



## **DRAFT 2022 HOA ANNUAL MEETING MINUTES**

*[To be approved at the 2023 HOA Annual Meeting]*

September 22, 2022

Riceville Fire Station

2251 Riceville Road, Asheville, NC 28805

### **Attendees:**

The HOA Board of Directors:

Kirsten Kern, President  
Mark Jordan, Vice-President  
Brad Allen, Secretary  
Javier Samayoa, Treasurer  
Mike Newton, Member

HOA Members:

A total of 71 Lots were represented, either in person (46) or by proxy (25), constituting the highest active voting participation at an HOA Annual Meeting, far exceeding last year's record of 50. In addition, several Lot Owners not present observed the proceedings in a listen-only, non-voting mode via Zoom.

## **Call to Order, Establishment of Quorum, Approval of Minutes**

HOA President Kirsten Kern Called the meeting to Order at 6:00 p.m.

- Establishment of Quorum: Secretary Brad Allen declared that a quorum was present, per the HOA by-laws.
- Review of Agenda & Meeting Procedures: Kirsten Kern reviewed the meeting agenda, described the process for asking questions or making comments, and asked that attendees keep questions or comments to a 3-minute limit so the meeting can end by 8:00 p.m. She then read an excerpt from the HOA CCRs (Covenants, Conditions and Restrictions) as follows:

### **PURPOSE OF THE HOA & COVENANTS**

*The Sovereign Oaks Homeowners Association, Inc. is a non-profit corporation as defined by the North Carolina Nonprofit Corporation Act (NC § 55A) as a self-governing entity organized under the North Carolina Planned Community Act (NC § 47F) The HOA is organized both for development of Sovereign Oaks as an attractive residential community and to maintain common elements for use and enjoyment by all HOA members.*

*The Covenants, Conditions and Restrictions (CCRs), which are binding on all Lot Owners, are intended to provide for the orderly development of Sovereign Oaks as a residential community which is aesthetically pleasing and functionally convenient, a community which will attract*

*residents seeking privacy and harmony with their neighbors; such restrictions are thus designed to protect the investment of the residents within Sovereign Oaks.*

- Introduction of HOA Board Members: Kirsten Kern introduced the current board members and noted that Secretary Brad Allen, whose three-year term is expiring at this meeting, is not standing for re-election and will be stepping down off the Board after the meeting.
- Approval of 2020 Annual Meeting Minutes: Brad Allen presented the Minutes of the 2021 HOA Annual Meeting. They were approved without change or comment.

### Treasurer’s Report & Ratification of 2023 Budget

Javier Samayoa presented the Treasurer’s Report first reviewing 2022 spending year-to-date then presenting the proposed 2023 HOA Budget.

### SOVEREIGN OAKS HOA PROPOSED 2023 BUDGET

|   | <b>2023</b>             | <b>2022</b>                  |                         |
|---|-------------------------|------------------------------|-------------------------|
|   | <b>Estimated Income</b> | <b>Actual Income to Date</b> | <b>Estimated Income</b> |
| <b>2022 Annual Dues</b>                 | \$148,500               | \$147,000                    | \$148,500               |
| <b>AR-Architectural Review Fee (1)</b>  | \$15,000                | \$3,000                      | \$15,000                |
| <b>CI - Construction Impact Fee (1)</b> | \$25,000                | \$7,500                      | \$25,000                |
| <b>Total Estimated Income</b>           | <b>\$188,500</b>        | <b>\$157,500</b>             | <b>\$188,500</b>        |

