

# **Waterside Annual Meeting**

**November 12, 2022**

**Via Zoom**

**Meeting called to order at 10:06 am**

**Proof of meeting notice** was sent via email and USPS.

**Agenda** adopted at 10:10: Marilyn Booker moved, and Jackie seconded. Motion carried.

**Adoption of 2021 Annual Meeting Minutes-** The Litigation Talking Points Statement from the attorney presented in 2021 by Pat Woodring was mistakenly not included with the 2021 Minutes. Joe asked the owners to check the community website to read that document if they wanted to review it. The Minutes were accepted as presented.

**President's Report:** Landscaping and other items will be addressed at other points during this meeting. President, Joe Deardorff provided the following history to the homeowners:

A brief history of Waterside of what transpired from 2002 to the present:

1. Owners were given (or should have been given) copies of the Code of Regulations and a copy of the Declarations at settlement. They were told to keep those documents with the house.
2. Most buyers were verbally told by Bethany Proper Limited that all outside maintenance including roof repairs and roof replacements would be taken care of by the HOA. However, the language in the documents (approved in 2002) stated that the roofs were the responsibility of the homeowner, not the HOA.
  - a. Attorneys at settlement did not find it in the documents
  - b. The developers did not tell the homeowners about the discrepancy.
  - c. Seascape Property Management did not notice the discrepancy (It is not determined if Circle J Property Developers knew about it)
  - d. The Long-Term Reserve Preparer did not notice how the documents read
  - e. Because a reader would have had to compare both the Code of Regulations AND the Declaration documents, it is very difficult to find issue with the documents. Therefore, homeowners did not realize there was a problem during the entire time they have had the documents in their possession. (See: Code of Regulations Section 5.6 b. and Declarations Section 8)
  - f. The various Waterside Boards did not search for the discrepancy in the document because they believed that what they were told when the individuals bought their homes.

3. Many of the homeowners were also told that they owned “about ten feet into the woods.” (This proved to be another false and misleading statement from Bethany Proper Limited)
4. The documents on file with the County since 2002 are clear and confirmed by the Waterside attorney, Billy Scott, that the roofs are the responsibility of the homeowner
5. Circle J Developers took over the development circa 2009.
6. The principals at Circle J allegedly borrowed money from the Waterside Reserves to pay for their construction project in Georgetown. This money was never repaid, and the developer went bankrupt and was sent to prison.
7. Homeowners continued to contribute to the Reserves believing that their roofs would be replaced when necessary.
8. In September, 2022, it was discovered by Seascope Property Management that the language in the documents stated that the roofs were the responsibility of the homeowner, not the HOA.
9. It has also been determined by the Finance Committee and the Waterside Board that there are insufficient funds in the Reserves of all three entities to replace roofs at this time even if the Code of Regulations and the Declarations stated that the funds to replace roofs would be in effect.
10. Billy Scott is developing language for proposed amendments for all of the entities which be presented to the homeowners at a special meeting in December.

**Treasurer’s Report – (Penny Sicilia)** Penny noted that she would address the issues of the Long Term Reserves, Proposed Code of Regulations amendment (including roof replacement), and the 2023 budget under New Business

Penny thanked the Finance Committee (Art, Ed, Michelle, and Steve) for their time, dedication, and help. She also thanked the Finance Committee, Board Members, and all the owners for their patience and understanding as she asked a lot of questions.

On April 30, 2022, Seascope transitioned from QuickBooks to CINC/WebAxis. This has not been an easy transition and we are still working with Seascope to get questions answered. Each owner should be receiving two emails a quarter from [donotreply@cincsystems.net](mailto:donotreply@cincsystems.net) with their quarterly statement. If not, please contact Jennifer immediately. Although not required to pay your quarterly assessments, each owner should have created two accounts so they can view their statements online.

Penny noted that her first task when she started on the Board in January 2022 was to analyze the Long Term Reserves. This included historic reserve studies, income and expenses to date, future plans, and compliance with the requirements of DUCIOA and Waterside documents. She deferred the discussion of Long Term Reserves until later in the meeting under New Business.

The Finance Committee spent significant time discussing and reviewing the budget. She deferred the discussion of the 2023 budget until later in the meeting under New Business.

### **Canal Woods Report – Marilyn Booker**

Marilyn expressed her gratitude to all Veterans by thanking them for their service. She welcomed the following new residents to Canal Woods: Michelle and Greg Clark, Stacey Harris, and Michael Willey.

She recommended delaying any power washing until 2023. Marilyn is concerned about the roof issues, but will participate in the discussion during the presentation of the 2023 Budget presentation.

### **Townhomes Report – Jackie Hostelley**

Jackie knows that there are many questions about roofs but will defer to Penny's presentation of the Budget.

### **Single Family Homes Report – Penny Sicilia**

The property line issues with the OVBC have been improving. Owner, Scott Brannan concurs. Thank you to the neighbors who contacted Penny or the Board to get issues resolved. The Board continues discussions with the Town of Ocean View, the State and the County to get outstanding items corrected. The swale and the removal of the construction fencing, and clean-up have helped.

