

KENSINGTON COURTS COMMUNITY ASSOCIATION MEETING

August 12, 2019

Cecil County Public Library-Elkton, MD

Minutes of the Meeting of the Kensington Courts Community Association, Inc., held at the Cecil County Public Library, in Elkton, MD at 7:00 p.m. on the 12th day of August, 2019.

I. CALL TO ORDER

Board Member Rod Burr called the meeting to order at 7:18pm.

II. ROLL CALL OF OFFICERS

Present: Rod Burr, President; Robin Embleton, Treasurer; Ray Barton, Vice President

Absent: Reggie Little, Communications Officer.

III. Current Financial Condition

Refer to Balance Sheet provided as of December 31, 2018 and Income Statement January 2014-December 2018 (Attachment 1), distributed to association members during the meeting.

Rod Burr reported on the financial condition

Income Statement

A detailed explanation of Dues Income & Expenses was provided, including that the largest expense is our grounds keeping expense, which is projected to increase given the recent necessary rebidding of our grounds keeping contract (includes grass cutting, tree trimming, gravel roads, grading, stones, etc.)

Balance Sheet

A detailed explanation of our Assets & Liabilities was provided, where Liabilities are minimal, and our primary Assets include our investments in our Lands and Land Improvements, such as our entryway sign, fences, gates, security cameras, and private gravel roads, but also includes current Cash balance (as of 7/31/19) of approximately \$46,000 and \$14,400 in accumulated Dues Receivable, which consists of Dues that have been Billed but not yet collected. It was reported that a New Building Reserve Fund has recently been created, which is earmarked for construction of a future Club House. The current balance in this fund is \$1,500. Note: In response to questions about Receivables, it was explained that no member avoids paying dues because (a) we have a lien against every property, and (at the very least) we enforce payment at the point that a member sells or refinances; and (b) we periodically go through legal collections actions. It was further noted that, due to the level of receivables, we are approaching a point where we will be initiating a new round of collections soon.

It was also explained that it is necessary for KCCA to maintain cash reserves at all times, so that we may protect against legal risks at all times.

IV. Management Report

A review of recent activities was provided, including the change of groundskeeper, and steady program of property improvement in our waterfront area, and current repainting of waterfront guardrails, already under way.

Future Planning includes an intent to continue developing the waterfront area as permitted by resource availability, including potential for picnic tables, with small steps in direction of developer advertised marina. This requires investigation of possible opportunities for dredging (including access to public funding &/or piggy backing on existing projects, such as county dredging). Also plan to gradually increase building fund as permitted.

V. **New Business**

Election. A review was provided of the ongoing Election process that was the subject of the Notice for this Meeting.

1. **Covenant Revision Referendum-** A petition was circulated pursuant to Association process, which confirmed sufficient membership interest that the holding of a referendum election was warranted. Accordingly, the referendum question was set for election, asking if the membership agreed that our covenants should be modified to permit the use of certain white coloration, and certain black trim, on decks. Absentee Ballots were mailed out prior to the election, so that members could vote by way of absentee ballot or in person at the election meeting.

Pursuant to our Covenants, election questions seeking to revise existing covenants, are open to all Members, regardless of dues status, but may only prevail if approved by two-thirds of our Membership. Two-thirds of 290 Members is 194 Members.

Including all absentee ballots received, and all ballots cast at the meeting, a total of 122 votes were cast. Despite the fact that a majority of the votes cast were in favor of the change, the requirement for 194 approving votes was not met, so the measure did not pass.

2. **Dues Increase Initiative-** At the same time, because the costs of Association administration, and grounds maintenance in particular, are increasing, and \$100 per year per member is an exceedingly low level of dues as compared with other HOAs (especially those with the amount of common ground to maintain as we have), a request for a dues increase was also placed on the ballot.

Persuant to our Covenants, election questions seeking to increase dues must first meet a quorum, consisting of 60% of eligible Voters, which includes all voters that are in good standing by virtue of the fact that they are current in all payments due to the association.