|   | <b>Proposed Expenses</b> | <b>Expense s to date (rounded )</b> | <b>Approved Budget</b> |
|---|--------------------------|-------------------------------------|------------------------|
| <b>Administrative Expense</b>                     | \$200                    | \$347                               | \$100                  |
| <b>Bank Service Charges</b>                       | \$50                     |                                     | \$50                   |
| <b>Computer, Software, Internet Expenses</b>      | \$1,000                  | \$637                               | \$1,000                |
| <b>Donations (2)</b>                              | \$5,500                  | \$5,000                             | \$5,500                |
| <b>Facilities Repairs and Maintenance (3)</b>     | \$14,000                 | \$13,508                            | \$18,000               |
| <b>Pavilion (3)</b>                               | \$30,000                 |                                     |                        |
| <b>Insurance</b>                                  | \$6,000                  |                                     | \$6,000                |
| <b>Landscaping and Groundskeeping (4)</b>         | \$25,000                 | \$12,720                            | \$32,000               |
| <b>Trail Maintenance (4)</b>                      | \$8,500                  |                                     | \$3,500                |
| <b>Legal Fees (5)</b>                             | \$13,000                 | \$14,340                            | \$10,000               |
| <b>Meals and Entertainment (Social Committee)</b> | \$1,500                  | \$100                               | \$1,500                |
| <b>Office Supplies</b>                            | \$200                    | \$0                                 | \$200                  |
| <b>Postage and PO Box Rental</b>                  | \$160                    | \$0                                 | \$160                  |
| <b>Professional Fees - DRC and Accounting (6)</b> | \$34,500                 | \$17,339                            | \$33,000               |
| <b>Road Maintenance and Repair (4)</b>            | \$10,000                 |                                     | \$10,000               |

|  |                  |                 |                    |
|--|------------------|-----------------|--------------------|
| Utilities  | \$1,200          | \$567           | \$1,200            |
| <b>Total Expenses (7)</b>  | <b>\$150,810</b> | <b>\$64,558</b> | <b>\$122,210</b>   |
| <b>TOTAL INCOME ADDED TO RESERVE FOR FUTURE ROAD REPAIRS (Estimated)</b> | <b>\$37,690</b>  |                 | <b>\$66,290.00</b> |

- 2022 Actuals below estimates due to reduced construction activity
- \$5,000 to Warren Wilson College; \$500 to Riceville Volunteer Fire Dept.
- Includes snowplowing (variable). Previously had included Road Maintenance and Greenhouse/Pavilion project. Both are now broken out as separate budget lines.
- Trail maintenance added as a new line; Landscaping and trail maintenance combined spending is reduced by \$2000 vs 2022 due to change in landscape contractor; Increase in Trail Maintenance vs 2022 includes repair of fence along front entrance
- Estimated Legal Fees for 2023 equals the average of the past 3 years (2020 - 2022)
- Professional Fees below budget in 2022 due to reduced construction activity; Bookkeeper new
- Increase in Total Expenses vs 2022 due primarily to Pavilion construction added in 2023

### Sovereign Oaks HOA Actual Spending 2019- 2021

|  | 2021             | 2020             | 2019              |
|--|------------------|------------------|-------------------|
| Administrative Expense                     | 37.09            | \$ 106           | \$ 102            |
| Bank Service Charges                       | -                | \$ 12            | \$ 50             |
| Computer, Software, Internet Expenses      | \$ 530           | \$ 578           | \$ 249            |
| Donations                                  | \$ 5,400         | \$ 5,000         | \$ 5,400          |
| Facilities Repairs and Maintenance         | \$ 3,441         | \$ 4,843         | \$ 18,920         |
| Insurance                                  | \$ 7,212         | \$ 5,342         | \$ 5,191          |
| Landscaping and Groundskeeping             | \$ 26,133        | \$ 30,307        | \$ 51,509         |
| Legal Fees                                 | \$ 4,362         | \$ 22,559        | \$ 8,026          |
| Meals and Entertainment (Social Committee) | \$ 390           | \$ 420           | \$ 665            |
| Office Supplies                            | -                | \$ 0             | \$ 220            |
| Postage and PO Box Rental                  | \$ 134           | \$ 61            | \$ 63             |
| Professional Fees - DRC and Accounting     | \$ 27,690        | \$ 26,901        | \$ 28,514         |
| Utilities                                  | \$ 761           | \$ 833           | \$ 1,152          |
| <b>Total Expenses</b>                      | <b>\$ 76,089</b> | <b>\$ 96,962</b> | <b>\$ 120,059</b> |

#### 2022 Current Year Review:

- The 2022 Expenses in the Proposed Budget were as of August 31. As of Sept 20 the current status of the HOA Financial position remains solid:
- For the current year to date, total expenses are running at 62% of the Budget and we are nearly 75% of the way through the year.

