

## SMSA ANNUAL MEETING MINUTES DEC 11, 2021 – 2 P.M.

The open meeting was held at the New Market Town Hall with the attendance option of Zoom video and audio teleconferencing.

President Michele Thomas called the meeting to order: 2:02 pm.

1. **WELCOME** - Michele welcomed member with special recognition of new SMSA owners. Meeting coordinator provided Zoom instructions and vote casting during the meeting.
2. **PROOF OF QUORUM:** 25 members were present, which included Proxies assuring a quorum.
3. **2020 MINUTES APPROVAL** - Motion was made to accept the 2020 Minutes - seconded and approved 22/2
4. **BYLAWS COMMITTEE REPORT** - Bylaws Committee Chair, Al Herman summarized the 1996 outdated Bylaws and how current VA laws requires SMSA to make certain updates. The revised bylaws will be voted on at the meeting.

Bob Shuping voice concern over Special Assessments as written. Al explained that a motion should be made to vote on the Revised Bylaws and then it will be opened to the floor for discussion.

Motion was made by Mr. Holmass to accept proposed Bylaws, seconded and open for discussion.

### DISCUSSION:

Members asked what changes were made? It was noted that it is a full revision and major changes were highlighted in the Committee Report, with the full revised version posted on the website and mailed and emailed to members weeks ago for recommended reading. Since the document is 16 pages, Michele went over some of the major changes.

Mr. Albenesius questioned if there are enough members to vote for a Bylaws change, thinking it needed a full membership vote. Diane Gannon clarified that Bylaws changes are made by a majority vote at any annual meeting that has a quorum, which differs from the Covenants, which requires 2/3 of the full membership for approval. Mr. Holmaas asked if the revisions are in full accordance with state statutes and regulations. Al responded "Yes" and Michele reread all of the major changes.

Motion by-Mr. Shuping to amend Section 6.4 for Special Assessments so that the membership, not the Board of Directors can authorize Special Assessments, as provided in the current Bylaws – motion was seconded and was open for discussion.

### DISCUSSION:

Mr. Shuping's concern was over § 6.4 Special Assessment - that states...

*The Board of Directors may levy special assessments to cover any expense not provided for by the regular assessments against the Lots in the same proportion as regular assessments. Special assessments shall be payable within the time period determined by the Board of Directors.*

Al Herman talked about how Special Assessments would apply and be initiated, adding the HOA has never had one. Al gave the example of a major road catastrophe - If a road collapses, the HOA would need a Special Assessment to pay for the expense of a major repair.

Diane Gannon explained how a Special Assessments might only affect and be applied to a few members - specifically, as in the case of one existing well that may require a repair cost of \$8-10K. She added it would not be reasonable for all 60 members to approve an assessment that affects only a few members, especially when some members have private wells and would not be affected by the assessment at all.

Mr. Shuping stressed the need to not allow the Board total discretion. Al Herman interpreted Bob Shuping's motion to be that the wording be changed, since Special Assessments are applied to all members, that the membership is required to vote on those at a special membership meeting after a quorum is established.

Eric Sauder voiced concerns of the Special Assessment wording as it currently exists in the proposed Bylaws and proposed that two motions are on the floor: 1. To revert back to the original Bylaws and 2. to update the revised version with modifications to the section for Special Assessments to be applied to those members that are affected.

Board member, Jim Jahoda voiced concerns on how in case of a real disaster, a full membership vote could be obtained in a timely manner. Jim Albenesius asks how these assessments would affect well repairs. He further added "why not have Special Assessments be voted on by those members that they would apply to. Michele reiterated that these Assessments would be specific to the well and those specific well owners.

Mr. Sauder who has a private well wants to make sure he does not have an expense for assessments on shared wells.

Motion by Mr. Sauder to modify Mr. Shuping's motion to include a provision for limited Special Assessments in Section 6.4 to apply to "those affected lots only". Accepted by Mr. Shuping, seconded and passed 16 to 8.