Our two vacant lots are not subject to dues, and we have 73 members who are delinquent in their dues, which means that we have 215 eligible voters ($290 - 2 - 73 = 215$). Therefore, in order for the Quorum requirement to be met (in a first round dues election), 129 ballots must be cast ($215 \times 60\% = 129$).

Including all absentee ballots received, and all ballots cast at the meeting, a total of 122 votes were cast. Therefore, regardless of the distribution of those votes, the election is void, as quorum was not met.

Board Assessment. When the resident Board first assumed responsibility for Association administration 15 years ago, it was given *nothing* in terms of systems & processes. It had to learn about all of the legal requirements and develop procedures and processes that would *fulfill* those requirements. The Board had to learn by Trial & Error (as to which process details *worked* & which did *not*). As of today, most of our processes are fairly well researched & defined, but we still occasionally experience a process that does not work ideally, and we still encounter occasional opportunities to learn and improve our processes.

With respect to this current election, the Board has learned two lessons. First, the low voter response could probably be improved if we included a self-addressed, stamped envelope within our absentee ballot mailings; and Second, we learned that various communications about our election incorrectly indicated that Members who are delinquent in their dues are not eligible to vote. While this is *true* regarding most election topics, there is one exception per our covenants, which provides that All Members are eligible to vote on 'Covenant Revision referendums', regardless of their dues payment status.

The Board has therefore concluded that the these two process shortfalls may have contributed inappropriately to the low response rate, and that considerations in fairness suggest that we should repeat the election process with corrections on both items, in order to make sure everyone has had a fair opportunity to vote. Therefore, this election process will be repeated in early January.

VI. Member Comments & Questions

Q: How many Members currently have waterfront keycards?

A: Presently approximately 60.

Q: Is the Association responsible for roads maintenance?

A: Only the gravel roads in our waterfront area.

The Town of Elkton has responsibility for our paved roads.

Q: Are there late fees on our Dues Invoices?

A: Yes, \$5 late fees on second & third invoice, a \$25 fee if an attorney letter is required, but fees go up significantly (including interest & court costs) if an account goes into collections.

Q: Can dues be paid online?

A: Not at this time and the Merchant Banking fees required for that functionality would probably be cost prohibitive for accounts that only pay \$100 per year.

Q: Do the people past due pay the court fees or does KCCA pay court costs?

A: All Collections costs (such as court costs & attorneys fees) are included in the balances collected from delinquent members.

Q: What are the short and long term goals intended to be served by raising dues?

A: Cover increases in grounds maintenance expense, add more to building fund, build reserve for legal risk, work on private roads, paint guardrails, picnic tables, possible construction of property improvements, such as a potential pavilion in the waterfront, walking trails, and a possible contribution towards dredging for improved boating opportunities.

Q: There is \$46K in cash. Why don't we spend \$40K now, for walking trails, etc?

A: With the pattern of expense obligations we currently have (grounds maintenance, gravel roads maintenance, insurance, equipment maintenance, utilities, postage, etc.), along with the funds we need to facilitate billings & collections, and the importance of maintaining a reserve for possible critical items (legal risks, property threats, etc.), it would not be prudent to deplete our resources below what we know we will need to simply operate. The board expends for capital improvement projects from "surplus" funds that exceed what we need to ensure that we are financially sound.

Q: Does the Board receive & retain receipts for all purchases?

A: Yes. It is a financial reporting requirement to obtain receipts, & billings / invoices where appropriate. Also, except for auto-payments made out of our account for our website fees, all payments are made by check (signed by two officers) so that all payments are fully documented through our bank account.

Q: If we're all in the association together, why is the names of delinquent members not available?

A: Certain personal private information is restricted by law.

Q: How many houses are in the neighborhood?

A: 288 houses, 2 empty lots

Q: People have posted issues on Facebook. Is that the way to report issues to the HOA Board?

A: Facebook pages, which talk about Kensington Courts, are not administered by KCCA.