- Major expenditures in September, not reflected in the budget you have in front of you, have been \$5,800 for Insurance, \$1,200 for Landscaping Services and \$2,700 for DRC and Accounting Professional Fees.
- The largest Variances from the Approved Budget are the following:
  - substantially less income from Architectural Review Fees and Construction Impact Fees due to a dramatic slowdown in construction activity
  - partial year of savings from lower landscaping fees due to switching providers this Spring
  - Significantly higher legal fees which currently stand at \$14,000, 40% over budget.
- We've slowed other spending, most notably Pavilion construction, so expect to finish the year in total on budget, barring any unforeseen expenses.
- We expect to add about \$66,000 to the Reserves for Future Road Repairs. If we achieve that, the Road Repair fund at the end of this year will stand at about \$750,000.

### **Proposed Budget for 2023**

- The proposed Budget keeps Annual HOA Dues stable at \$1500.
- We've broken out trail maintenance as a separate budget line. It had been wrapped in the landscaping budget line previously. Total spending on trails and landscaping is down \$2000 due to a change in contractors.
- Estimated Legal Fees were arrived at by averaging the past three years of actual spending, as shown on page 2 of the budget handout.
- A new expenditure line of \$30,000 was added to the budget to complete construction of the Pavilion. This one-time expense will increase total expenses from the current year.

### **Questions & Comments**

Road Fund: Jimmy Sullivan, 31 Majestic Oaks Circle, asked about the road repaving reserve fund and where those funds are held. Brad Allen commented that the reserve amount is detailed in the monthly balance sheet posted to the HOA website and is held in accounts at Wells Fargo.

Legal Expenses: Artie Miller, 172 Wandering Oaks Way, commented that it is good to keep a healthy road repair reserve but suggested that the budget line for legal fees be kept at the current year level of \$10,000 rather than being increased to \$13,000 in the proposed budget. He also suggested that HOA members could achieve savings in other areas of the budget to counter higher legal expenses by volunteering their "sweat equity" to various needs of the HOA.

Kirsten Kern replied to Artie as follows: per the HOA by laws, covenants and NC Planned Communities Act, the proposed budget can either be ratified as presented or turned down by the HOA membership, but cannot be amended line by line. If the proposed budget is rejected, the current year budget will remain in effect. She then commented that the estimate for legal fees for 2023 was estimated by averaging three years of actual spending (\$21,000 in 2020, \$4,000 in 2021, and \$14,000 in 2022 year-to-date). If the HOA had to institute a special assessment mid-year to cover additional legal fees, that special assessment would be noted by the greater Asheville Real Estate community and would be detrimental to the reputation of Sovereign Oaks and all HOA members.

Evie Edwards, 23 Brookridge Lane, and Karel Newton 50 Trail Top Drive both questioned the assumption that HOA members donating "sweat equity" would be a sufficient counter to unpredictable legal expenses.

Jim Cox, 88 Wandering Oaks Way, asked if the year-to-date legal expenses of \$14,000 is up-to-date and current. Brad Allen commented that additional legal expenses have been incurred by the HOA that have not yet been billed.

Pavilion Construction: Leslie Connolly, 62 Wandering Oaks Way, asked if the \$30,000 budgeted for completion of the pavilion was adequate. Mike Newton replied that, at present, the estimates for materials and labor would total just under \$30,000 but that with further delays, costs could increase. He cited the fact that the HOA had previous estimates for construction in the current year but those estimates were only good for 90 days and because construction was deferred due to spending constraints imposed by the Board in light of unanticipated legal costs exceeding the budget, those estimates were no longer valid.

Amanda Galvin, 35 Majestic Oak Circle, commented that at a minimum she would like to see the pavilion site cleaned up and made safe.