The members then voted on the original motion by Mr. Holmaas to adopt the proposed Bylaws, as amended by the amended motion of Bob Shuping, to change the authority in Section 6.4 to make Special Assessments from the Board of Directors to the membership at a membership meeting, and to include a provision for limited Special Assessments applied to affected lots only. Passed 16 TO 8

## **5. CONFLICT & ETHICS POLICY**

Al Herman shared reasons for the Conflict/Ethics Policy and why it's now recommended, explaining it addresses Board members or their family, business or associates benefitting from serving on the Board, ensuring that does not happen. Al added that all Board members and Volunteers are required to sign the Policy.

Committee Co-Chair, Diane Gannon added that research found that IRS now recommends that all corporations have a Conflicts Policy in place and requires it for some non-profit organizations in order to retain their tax exempt status. Further, many States and HOA require it, adding it was becoming a mandate for the Board to have this Policy in place.

A member asked what is considered a Volunteer. Al replied – anyone on the Board, Committee members and those officially appointed by the Board. Bob Shuping asked how would that have prevented the recent embezzlement?

Diane Gannon commented that it may not have prevented that at the time, but now it makes the Board itself more aware and responsible for more oversight and enforcement, ensuring that members comply with the Policy. Had it been in place back then, the Board would or should have been more aware of and monitoring Board member potential conflicts of interest and ethical responsibilities to the membership.

## **6. COVENANTS**

Michele read the short amendment for the Covenants that address the HOA assessments, noting a needed correction to the third paragraph stating ratification requires a  $\frac{3}{4}$  membership vote – correcting it to  $\frac{2}{3}$  membership vote.

Bob Shuping further noted that item #19 of the, which states amendments can be made by a majority of the membership should also revert back to the original requirement of  $\frac{2}{3}$  full membership vote.

The discussion was whether that should include all members or just members "in good standing" – which would be only those members that have paid their annual assessments, noting those that are not paying their assessment should probably not be involved in any amendments.

It was agreed by most that it should just revert back to the 2/3 full membership requirement and Al, noted that that is basically what the VA code requires. No motion is required for this revision. It will be made in the document and ratification form and sent out to members for their ratification signatures.

Mr. Holmaas voice a concern on the Covenants and Bylaws and how they affect his agreement with the HOA. Mr. Holmaas owns three SMSA lots but does not use Association roads to get to his property. He is on a shared well and currently has a special agreement to pay one well fee and one lot fee. He asked if that needs to be noted in the Bylaws or Covenants. Michele pledged to provide him with a written agreement to that affect and how it may be impacted by any future sale of one or more of his lots.

Diane Gannon asked those present to sign the ratification, and Bob Shuping asked if the 2/3 vote wording would be made. Al Herman said the VA Code requires 2/3 membership vote, so that will be in effect. Jim Albenesius made a recommendation for the Ratification Form to provide both a YES and a NO vote to allow the HOA to ascertain what issues people may have for not voting YES.

## **7. WELLS REPORT**

VP, Gail Carter talked about documenting all the wells and waterlines. She related that our wells are aging, and we are seeing more problems. She specifically discussed Well 17 as having “iron eating bacteria” that clogs filters every 2 months. This well showed a Low PH for a time but that’s now corrected. She added that while it is not a health issue, it is not pleasant to live with, causing orange stains.

Questioned on whether the HOA has talked to experts to evaluate all the wells, Michele replied, “Yes” adding one that examined the well in question and commented on all other wells. Asked if there were any second or third opinions, she replied yes again, noting several companies and organizations have provided consultation, including plumbers and drillers. Gail added that plumbers don’t really know enough on the issue of the bio-film. That it needs to be addressed by a driller or someone to treat the water column itself, however drillers are backed up with work and are often non-responsive. New Member Adam Retz made the offer to help us with contacts and proposals for this problem. The Board agreed to work with him on this.

