

**Meadowbrook Condominium Owners Association
Annual Meeting Minutes
November 8, 2018, 7:00 p.m.**

Call to Order: Ms. Margaret Cho, President of the Association, called the meeting to order at 7:10 p.m.

Attendance:

Board Members Present: Margaret Cho, President; Ryan Balks, Vice President; Don Mayes, Treasurer; Heather Dorey, Secretary; Christina Beckwith, Community Member

Association Members Present/Represented: Members representing 49 units signed in at the meeting. An additional 28 members were represented by proxy.

Opening Remarks: Ms. Cho stated that a copy of the 2018 Annual Meeting Agenda, 2017 Annual Meeting Minutes, 2017/2018 financial documents, and 2018 Annual Meeting Ballots were provided to each member as they signed in. Only one ballot was provided for each household; however, in the event that a member was designated to serve as a proxy for another member, the corresponding number of additional ballots were provided.

Approval of 2018 Annual Meeting Agenda: Following review, a motion was made to approve the Agenda. The motion was seconded. Following a majority show of hands, the Agenda was approved.

Approval of 2017 Annual Meeting Minutes: Following review, a motion was made to approve the Minutes. The motion was seconded. Following a majority show of hands, the Minutes were approved.

President's Report:

Welcome new members: Ms. Cho welcomed new members to the neighborhood.

State of the Neighborhood: Ms. Cho reported a total of 136 homes in the neighborhood, plus five 5 empty lots. 6 new families moved into the neighborhood so far in 2018. Meadowbrook West, a separate neighborhood with a separate association, is currently being developed. Several new homes have already been built. When completed, there will be 36 homes on the south side of Forestview Drive and 57 homes on the north side. While we are a separate entity, we have an easement agreement for Forestview Drive.

Emergency Response Time: Ms. Cho reported that this past summer there was a small fire in the grassland behind the MSU Federal Credit Union. The response time from Bath Fire Department was unexpectedly slow. Following this incident, a neighborhood representative met with the Fire Chief about the response time. The Fire Chief explained that emergency calls first go to a central dispatch. Dispatch then determines who the first responder(s) should be depending upon location, as well as whether other departments need to be involved. The Fire Chief stated that he would be willing to speak to our association at future meetings upon our request.

Safety Concerns: Ms. Cho reported that there is concern among the Board and others regarding safety in the wetlands, especially during the winter months. Children sometimes play on the ice, and this could present a liability issue. The insurance industry stated that skating and playing on the ice in the winter should not be permitted. As the wetland is a designated common area, access will not be denied, however, a warning sign will be posted at the primary access point (off of Cedarbrook Drive). In addition, the Board will send reminders in the newsletters. These signs/notices will emphasize that parents are responsible for supervising their children at all times in the common areas and the association will not be liable for injuries resulting from members' lack of appropriate caution.

Lighting in Entryway off Marsh: A solar-powered light was installed at the "Meadowbrook" sign at the entryway on Forestview Drive. The sign is neither owned nor controlled by Meadowbrook. The Board is obtaining estimates for electric lighting, and would like to include Meadowbrook West in discussions and potential costs. The estimate for an electrical conduit to the sign is over \$5,000, and does not include all components that would be necessary for the full installation.

Crumbling Concrete/Storm Drains: A resident reported some crumbling concrete around a storm drain on Ashbrook Drive. Ms. Cho informed the group that while we are responsible for the maintenance of our streets, the storm drains are controlled by the Clinton County Drain Commission, and to report directly to them regarding any issues.

Neighborhood Picnic: The neighborhood picnic potluck this past summer was a huge success! ☺ Ms. Cho thanked all those who organized and contributed to the event. Neighbors appreciated the attendance of our local police and fire departments. The Board plans to hold a picnic again next year.

Roads: Ms. Cho stated that our roads are beginning to deteriorate, and there are some areas in need of immediate repair. The Treasurer will address this more when presenting his financial report. Ms. Cho noted that our association is responsible for plowing and salting, and each year this is our largest expense. The Board will continue to contract with Greg Hunt, one of our neighbors, to plow our streets. His prices are very competitive, he is highly reliable, and he plows in a very timely manner (by 6:00 a.m.). Ms. Cho added that Mr. Hunt also mulched our neighborhood islands this year.

Contracting with a Management Company: Ms. Cho explained that managing the association is rather demanding and currently relies on volunteers, many whom have jobs and families. In addition, there appears to be little interest by residents in serving on the Board. A management company, Capital Area Management, was consulted in the past to discuss the possibility of contracting some of the routine work of the association (mailings, collecting dues, managing the website, etc.). The Board could still operate to discuss important issues and make decisions. If such an arrangement were made it would require an increase in dues, estimated (at that time) to be between \$60 and \$100. Ms. Cho stated that the Board plans to revisit this possibility and obtain additional bids. She stated that the work of the Board has been especially time consuming and stressful this past year due to some exceptional circumstances. A member asked about the time requirement and she replied that while the schedule and demands vary, the President position might be too

big a commitment for someone with a full-time job. Some members expressed negative experiences with management companies. Ms. Cho encouraged anyone who would like to serve on the Board or otherwise assist in the work of the Board to volunteer.