Evie Edwards commented that she favored completing the project in its entirety.

Mack McCary, 22 Hawberry Court, moved and Charley Remsen, 7 Wandering Oaks Way, seconded a motion to call the question on ratification of the HOA Budget for 2023. The budget as presented was ratified with an overwhelming show of hands vote in favor. Six Lot Owners voted not to ratify.

## **Election of HOA Board Member**

Mark Jordan declared that the next item of business was election of a member to the HOA Board for a three-year term. Catherine Stelpflug, 9 Wandering Oaks Way, had declared her candidacy by the previously announced deadline and was therefore listed on the written ballot. He asked for presentation of any additional proxies. None were brought forward. He then asked for nominations from the floor. Esther Miller, 172 Wandering Oaks Way, nominated Leslie Connolly, 62 Wandering Oaks Way, who accepted the nomination. No other names were brought forward.

Mark called on each candidate to make a brief statement then stand for any questions from the HOA members.

### **Leslie Connolly:**

Leslie said she and her husband, Marc, bought into the neighborhood (Lot # 80) in October of 2020 and went through the entire DRC process to final approval of plans, but when their current house came on the market they decided to buy that already built house instead and sell their lot. She said she had served on the HOA Board where she'd lived previously in Virginia. She said she was running for the Board because she thinks the HOA is in a period of transition from the developer-led HOA to resident-led HOA and now is the time to re-examine the documents that govern the HOA, specifically the by-laws, CCRs (Covenants, Conditions and Restrictions) and Design Guidelines.

She cited a lack of specificity in contract limitations imposed on the Board and uneven enforcement of landscaping guidelines (e.g.; shrubbery installation) as two examples creating uncertainty and potential conflict thus pointing to the need to re-evaluate the governing documents.

David Stark, 35 Wandering Oaks Way, commented that re-examining the CCRs and Design Guidelines would be a tedious and expensive process and he suggested that, if there was concern about the documents, perhaps a

survey of HOA members or comparison with CCRs and guidelines with other Asheville-area HOAs would help focus the effort.

Evie Edwards commented that, based on her previous experience as a Board member, such an examination would incur substantial legal costs. Leslie responded that she thought the costs would be in the neighborhood of \$2,000.

Nancy Hoer, 9 Majestic Oak Circle, said that she moved into Sovereign Oaks having read and being aware of the CCRs and Design Guidelines governing Sovereign Oaks and did not view them as overly restrictive or strict. She observed that every resident bought into the CCRs and Design Guidelines when they bought into the Sovereign Oaks development and said it would not be right for someone to come along later and say they want to change the rules that had applied to everyone else because they don't like them.

Leslie commented that the "dark sky" lighting requirement is unevenly applied within Sovereign Oaks as another example needing examination. Nancy asked if that comment was directed at her. Leslie said it was a general observation.

Jason Thomas, 53 Wandering Oaks Way, said that while examination of the Design Guidelines might make sense at some point in the future, it is too early in the life-cycle of the HOA to attempt to rewrite them, suggesting that it is premature at this point while a substantial number of lots are still either undeveloped or under construction.

Margot Ammidown, 35 Hawberry Court, said she thinks the Design Guidelines are administered uniformly and are not overly restrictive.

Brad Allen, 41 Trail Top Drive, said he thought Board spending authority or HOA members' installation of shrubberies was not the source of conflict the HOA has been experiencing. He then asked Leslie about the letter she had sent to residents following the Coxes construction of a fence without HOA approval, asking HOA members to contact the Board urging them to allow the fence construction. He asked her what her approach would be as a Board member to putting DRC decisions to a popular vote. She said she would not generally favor such an approach but that, in her opinion, this was a unique situation.

Brad followed up with a question asking what her approach as a Board member would be to special assessments, based on a statement she had made at a BOD meeting she had attended in March where she suggested the Board consider a special assessment to complete the Pavilion project. Leslie said she had asked what the Board's approach was, not that she was recommending a special assessment.