Gail and Michele continued saying all shared wells need work and while we can replace filters it does not treat the problem. Pumps will start needing to be replaced adding that water on the mountain fluctuates quickly. Gail said Recommendations were made to shock the systems or clean out the bio-bacteria to prevent it from recurring, adding this problem will continue to be evaluated for the best solutions to fit our needs and our budget.

## **8. ROADS REPORT**

Gail discussed the Civil Engineer’s Report on SMSA’s roads which was donated by a member. As a result of the report, the HOA hired Macanie Trucking for the recommended work. They identified both the HOA culverts that required work and clogged homeowner culverts that could cause damage to the main road.

New speed signs have been installed. Gravel bins were placed alongside the road for icy hills and gravel was added to steep areas. Two culverts will need to be replaced next year.

A member asked if more gravel be put on the road? Gail said yes – next year there will be gravel added to all the roads. Another member (later in the meeting) asked about the cost for clearing roadside brush and clearing leaves from the ditches. Tom Gannon told of seeing a large blower used at another local HOA that was blowing leaves from the ditches and sides of the road. Gail said she would ask Macanie to provide an estimate if they can do that work and brush clearing.

Andy Gentile said that several culverts on Berrypatch Lane may have been missed or may need additional attention. The exit end of the culverts are badly clogged. Gail promised to look at that and see what can be done.

Tom Gannon referred to the Civil Engineer's Report saying this is not a one year project but will be completed over several years identifying critical areas each year that need to be addressed. He added that the Report talked about "drainage" as the most important focus and that our roads are basically in good shape. Every year we will need an evaluation for those areas that need work.

## **9. FINANCE**

Treasurer, Tom Gannon went over the 2021 Revenues and Expenses

The HOA ran \$1600 short due to the 7 members that never pay and one opting to not pay. There is a little over \$1200 outstanding in well repairs. Road expenses ran less than expected due to good prices we got from Macanie Trucking. He felt funding for this year's snowplow should be ok noting we still have a few weeks left in the year.

AL Herman went over the 2022 Proposed Budget, which calls for a 10% - \$29 per year - increase in Assessments due to overall higher costs in all areas on the budget. Al related that the Virginia Code requires a reserve study, and the Board has set up a Contingency Fund/Reserve from our bank balance of \$5000. The fund will grow through allocation of the restitution money received from the Court until a reserve of about one-half of the annual budget is obtained. Further analysis showed that with the 2021 restitution and sale of grader – the HOA is actually in the black and should be next year as well.

Jim Jahoda spoke of the delinquencies and agreed that he and wife Laurie will continue to work with the Board on contacting delinquent members and working to get payments or payment agreements in place. Laurie was instrumental in helping us contact several of those members in 2021.

**Motion to accept the Proposed 2022 Budget was made and seconded. Vote passed 20 to 3.**

## **10. BOARD OF DIRECTORS – NOMINATIONS AND VOTE**

Michele went over the current nominees of Non-Resident Gail Carter (running for a 2<sup>nd</sup> two-year term), Resident Emanuel Estrada and Resident Anthony Baugher, then asked for further nominations. None were made. Michele asked if members want to vote on each nominee separately or as a package.

**A Motion was made to vote for the three as a package and it was seconded. VOTE: 24 TO 1** in favor of the slate of three nominees, which will be for a two year term in accordance with the Bylaws.

## **11. OPEN DISCUSSION**

Special thanks to given to Cathy Gregg for all the work she did on painting the SMSA sign, the planting of flowers, the fall decorations and several tree and road alerts throughout the year. Cathy has been phenomenal in helping the Board and the Association. Many thanks Cathy!

Diane Gannon pointed to a new publication on the website that can be shared with anyone to read online or have emailed to them by. The story was provided to Tom Gannon by member Les Strawderman who is one of the original SMSA members. Les was instrumental in the naming of Shotgun Spring Road and Berry Patch Lane and tells how he and member Shep Wright came up with those names.

Michele reminded members of the Roads and Wells Hotline number of 540.339.7510. The number rolls over to several Board members to address urgent requests.

## **12. Meeting Adjourned: 4:35 pm**