Treasurers Report:

Mr. Don Mayes was elected as association Treasurer beginning in 2018. He was previously Treasurer from 2002-2008.

2017/2018 Budget Review: Mr. Mayes reviewed the 2017 Budget, including budgeted and actual amounts, as well as variances. He also reviewed the 2018 Budget. He noted that major variances for 2018 to date are the result of: 1) unanticipated legal expenses; 2) snow plowing, which went over budget; 3) the traffic study; and 4) the association website. A member asked about the status of unpaid dues. Mr. Mayes noted that only one account is severely delinquent, and another account is slightly behind in payments.

A member inquired about the budgeted amount for road repairs, which led to a very lengthy discussion regarding the age and condition of our roads, the present and future need for repairs, the cost of repairs, and how to best plan and budget for repairs.

We have 162K square feet of roads in Meadowbrook. Ms. Cho noted that all of the roads would likely need to be repaved over the next 10 years, however, not all areas need to be done at once. Not all have equal wear and Meadowbrook Drive is only 11 years old. While still under review, the Board has discussed a strategy of repaving approximately 20K square foot per year in intervals over the next several years. This could be accomplished using our current reserves in addition to savings generated through an increase in dues. Estimates from three contractors for repaving the entire neighborhood were in the 400K range using this incremental approach. This project would entail milling 2 inches and repaving with hot mix asphalt. A member asked about sealing the roads, however, it has been determined that sealing would not be sufficient to address the degree of structural damage. A new bid was received by Mr. Balks today from Michigan Paving & Materials Company. This bid was substantially less than the other three estimates, but entailed repaving the entire neighborhood at once, as opposed to a longer-term incremental approach. Ms. Cho noted that we also have to think about disruption to homes, people and traffic as the work is in progress, and a step-wise approach might be more practical.

Mr. Mayes explained that he and Ryan Balks have already spoken with three contractors (McKearney, Hayhoe, and American) who assessed our roads and recommended that we start to address repairs now as we are seeing a lot of cracks and potholes. One area between the Forestview/Ashbrook/ Meadowbrook and Forestview/Cedarbrook intersections is particularly damaged. Initial estimates were provided for this 10K square foot area and ranged from \$16,700 to \$18,000. Based on this, the Board has included \$17,000 in the 2019 budget to cover repaving this section.

The Board has proposed a \$40 increase in dues beginning in 2019. Mr. Mayes calculated this as the minimum increase that would be necessary to cover the costs of repaving all of our roads, based on total square footage of road surface and current estimates for

equipment, materials and labor. Alternatively, he calculated that a special assessment would cost each homeowner approximately \$1191.

There were numerous comments and varying opinions about whether we should increase dues (and by how much) or create a special assessment. Most members appeared in favor of increasing dues, so that the expense is spread out over a period of time. Many suggested we raise dues to \$300, as opposed to \$280. While not an official vote, a few members requested a show of hands to determine how much support there would be to raise dues to \$300. Most supported this amount. A few members questioned the need to increase dues at all, as we currently have over \$100K in reserves, and will continue to accrue additional reserves over time. Maintaining current dues, however, will likely not be sufficient to cover costs if all surfaces are completed within the projected time frame of 10 years. It was also cautioned that while “reserves” are being set aside for road repairs, there may be other unforeseen expenses for which the association may have to tap into these funds. Other members wondered what would happen after the repairs were completed: would the higher dues amount be maintained or would it then be reduced back to current levels.

One member suggested investing our reserve funds in an account that would increase the interest. Another member suggested a “sinking fund” for roads. Both of these options will be explored, however, Ms. Cho stated that the Board is not in favor of investing association funds in a “high risk” account. A suggestion was made that the Board develop a more detailed long-term plan for road repairs to show where the current reserve funds and increase in dues would be allocated.

Cumulative Budget: Mr. Mayes reviewed the cumulative budget.

Traffic Safety: Ms. Cho reviewed the history of concerns of many members regarding cut-through traffic, speeding, and disregard for stop signs in the neighborhood, and the subsequent development of the Traffic Safety Committee to investigate and research solutions to these problems. The first Committee meeting last Spring was very well attended, but participation soon dwindled, and no proposals that addressed the necessary questions were submitted to the Board by the Committee. The last meeting held in October included a very small group (6 people), half of whom also serve on the Board. A Traffic Study was performed in April, 2018 and is posted on the website. The study did not show large number of cars cutting through. In addition, a Loss Control Consultant did an assessment of risks in the neighborhood. The consultant did not identify and *major* problems, however, suggested that radar speed signs could be helpful in tracking and reducing speed. The Board has budgeted \$3,000 in 2019 for signs. These tentatively include an additional stop sign to be placed at Ashbrook and Forestview, private neighborhood signs, curve ahead signs, and radar speed signs. Because radar speed signs are expensive we could borrow one from Bath Township Police to assess its effectiveness before purchasing our own. Members expressed various opinions about the current homeowner signs (Safety Sam and yard signs). Comments included: “they are ugly”; “it makes it appear as if we have a huge problem”; “my daughter’s safety is more important”; and “I moved to the neighborhood because of those signs”. Ms. Cho stated that the Board would like to allow the signs until another solution is in place.