## **Catherine Stelpflug**

Catherine said that she stepped forward to run for the Board seat because she feels it is her duty to serve her community. She said she and her husband Joe had bought in to Sovereign Oaks in 2017 (Lot # 38) and went through the DRC process to build their home. In December of 2020 Catherine and Joe moved into Sovereign Oaks from the Raleigh area where they had lived for 32 years. Since moving here she and Joe have been active participants as volunteers in the community, while also continuing to work. Catherine serves on the Social Committee and Joe on the Trails and Landscape Committee.

Brad Allen asked her what her approach to serving on the board would be. She pledged to bring a fresh and independent perspective informed by her own experiences and a willingness to listen to HOA members' concerns and ideas.

Bret Petrusek, 32 Towering Oaks Lane, asked if she thought the CCR's, Design Guidelines and by-laws needed revision. She said she did not have an opinion on that but would be willing to hear HOA members' thoughts.

The vote was then called for and written ballots submitted. The final tally [confirmed after the meeting] was Catherine Stelpflug, 53 votes, and Leslie Connolly, 18 votes. Catherine was declared the winner.

## **Committee Reports & Call for Volunteers**

### ***1. Trails and Landscape – Joe Stelpflug***

Sovereign Oaks HOA Trails & Landscape Committee Report, Annual HOA Meeting, September 22, 2022

Presented by Joe Stelpflug

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#### **Current membership**

Julie Brown, Jim Hoer, Mark Jordan, Matt Kern, Art Mandler, Joe Stelpflug, Dave Werle

#### **Landscape Maintenance Contract**

- Former contractor Laurel Crest Landscaping is no longer offering maintenance service. Selected new contractor Asheville Lawn and Landscape, who is our snow removal contractor, saving \$8,000 this year.
- Scope of services includes:
  - Mowing: common areas, frontage of undeveloped lots, Greenhouse Trail, lower portion of Musterfield Creek trail, Cemetery trail area.
  - Front entrance: lawn care, turf aeration, weed control, pruning, mulching.
  - Drain maintenance: drainage swales and culverts at entrance and both sides along Wandering Oaks Way.
  - Off season ride throughs – checking for storm damage, debris on all common areas and lot frontages (in lieu of mowing).

To complement the work being done by Asheville Lawn and Landscape, resident teenagers have been engaged to work on a couple of projects: cleaning up the drainage basin areas (as required by County ordinance) and maintaining the Musterfield Creek trail.

#### **Projects**

Saved the HOA an estimated \$6,475 this year by performing the following projects with manual labor, and Matt Kern's donated operation of his Bobcat power equipment. These savings do not include general ongoing trail maintenance by individuals.

- Cleared upper Musterfield Creek trail twice.
- Laid stone on erosion-control ditch on Musterfield Trail (by bee hives).
- Cleared bank along Old Farm School Road, including multiple trips to landfill.
- Cleared grassy bank by entrance, including tree removal.
- Greenhouse demolition (Bobcat only).
- Cleared utility access road from Musterfield Road to greenhouse.
- Replaced railing on small walking bridge on Bull Creek trail.
- Graded, seeded, by large walking bridge on Bull Creek trail.

**Call for Volunteers:** Watch for notice of community work days in HOA correspondence.

## 2. *Facilities – Mike Newton*

- The major activities of the facilities committee in 2022 have been removal of the Greenhouse structure and site preparation for construction of the Pavilion; maintenance of stormwater containment ponds, maintenance and repair, as needed, of the front gate, and oversight of the road repair and widening of Wandering Oaks Way at the exit gate.
- Mike reported that volunteer activity has saved the HOA several thousand dollars and cited removal of the Greenhouse structure and preparation of the site as an example [**NEED MORE DETAIL, \$\$\$ HERE.**] He thanked Phil Cavey, Jim and Nancy Hoer, Art Mandler, Matt Kern, (Harry, others???) for their contributions of time and labor.