The appropriate method for contacting the KCCA Board for official communications is through its email account at directors@kccaelkton.com, or via direct mail at P.O. Box 2241, Elkton, MD 21922.

Q: Why are the Covenants Not Being enforced more consistently?

A: They ARE being enforced, but it is not obvious to All because the Number of existing violations is relatively high, and our resources are low. In Response to this, the Board has shifted to an approach that focuses on Individual Issues that are prioritized by importance, where enforcement actions will become more systematic by topic. It may still take awhile, but the intent is that every violation condition will be addressed and corrected. As we approach that point, the consistency and fairness of the process will become more visible.

Q: Where would a clubhouse be located?

A: It's too early to work on firm plans, but the location approved by the Town of Elkton Planning Department (when the developers first proposed our development) was the open space behind the waterfront gate- to the right.

Q: How are decisions made, regarding the expenditures made within our community?

A: It is one of the primary functions of the Board (through its officers) to make day-to-day determinations as to what activities need to be performed, and to make day-to-day judgments about the most cost effective ways of fulfilling community needs. For the most part, given our current dues level, most decisions are made primarily in 'survival mode'. That is, cost are paid which *must* be paid, in order to achieve the bare minimum survival and services of the Association. Beyond that, as the Board attempts to use modest surplus funds to achieve gradual property *improvement*, the specific decisions have been based upon community priorities derived from Membership Input. Every project accomplished to date is a reflection of a steady pattern of Membership inputs & discussion over the past 15 years.

It may not have been noticed lately, but when the Board communicates its focus for the near-term (as it often does), it is (in effect) reporting on the priorities that *currently* exist, as a function of what is necessary to preserve, protect, & promote the quality of our neighborhood, as evaluated through membership input and discussion.

For example, recently, the Board has been reporting its focus on improving the maintenance of our storm water management ponds, is *attempting* to work on securing engineering support for improving some of our storm water drainage systems that have flooding issues (though this is a very difficult challenge), is repainting (preserving) the waterfront guardrails (to keep renegades, dumpers, & criminals out of our waterfront area), and would like to further improve our waterfront area, by continuing to upgrade our gravel roads, and by adding picnic tables (*if* it can be worked in). With these goals in mind (and already communicated) and with the Board working to develop opportunities to fulfill them *all*, actual expenditures- to a degree- depend upon random events, as certain efforts bear superior fruit over others.

Q: What was being done in the big retention pond by the county?

A: The Town of Elkton is clearing out the big retention pond (as is their responsibility).

The Town has also agreed to apply weed killer to try to keep the overgrowth from returning and to try to "dry" the pond up. At the same time we have negotiated an arrangement for the County Department of Public Works to spray a couple of areas of weed overgrowth relating to our storm water ditches.

Q: Has anyone from the Board gone to the meetings about the new development to ensure there would be no connection roads into our neighborhood?

A: Yes. The Board is actively engaged, meeting with the county, town, and developer to talk about concerns & interests. There is one connection to our road planned. The plan is to build another senior living facility in the Corn Field behind Redners, which would have a driveway existing to Whitehall, similar to the access road for the other senior living center. The traffic impact would be minimal, and we've received assurances that road widening in the area would be included. Maximize and retain woodland buffer, retain water pressure. Questions about sewer plant and capacity.

Q: Problem with mailbox locations, erosion.

A: Will take as action item to address with post office.

Q: Can street lighting be improved?

A: Managed by the town. Board needs more information about locations, etc for lights. Concern can be raised with the town.

Q: Would home owner's benefit by going with HOA management company?

A: Not feasible without significant increase in dues. Tried to do this in the early days of the neighborhood. There was only one nearby company that had that service and wanted to charge \$5K per quarter (in addition to everything else we already spend). HOA hired them for one quarter and they did not provide any actual services. Volunteers on the board are providing 90% of the services to the neighborhood which is saving significant funds.

