

Green Valley Estates Trust

Introductory Meeting – January 4, 2018

Location: Lower Heidelberg Township Building

Keystone Commercial Attendees: Steve Willems, Bryan Cole, Danielle Smith

Trustee Attendees: Jim O'Brien, Fidelity Bank

Home Owner Attendees: 28 Home Owners were in attendance

Purpose of the Meeting: (Presented by Steve Willems)

- Introduction to NAI Keystone and the Management Team
- Explanation of Billing- letters/invoices sent out
- Lack of receivable records from prior management company; adjusting records as we receive proof from home owners with their payments. We are correcting records so that we have an accurate accounting going forward
- Open payables are :

Sal's Landscaping - \$67,397.20 (\$23,000 approximately was paid to Sal's due to our collection of past due Home Owner's fees; the original amount due to Sal was approximately \$90,000)

Management Fees – We are not paying ourselves at this time till we can get more money paid to Sal's Landscaping

- Common Areas – Will be kept in good condition
 - Walking paths – looking into the possibility of paving the walking paths to make them more appealing and more cost effective
 - Playgrounds – maintain and repair any safety issues; removed the broken slide, will be replacing at a later date; re-mulching the playgrounds as they are in much need of new mulch; replacing a few soccer nets and basketball nets in the Spring; fixed some swings, replacement of some of the chains on the swings in the Spring; repaired soccer wall
 - Snow removal to common areas around Grande Ave
 - Detention basin – repair sink hole in the Spring
 - Re-stripping the basketball courts; possibly seal coating as well at a later date once bills are paid
- Real Estate Trust – is a Corporate Trustee put in place to maintain and keep up with the common areas of the development. These areas are areas that the Township does not maintain for example, playgrounds and retention basins.

Old Business: (Presented by Jim O'Brien)

Jim O'Brien is the Trustee representative for Fidelity Bank (Trustee)

Fred Reigle is the Attorney for Fred Grande (Individual Trustee)

- In the past Exeter Property Management was collecting the fees and turning over to the Trust to pay the bills.
- Two Years ago Exeter Property Management stopped billing fees and supplying resale certificates
- There was a surplus of revenue in 2012. The Trust decided to hold off billing Home Owners for 2013 and 2014. No bills went out for dues.
- In 2015 Exeter Property Management was instructed to bill for dues. Letters went out for the Fiscal Year of July 1, 2015 – June 30, 2016.
- Exeter Property Management failed to bill for 2016 and 2017
- Fred Reigle contacted Exeter Property Management but they did not return their calls. Trustee didn't know what happened with Exeter Property Management.
- 2017 the Trustee began looking for a new company to management the Trust. October 2017 the contract was finalized with Keystone Commercial
- Exeter Property Management provided financials to the home owners but stopped in 2013. No financials were presented. I (Jim O'Brien) compiled financials for the remaining years, which we have passed out at the meeting
- Fees/Dues collected are to cover the following:
 - Liability insurance – playgrounds, baseball field, soccer areas
 - Property insurance - pavilion
 - Snow removal – Along Grande Blvd
 - Landscaping – all playgrounds and common areas
 - Playground maintenance – repairs and upkeep
 - Management Fees
 - Trustee Fees
 - Legal Fees
 - Accounting Fees
- Accounting Fees are for audit costs but not a true audit but a review of financials. Bill Maslo reviewed the financials. This has not been done since 2013. Trustee will be having an audit review of the financials back to 2013. Trustee is looking for a new accountant to review the financials.

New Business: (Presented by Steve Willems)

- Thank you to Sal's Landscaping for continuing service even though they were/are owed \$90,000. Sal's rates are competitive and we intend to continue with Sal's for maintenance of the common areas. Sal's is not charging any interest or finance charges for non-payment. Sal's has not raised their prices since inception in 2003.
- Keystone Commercial will be supplying financials annually
- Email Address from home owners are needed, please supply with your sign in information; this will be our form of communication for the most part
- We will work on correcting issues the best as we can, as soon as we can.