## 3. *Design Review Committee (DRC) – Harry Koolen*

**INSERT HERE**

## 4. *Social & Communications – Catherine Stelpflug*

**Social Committee Members:** Sally Klippel, Chair, Julie Brown, Amanda Galvin, Art Mandler, Evie Edwards, Catherine Stelpflug.

- **Fiction Book Club:** Our group of 24 neighbors has read four books this year and met to discuss them. The books were suggested by the members who voted to select the four. Our last meeting of 2022 will be in November. We'll resume again in the spring.
- **Non-Fiction Book Club:** A new History Book Club will hold its inaugural meeting in October (date to be determined). If you're interested in joining this group, please contact either Artie Miller or Harry Koolen.
- **Wine & Appetizers:** We have had three gatherings so far this year, and the next meeting is Saturday, October 15. Small groups of 8-10 meet at a host's home. Participants bring a nice bottle of wine and an appetizer to share. We have 32 members so far and are always looking for new members.
- **St. Patrick's Day** was celebrated with appetizers and drinks and live music on March 19 in the Bamboo Grove. Everyone brought an appetizer to share and their own drinks. Special dessert drinks were provided for the kids.
- **In June a Food truck** was scheduled but was cancelled as the truck broke down, and the weather forecast was for rain.
- **BBQ** was held on August 20 in the Bamboo Grove. Everyone brought a side dish or dessert to share and their own beverages. The Social Committee provided burgers, hot dogs and veggie burgers which were cooked by our master chefs Mike Newton and Harry Koolen. Thanks to all of the Social Committee who helped make it a great evening. Unfortunately, the rain ended the evening sooner than we planned.
- **Ceci's Culinary Tour food truck** will be at the 4 Corners (intersection of Wandering Oaks Way and Trail Top) from 5:30 p.m. to 7:30 p.m. tomorrow, Friday, September 23. Ceci's serves empanadas, tamales, Cuban sandwiches and crepes (savory and dessert)! Bring your beverage of choice and a chair to enjoy the start of Fall!
- **Chili Cook-off:** This inaugural SO event will be on Saturday, October 29<sup>th</sup> at Amanda and Derek Galvin's. There will be two categories for the best chili – vegetarian and meat. Prizes will be awarded.



- **Halloween for the kids** will be held on Monday, October 31. There will be a combo trick or treat on Wandering Oaks plus trunk or treat with those who wish to participate from other streets.
- **November – Bee seminar/honey tasting** – depends on when our beekeeper is able to do it
- **December Cookie Exchange** – Last year we had 12 bakers who brought packages of 6 cookies enough for each person to take home a variety of cookies. Hot cider and cocoa were served. Evie Edwards will host in mid-December
- **Budget of \$2500 and Expenses so far**  
\$ 51.99 Plates, utensils, etc.  
\$325.60 Food for BBQ  
\$377.59

## Open Discussion & Questions

- Lisa Armstrong, 43 Hawberry Court, recommended reducing speed limit within Sovereign Oaks to 20 m.p.h. During the discussion that followed, Jim Cox, 88 Wandering Oaks Way, said there is a substantial increase in serious injuries coming into emergency rooms when vehicle speed is above 20 m.p.h. Brett Petrussek, 32 Towering Oaks Lane, suggested establishing a 4-way stop at the intersection of Trail Top and Towering Oaks with Wandering Oaks Way. Kirsten Kern asked if there were any objections to either proposal. No objections were raised, so the board will consider the proposals at its October 2022 meeting.
- Nathan Owings, 50 Wandering Oaks Way, announced that once the community directory is completed, he intends to launch a community on-line forum which he will moderate outside the purview of the Homeowners' Association. He said he has not asked for any support or endorsement from the HOA Board and, in fact, they knew nothing about his plan prior to him announcing it. He said that he will restrict access to users who abide by his comment guidelines. Ona Cavey, 38 Wandering Oaks Way, volunteered to help moderate content on the site.

At 7:56 p.m., after call for a motion by Kirsten Kern, Mark Jordan moved and Brad Allen seconded a motion to adjourn the meeting. The motion was approved.