Q: Pavilion/clubhouse-will this go to vote?

A: Up until this point, there has been overwhelming support for that sort of improvement, and over the past 15 years, not one person has previously said they didn't want it. However, the Board would listen to any counterpoints, and if it seems logical or if more members express a similar reservation, the Board would revisit, and put to a vote if it seemed to be a 'close call'.

Q: Is our waterfront available only to community?

A: Only our Membership can currently get keycards that permit vehicle access to our waterfront. However, our current policy attempts to reflect a "good neighbor" policy, so that we do not prohibit non-members to walk back to the water, so long as they respect our property & rules. However, we do reserve the right to revoke anyone's permission to enter our property or to further restrict our policy if the need becomes apparent.

Q: What would be in clubhouse?

A: The current vision includes an office for HOA business conduct (it is not practical for files, equipment, & supplies to be scattered around various HOA board-members' homes), for HOA community meetings (so we wouldn't have to rent space elsewhere), for various community social events, and potentially for rental to members for personal family events (could include a kitchenette, rest rooms, etc.)

Q: Who is responsible for gravel along sides of the road?

A: Generally, the Town is responsible. Specific questions with the Town can be supported.

Q: Shouldn't we reduce our Dues Invoices from Three to Two per year to save costs?

A: Maybe. For the moment the Board is trying to Balance member courtesy with cost mgmt..

- Q:** Businesses in community are willing to donate to our community to assist with developing pavilion, etc. Sign can be posted identifying business. Need to be in public place. Create storage for boats in back area. (General reaction from the room was negative).
- A:** Our community was approved and set up as a “private” community, with specific restrictions set up by Planning Approval for our waterfront due to ‘protected wetland’ status. Inviting commercial entities into our ‘inner sanctum’ would open significant public traffic and legal liability issues. At present it does not seem to be necessary to resort to such measures.

- Q:** Is the waterfront area ‘public property’?
- A:** No. This is private property, not public.

- Q:** See if members are interested in committees for neighborhood watch, improvements committee
- A:** Help is always welcome.

- Q:** Comments on perceived selective enforcement about rules/violations.
- A:** Keeping the association surviving has been a massive undertaking, especially when trying not to be excessively harsh, which is too often interpreted as being ‘soft’, and is taken advantage of. Sheer number of violations has turned enforcement efforts into “Whack a Mole”. The solution has been to “prioritize” enforcement by importance of issue. Top Priority goes to Community Safety & Legal Liability issues, Next has gone to Homes that are selling, so that Buyers are not unfairly ambushed by inheriting violation issues. Third priority is on ‘high visibility’ issues that detract most from community appearance. The plan is to (a) educate people in order to reduce the number of violation offenses (one reason for the recent distribution of the new “Member Manual”, and to (b) work systematically one issue at a time, until the entire community is brought into full compliance. Just because the effort is not always seen, does not mean it is not happening. It’s important to remember that the Board did not *create* the covenants. The Board simply inherited the unpleasant duty to enforce them. The membership needs to remember that, in the long run it will preserve the appeal (& property values) of our homes, and with this in mind all Members need to be cooperative & supportive.

- Q:** Discussed the deck referendum and resulting vote for a covenant amendment.
- A:** The Board is open to changing covenants, but we are legally required to follow the process.

- Q:** Do covenants require petition first?
- A:** That is our process. The board is obligated to assure the legal integrity of the voting process, but also has the responsibility to avoid spending money continuously to hold full blown elections for every frivolous idea that someone might come up with. The intent of the petition is to determine whether there is a strong enough community interest to justify the time & expense of holding an election.

- Q:** A member stated an objection to waterfront area being open to the public. Wants No Trespassing sign and camera monitoring to stop the public.
- A:** What is the suggestion to stop public access? There is no one to monitor the cameras 24/7. This would require the expense of a full-time guard.

Meeting was adjourned at 8:30pm.

Attachment 1: Balance Sheet December 31, 2018 and Income Statement January 2014-December 2018