Questions:

1. Financials presented for 2017 only show through November 2017. What about December 2017?

Answer (Jim) – Bank is working on closing their books for December 2017. Once this process is completed I will complete the financials for the year 2017.

Keystone has collected \$38,000 in revenue to date. Roughly \$23,000 has been paid to Sal's Landscaping for amounts that are in arrears and approximately \$6,000 has been paid for legal and trustee fees that have been in arrears.

2. Do we know is each home owner being charged \$75.00?

Answer (Steve) Yes

3. Grounds Maintenance was \$28,337 on the report provided for 2013. Why is 2014 only showing \$11,491.80, 2015 \$4,075.00, \$19,700 for 2016 and \$0 for 2017? Why is there a difference in the fees?

Answer (Jim) The financials are on a cash basis and only show payments made. Landscape fees due are not accrued in cash basis accounting. The amounts showing on the financials are what has been paid to Sal through fees collected in the past by Exeter Property Management and the Trustees.

4. Something needs to be done with the walking paths.

Agreed – Keystone will be looking into getting pricing to have the paths paved. This will most likely be a capital expenditure. Paths cannot at this time as we need to pay items in arrears before this happens. Keystone will be preparing a 2018 expense and capital budget to be provided at a future date.

Home Owner presented a folder with information on a playground project that was being worked on in the past by the Advisory Board which included work being done to the walking paths.

5. Who makes the decision to have things done?

Answer (Steve) The Advisory Board. We have a sign-up sheet here for anyone to sign that would be interested in participating on the Advisory Board. We would like a member from each phase. Advisory Board would meet regularly, quarterly to discuss projects that need to be done, how funds are going to be spent, and present to the management company any ideas or suggestions of work needed to be done. Keystone will then provide recommendations to the Trust.

(Jim) In the past the Corporate Trustee would meet with the Advisory Board. The Advisory Board Members would serve a 2 year term. Property manager would make an offer to the person to join the Advisory Board. Advisory Board presents projects to be done, meetings scheduled quarterly.

6. At one point there was a \$54,000 surplus. Why not fix the paths with that surplus? Why stop billing for two years instead of using the surplus to fix things?

Answer (Jim) When it is presented that way, I agree with you now, we should have fixed things. Exeter Property Management never brought up to the Trustee that the Board wanted the paths paved. Trustee was never told that the paths needed to be fixed. Christina Bray did not follow through. Advisory Board tells the Trustee what to do with the funds.

7. Exeter Property Management billed for 2015, was this for a fiscal year? Did this cover 2016?

Answer (Steve) Yes. The billings were for July 1, 2015 through June 30, 2016. Going forward you will be billed on a calendar year starting with 2018

8. Do you anticipate an increase in 2018?

Answer (Steve) – No fees will be billed at \$75.00; Will fees increase in the future, we haven't determined that yet. We will know better where we stand after the 2018 Budget is prepared.

9. When I signed my contract for my home in March 2006 the fees were for common area maintenance. I received a letter stating it was for an HOA. Isn't it a Trust? I also paid \$100 fee in 2006.

Answer (Steve & Jim) It is a Trust. Our original letters went out with HOA on them and that was a mistake. It is a Trust.

Exeter Property Management offered a \$25 discount if the fees were paid early, if not the fees were \$100. Fee was originally \$100.

10. Excess Funds should be used for projects instead of not billing for a year, etc.

Answer (Jim) agree with this now. In 2013 Exeter Property Management didn't state that there were any projects that needed to be done so Trustee decided not to bill Home Owners instead of having such a large surplus.

11. There is no fee for Exeter Property Management on the Balance Sheet. Haven't they been paid anything? Are we going to pay them anything for the past years when they didn't collect anything if a bill surfaces?

