

MINUTES
Special Meeting of the Owners
Reserve at Pilottown Maintenance Corporation

Date: Saturday, February 26, 2022

Place: Lewes Public Library

Time: 11:00 am-12 noon

The owners unanimously approved the minutes of the September 14, 2021 annual meeting.

The Board summarized the accounting review of the HOA's financial statements by Sombar & Company which concluded: "Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting." With reference to pages -4- and -5- of the review, the Board explained that in 2020 the then HOA Treasurer disbursed \$8,346 out of the operating account to pay for removal of the New Road fence even though the Board authorized it as a capital expense, creating a deficit in the operating account. With Board approval, the new Treasurer transferred a like amount from the capital reserve account to the operating account to cover the deficit.

The Board paid \$2,150 out of the operating account for the accounting review. The Board is considering an annual review by an independent CPA.

The Board went through the Capital Reserve Study prepared by Whayland Consulting Group (which cost \$3,200 paid out of the capital reserve account). The study concluded that the total current cost of replacing the five components for which the HOA is responsible to be \$89,250 (compared to a balance of \$85,057 in the capital reserve account). To remain fully funded for the next thirty years, the report recommended a 5-year average annual contribution requirement per lot of \$33.73 for five years. The capital reserve study should then be updated to recalculate the reserve requirements.

The capital reserve study recommended that the HOA engage its pond maintenance contractor to measure the sediment in the pond to project when dredging might be required. The Board has engaged Solitude to do that.