened it to long-term planning for retirement. Gary Morris praised the committee’s work and asked for the addition of data on historic expenses versus income (over perhaps a five-year period) to permit the board to plan in such a way as to avoid having to dip into reserves. He feels that the operating budget might benefit from a miscellaneous category to limit the need to access reserve funds. Stan and Mike reminded the board that the study is a working document that is a starting point for future discussions. Frank Klein said that the \$30 recommended increase in dues needs to be clearly earmarked for the reserve fund to eventually be used for those items noted in the reserve study. Fraser felt that the board should formalize the lien procedure he mentioned earlier and put into the bylaws – perhaps by a vote of the association in September. Gary said that accepting the study does not bind the board to doing exactly what it recommends. Fraser agreed and said that the purpose of the study is to inform the annual budget; its recommendations would be implemented later and only through motions approved by the board of directors. A motion to accept the study was approved unanimously. Distribution of the accepted final document will be made through the internet on www.bayquartershores.org and a copy will be posted in the clubhouse.

5. Stan Johnson provided the board with notes on his attendance at the POAVA meeting on April 17th. Key among those items were details on Virginia House Bill 516; the availability of wildfire mitigation grant monies from the Virginia Department of Forestry; the Swimming Pool Safety Act (designed to prevent accidental drownings); and potential downstream impacts on volunteer homeowner association officers of rules that are being developed concerning professional association managers. Stan gave information on the House Bill and Swimming Pool Act to Mike Silagyi for his review. He also recommended that all board members consider attending one or more POAVA meetings in the future.

6. Members were asked to consider the budget needs for each of their respective areas of responsibility in preparation for the annual budget cycle. A joint planning document covering Administration and Maintenance budget requests was presented showing significant increases in a couple of areas resulting in an operating budget request for \$140,995 compared to \$116,470 in 2008. Contributing to the increase are two main items. Specifically, one area in which substantial funds (\$40,000) may be expended is pool maintenance should a professional survey of the pool’s condition show it is in need of major repairs. Another item being put forward in the request is floor covering for the clubhouse (\$15,000), primarily to mitigate noise issues. Members asked that the pool survey be conducted before the date for budget approval so it can be determined how

realistic the request is concerning that item. Most other areas noted in the planning document are not significantly different from 2008's approved budget. Minor increases are mentioned because of the rising cost of fuel. The line item for tree removal, on the other hand, is \$12,000 lower than in 2008 since most trees in the clubhouse area, for example, are already gone.

7. General discussion took place surrounding new laws in effect for homeowner docks. As reported by Fraser in the previous meeting, Virginia law now governs dock length and size. As Virginia's standards are more lenient than the Maryland rules formerly in place, he wanted the board to be aware that unless the association has rules of its own we may begin to see larger and longer docks in the area. If the membership wishes the association to enact more stringent rules, the board would consider its options at that time.

8. Stan Johnson provided the board with a report on decal distribution. Since March 2, he has provided stickers to seven members for a variety of boats and trailers.

9. Stan raised the issue of lot setbacks. He noted that the county standard is 35 feet from the front property line (street side of the lot) for structures but that BQS has setbacks ranging from 40-50 feet. He wondered whether we should just match the county standard across the board. Fraser responded that setbacks in BQS vary from 40-100 feet based on lot, section and special circumstances. He said any changes made would have to be on a lot-by-lot basis and that in the past waivers have been granted upon property owners' requests. He said that building restriction lines have been established for good reasons in most cases. Fraser reminded the board that to be sure adjacent property owners are being fairly treated when a property owner asks for a waiver, he has requested the individual asking for a waiver to obtain letters from neighbors indicating their approval (or any objections). This has, so far, worked well with no real problems. The purpose of waivers would be to permit lot owners to build where they might otherwise be unable to do so (for instance because their lot is too small to accommodate a house that meets Bay Quarter Shores' minimum first-floor square footage required by the covenants, or to put up a decorative fence). Fraser went on to ask for the board's guidance concerning a question about an association member's request for approval to build a carport. The request did not specify the material from which the carport was to be constructed so he asked the applicant for details. He was told that they were planning to build of metal. He informed the member that the board had taken a straw poll of members at an annual meeting and determined that metal carports did not meet the approval of most members. The applicant said he would reconsider his plans. Fraser wondered whether the setbacks for carports should be based on their use as sheds or as garages (sheds have a smaller side setback requirement). The board feels generally that since carports have a way of evolving into garages they should be held to the setback requirements for garages (10 feet from the side lot line instead of the four feet permitted for sheds).

New Business

1. The Memorial Day board meeting will be at 4 p.m. on May 24, to be followed by a pot luck picnic.
2. Elections to replace board members whose terms are expiring and do not plan to run again will be held in September. Members interested in serving are asked to contact Curtis Black, nominating committee chairman. Since several positions will be open, we will need four or more nominees.

Member Time

1. Sam Chancellor addressed the board on procedural issues, in particular the need for minutes to be the official records of any organization. He said that following the annual meeting last September, he felt that the board met in error in executive session and that any votes coming from that closed session should be recorded in the minutes. (Secretary's Note: None were noted since no votes were taken in the closed session.) Mr. Chancellor asked that in future meetings the board attempt to avoid closed sessions and that the election of officers required to take place following the annual meeting be documented. Stan Johnson said that since no one knows who is elected until ballots are counted at the September meeting, it is difficult to elect officers immediately; often some time is required for individuals to consider where they would best be able to serve. Following some additional discussion, Mike Silagyi asked Mr. Chancellor if he might be willing to serve on the board, but Mr. Chancellor said that he lives 880 miles away and that this is the first time he had been back to the area in eight months, essentially declining the invitation to run.

There being no further discussion, the meeting was adjourned at 11:20 a.m.