Answer (Jim) Exeter Property Management was fired for non-performance. If a bill surfaces it will be passed along to the Trust's attorney, Fred Reigle for advisement.

12. Trust was created through the developer, surprised that it is not governed by a Home Owners Association. Applaud Sal's for what they have done even though they weren't getting paid. I am the president of an HOA in Florida and unless the Home Owners get involved, nothing will get done. Lack of participation too from Home Owners.

Steve – We were hired to clean up the billing, receivables and payables. We want to make the areas nice again. You live in beautiful homes and the common areas need to reflect that.

13. Sheds and above ground pools are not allowed but they are all over the place.

Steve – We (NAI) are working with the Trustee to determine how we are going to handle this going forward. How do say to someone new asking for a shed no they can't have it when there are other sheds all over the place?

Jim – Trust needs to determine how we are going to handle this going forward. Permits need to be obtained to have these items put on the property, that is the first step. But if the trust says no to the installation of these items then they shouldn't be put up. Trust needs to decide how it's going to handle this going forward.

14. Commend Sal on taking on the bills and continuing the work without getting paid. Question is on the Pavilion. In the past it was used for picnics, parties, etc. Who is in charge of turning on the water, where is the sign- up sheet for the pavilion? Who is cleaning up the trash in the trash cans, Sal's?

Answer (Jim) – Exeter Property Management was responsible for those items, turning on the water, sign up for usage of the pavilion. Keystone will need to take this over going forward.

Answer (Sal/Carl (Sal's Landscaping) – they are not picking up the trash. No one is sure who is picking up the trash? Maybe a generous home owner?

15. Looks like there will be good changes as NAI takes over. Would it be beneficial if there is a website created for communication purposes or a Facebook page?

Answer (Steve) we will look into a website for communication purposes, meeting notices/cancellations, minute posting, etc.

16. Communications stated HOA. It is not a HOA but a Trust.

Answer (Steve) Apologize again, we were mistaken when the letters went out and all has been corrected.

17. What will be done with Home Owners that do not pay the annual fees?

Answer (Steve) A Dun notice will go out for fees not paid for a particular year. If they still don't get paid then they will be referred to the Trustee's attorney and he will file with the District Justice for a lien to be placed on the property. The lien will get paid when the house gets sold if the property goes up for sale.

18. There was a period where there was no oversight by a management company. What is there to insure that this won't happen again? At one point some Home Owners contacted the Trustees regarding no oversight by the management company.

Answer (Jim) Because of what happened with Exeter Property Management, the property management company has to notify the Trustee that they are leaving. Trustee must take over the management at that point until a new company is found to manage. Exeter Property Management just stopped and the Trust doesn't know where they went or why they stopped. Exeter Property Management is not answering calls.

19. Expenses are \$45,000 and Revenue is \$45,000. We are breaking even eventually. There is no excess for needed projects. Are we going to have special assessment for larger ticket items? How are we going to get things done?

Answer (Steve) We need to prepare the 2018 budget and see where we are at. We are not increasing fees in 2018. If we need to increase fees going forward we will determine that with the Advisory Board.

20. When can we expect year end financials for 2017 and the budget for 2018?

Answer (Steve) We are working as quickly as we can to provide both year end and financials and a 2018 Budget. We should have year-end to you in February. We would like to work with the Advisory Board for some of the items for the 2018 budget.

21. Sal should not have to wait to get paid for his services.

Answer (Steve) we are not going to buy another playground set, pave the walkways or get a new slide until Sal's is paid. We need to clear up any items in arrears before we work on larger expenditures.

22. Is there a PA State Statute stating that the Home Owners need to agree or wave to fully fund the budget? Do Capital Budget items need to be looked at and agreed upon by the Home Owners?

Answer (Jim) We have never had a Capital Improvement Budget in the past. There is something in the Trust Agreement to get approval from the Owners. That needs to be researched.

23. What is NAI's management fee?

Answer (Steve) it is comparable to Exeter Property Management's fee.