There has been a Flood Insurance rebate of \$272 for each SFH owner and credit to his/her account with Seascope. This was the result of reviewing the 2021 and 2022 payment and invoices and returning the overpayment back to the unit. We will continue this practice. Some years it may be a rebate, other years, it may be a bill.

A few owners have asked that the SFH owners have an in-person meet and greet to get acquainted with neighbors. Agree with homeowner, Bob Brant, that a meeting of the Single-Family Homeowners should occur prior to the Special Meeting.

### **Seascope Property Manager's Report – Jennifer Fannin**

Seascope is working on problems with links and communication.

Homeowners are reminded to link their two account numbers when paying their dues for both POA and their individual entities. (SFH TH, CW)

### **Committee Reports – Art Rose, Chair of the Finance Committee**

Art and the Finance Committee, and Jennifer Fannin spent considerable time developing a draft of the Budget for 2023. The committee's work and report has been integrated into Penny's presentation under New Business.

## **Unfinished Business – Litigation Status Report (Joe Deardorff & Pat Woodring)**

The following statement was read by President Joe Deardorff. “The litigation process continues. And while there has been progress in the proceedings, it has been slower than the Board and the Association had hoped. To keep owners up to date, a brief summary of what has transpired and what happens next appears below:

Efforts at mediation and /or settlement, to avoid having to go to trial continued. Without warning the insurance companies declined mediation. That meant going to trial. The focus is now on preparation for trial. During the Discovery phase documentation and evidence will be requested. It will include such items as documentation substantiating the insurance companies’ claim of no liability. The deadline for all Discovery is March 31, 2023. Dispositive motions with authorities and arguments must be filed by March 24, 2023, and responses with authorities and arguments filed by April 13, 2023.

A pre-trial conference is scheduled for May 4, 2023 at 9:00 a.m. Pre-trial stipulation is due no later than noon on April 27, 2023. A four-day jury trial is on the court docket to begin June 5, 2023 at 9:00 a.m. in Superior Court, Georgetown, DE. Our attorney’s efforts are now on the preparation for trial. It is his view that little action will take place before the Thanksgiving period.”

This statement will be posted on the Waterside community Website.

## **New Business**

Penny noted that she would be presenting THREE SEPARATE but related issues, the:

- Long Term Reserve Analysis
- Proposed Code of Regulations Amendment
- 2023 Budgets

She will stop along the way for questions

She noted that the community would NOT be voting on the proposed amendment or the 2023 budgets today. Instead, what the Board proposes is:

- present the information today
- answer owner questions today
- Next week (11/14) – perform any followup required, update the explanatory documents providing additional clarity based on today’s discussion, and have the Board and Finance Committee review the updated explanatory documents
- Week of 11/21 send out the explanatory documents to the owners with a Notice of a Special Meeting to be held on Saturday, 12/10 to vote on the Proposed

Code of Regulations Amendment for each entity AND to vote on the 2023 budget (DUCOIA's language is slightly different in that it notes that a majority of the owners do NOT DISAPPROVE the budget). Please note that during the Special Meeting only the items listed in the special meeting notice can be discussed

- This gives everyone 2-3 weeks to
  - Review a written version of the information we will be discussing today
  - Investigate items you may want to (like talking with your insurance company on how your premium may change if you have to change your coverage)
  - Consider what is best for you and the community
  - Decide how you will vote

Penny presented the Long Term Reserve Analysis sharing information about the Delaware Uniform Common Interest Ownership Act (DUCOIA) and what Waterside has done and needs to do. Penny shared specific details about expense items that will be shared in the documentation that will accompany the planned Special Meeting notice. Penny answered questions and agreed to add information to the document that owners will receive. Marilyn shared that Sussex County has a road program where roads can be replaced. This bond program aggregates the total cost of road work plus interest funded over a given number of years, and adds each owner's pro rata share to your Sussex County Annual Tax bill.

Penny presented the Proposed Code of Regulations Amendment sharing information about what owners will be asked to vote on. She answered questions and agreed to add information to the documentation that will accompany the planned Special Meeting notice.

Penny presented the 2023 budget noting that the Long Term Reserve Analysis discussion and the Proposed Code of Regulations Amendment discussion and vote significantly impact the 2023 and future budgets. She walked through the individual budget line items and explained that two budgets were prepared to show the owners the potential financial impact of the Long Term Reserve Analysis and the Proposed Code of Regulations Amendment. The difference lies in the "Reserves" line item. Penny shared each entity's current operating and reserve assessment breakdown; the proposed 2023 operating assessment; and the proposed 2023 reserve assessment with and without the amendment. Both proposed budgets will be shared with the owners in the documentation that will accompany the planned Special Meeting notice.

Election of new members to the Board beginning January 2023:

Jackie Hostelley was elected by Acclimation to represent Townhomes

Douglas Smith was elected by vote to represent Canal Woods

Hedy Gelin made a motion to remove Seascope as the property manager. Penny noted that as stated during the 2023 Budget discussion, the Seascope contract ends on 12/31/2023 and the Board has already agreed to request proposals and evaluate other property management companies. The motion failed due to a lack of a second.

Motion to Adjourn at 12:15 p.m. Marilyn and Jackie

MINUTES APPROVED -- NOVEMBER 11, 2023