Short Term Rental: Ms. Cho introduced this agenda item and referenced the ballot, which contains three proposals related to the short-term rental issue. She briefly explained each proposal, as well as the number of votes that would be needed to approve each item: a majority of homeowners (69 votes) to approve taking civil action against a homeowner who is in violation of the bylaws, and 66 and 2/3 percent of homeowners (91 votes) to amend the bylaws to either increase fines for short-term rental activity and/or lower the majority threshold necessary to take civil action against a homeowner who refuses to comply with the bylaws. Ms. Cho noted that there were not enough members represented at the meeting, including by proxy, to approve the bylaw amendment proposals, as the minimum threshold could not be met.

Ms. Cho stated that she has personally been threatened with a lawsuit over this issue, however, noted that based on the nature of the allegations, believes that she would be covered for liability by the association's insurance coverage.

Ms. Cho then offered to answer any questions related to the topic. A member referenced the Special Meeting held in July and questioned why this item is again being put to a vote. She also asked to see proof that the short-term rental activity has continued. In reply, Ms. Cho gave some background information on the issue: it is a neighbor-driven complaint; it was called to the Board's attention by homeowners in January of 2018; the home was advertised on Airbnb; multiple violation notices were mailed and fines assessed; and a sit-down meeting with the homeowner took place. She gave a brief synopsis of the Special Meeting, and noted that the homeowner did not agree to stop rentals at that time. To the contrary, he stated that he wished to honor reservations already booked and documented on a calendar that was provided to the Board by one of his representatives. Those "booked dates" correspond with dates that adjacent neighbors noticed rental activity at his home. There were other dates when rental activity was believed to have taken place for which the owner was not yet fined. The homeowner then stated that he has not been "renting" his home and objected to receiving a letter (some of which he read aloud) assessing him an additional \$500 in fines.

In further response to the member's questions, Ms. Cho explained that the first item on the ballot (to take civil action) was previously voted on in July at the Special Meeting. She reviewed the outcome of that meeting: 66 votes approving civil action and 15 votes opposed. She stated how some homeowners contacted the Board after the meeting to ask whether they could still vote, to say that they didn't understand the importance of their vote, or to say that they didn't know about or understand the issue. Due to this, as well as the fact that the rental activity continued and additional complaints were received, the Board decided to revisit the issue. The Board, in consultation with the Association attorney, drafted language to potentially include on the ballot for the Annual Meeting. At their November 4th meeting, the Board voted to include the short-term rental issue on the Annual Meeting Agenda as well as to conduct a vote on taking civil action and/or amending the bylaws. The rationale for amending the bylaws is that the current fines for short-term rental activity are not a significant deterrent (\$25-100 per rental), and association meeting attendance and voter participation are typically so low that the threshold for taking civil action on any matter is prohibitive.

A member questioned how an amendment proposal gets placed on the agenda and how amendment proposals work. Ms. Cho stated that either the Board can vote to propose a bylaw amendment or a group of homeowners can put forth a proposal and submit it to the Board.

Another member asked about the cost of civil action and noted the amount that had already been spent on legal fees (approximately \$4,500). Ms. Cho responded that the attorney estimated it could cost up to \$10,000, but that is difficult to predict. If an injunction is granted and the homeowner complies with the injunction, then no further legal action would be necessary. Ms. Cho emphasized that Board members are not lawyers, and therefore, must obtain council for these types of situations.

During discussion of the short-term rental issue there were at times interruptions from association members, some of whom were frustrated and emotionally charged. Nevertheless, everyone was given an opportunity to speak and it appeared that all questions were answered. At the point when further discussions were deemed non-productive (thank you Ms. Shebroe), many members concurred that they were finished talking about the subject and wished to commence with the vote. A motion was made to proceed with the vote. The motion was seconded. The motion was approved.

Once all of the ballots were turned in at the front table two board members collected, sorted and counted the ballots. Ms. Dorey counted the ballots twice, reaching totals of 72 votes for and 6 votes against civil action. Mr. Balks then counted and confirmed these numbers. Finally, D. Kaufman, a non-board member, also counted the ballots aloud as Ms. Dorey documented each count and reached the same totals. The final tally obtained by all in the presence of multiple witnesses, including the member for whom civil action was proposed, was **72 votes in favor of taking civil action and 6 votes opposed**. In addition to this, both Ms. Dorey and Mr. Kaufman counted the proxy forms, cross-referenced all proxy forms with Proxy Sign-in sheets, and validated that the proxy forms contained names, addresses, and signatures. This was also performed in the presence of multiple witnesses, including the member for whom civil action was being proposed.

Ms. Cho adjourned the meeting at 9:01.

Respectfully Submitted,
Heather Dorey, MCOA Secretary