

**ANNUAL REPORT OF THE SALT POND BOARD OF  
DIRECTORS  
AND COMMITTEES FOR THE SPHA ANNUAL MEETING  
JUNE 5, 2010**

**SALT POND BOARD OF DIRECTORS REPORT:**

The Salt Pond Board of Directors (BOD) has four major responsibilities:

- Oversight of the daily operations and upkeep of the common areas, facilities, and grounds;
- Maintain the financial records, along with preparation, approval, and monitoring an annual budget and long- term financial projections for the association;
- Adopt policies and amend the rules and regulations governing the common areas and recreational facilities;
- Oversight of the activities of the Salt Pond golf course operations.

Working closely with our community manager (we became self managed in January 2009), the BOD oversees management, maintenance, and repairs of the Salt Pond community center, indoor and outdoor pools, recreational facilities, roadways, and landscaping of the common areas in the community. In this capacity the BOD solicits, reviews, and approves maintenance and repair contracts for the community center, pools, and tennis courts. It also oversees the cleaning, heating and cooling systems, landscaping, and maintains the street lights and roadways. The BOD reviews recommendations made by the homeowners and works with the various committees to implement approved projects, monitor necessary maintenance and repairs, and make improvements within the community. The BOD also arranges for many of the smaller tasks to be handled by our maintenance employee or one of the golf course crew thereby saving money and having projects completed in a timely manner. In addition, the BOD oversees the activities of the golf course operations and continually works with its Board of Directors.

**BOARD OF DIRECTORS MEETINGS:** All homeowners are welcome to attend the monthly BOD meetings normally held on the third Friday of the month at 2:00PM in the community center. If the BOD meetings are rescheduled, a notice is posted in the mail room and on the website. The meeting agenda also is posted 10 days prior to the meeting in accordance with Delaware law.

All homeowners are invited to speak at the meetings during the time period designated for that purpose. Homeowners also may address brief questions or comments during normal Board and committee business at the discretion of the president. The Board is committed to keeping homeowners informed and will continue to provide information on a regular basis through emails, mailings, newsletters, and the website (sphamembers.org).

**POLICIES, RULES AND REGULATIONS:** The Declaration of Covenants and Bylaws provide the rules and regulations that govern the operation of our community. The Covenants cover the common areas, recreational facilities, memberships and voting rights, architectural control, use of covenants and restrictions, and enforcement of covenant provisions. The Bylaws cover powers and duties of the BOD, annual and special meetings, membership and voting rights, and other procedural and organizational matters related to the association. Both documents also provide the BOD with the authority to make, amend, apply and/or interpret rules and regulations governing the use and activity of the common areas and recreational amenities. All those buying in the Salt Pond agree to abide by the Salt Pond Covenants and Bylaws.

During the monthly meetings, the BOD is continually encountering new problems and situations and must adapt or interpret our policies to cover the situation. The BOD periodically reviews specific policies, rules, and regulations with the goal of ensuring that our facilities are safe, well maintained, and pleasant. The BOD maintains the appearance of the community which helps to protect our property values.

#### **PRESIDENT'S REPORT:**

- We have now completed a year and one half under self management and while we cannot put a dollar figure on how much we have saved, there are several items which clearly indicate how effective our management team of Community Manager Mary Davis and Finance Manager Wendy Parker has been. A renegotiated three-year community-wide trash contract and has saved us \$18 per household per year. The electric services for our community operations now are provided by a power cooperative negotiated for three years through the Bethany-Fenwick Chamber of Commerce resulting in savings of some \$3,000 to \$4,000 per year.
- The indoor pool has been a large financial drain on our budget this year. It was closed for almost a month while the lining and tiles were replaced. I know some felt that it would have been better to close down the pool rather than repair it, but our indoor facilities are a big draw for potential home buyers and closing would have had a negative impact on our property values.
- Another unforeseen expense this year was the snow removal. We are grateful to Golf Course General Manager Bruce DeForest and Mechanic Stan Grella who plowed our streets, saving us a substantial amount of money.
- The kitchen has a new look. Thanks to Dave Flickenger, our maintenance employee, the floor has been replaced and two new stainless steel tables have been added. Hopefully this will attract more people interested in renting our facilities.
- The winter also has taken a toll on our roads and repaving them has now become a priority. The Board voted to have the engineering company that evaluated the roads in 2006 give us an updated price for repaving. The estimate is just under \$1,000,000. At the present time the Board is reviewing options to finance this venture.

- The kayak racks continue to be a source of contention among the homeowners and an issue that takes a tremendous amount of time and effort for Mary Davis. The Recreation Committee, which in the past has approved the procedures, will become more directly involved in this process next year. In accordance with their recommendations, slots will be allocated by lottery for two/three years. The January newsletter will give complete information on the process to be followed.

Our community is getting older and as a result some of the properties are not as well maintained as they should be. We live in a unique setting here at the Salt Pond and are trying to maintain the integrity of the community. If you happen to receive a letter from Mary indicating that your house needs to be power washed, your lawn needs to be mowed, or driveway weeded, please take care of the situation promptly. A reminder for all those who rent their homes during the summer season, only the BLUE renter's passes are to be used. Permitting renters to use the owner's guest pass could result in the suspension of the right to use the facilities. Again we thank all the volunteers who give of their time and talent in making the Salt Pond a wonderful place to live.

## COMMUNICATIONS COMMITTEE

Gary Clipp, Chairman

Information technology continues to play a major role in SPHA communications. The SPHA newsletter, website, and email are invaluable tools for sharing important BOD information and meeting minutes, committee updates, and community news.

- The **SPHA Newsletter** is published quarterly in April, July, September, and December.
  - Black & white copies are mailed to approximately 60 members who are either without email, or wish to receive a mailed copy in addition to an email version.
  - Emailed links to color copies go out to about 560 addresses representing 478 of the 536 members.
  - Use of email to distribute newsletter results in significant financial savings.

**(NOTE: If you do not receive email notification of the newsletter and have an email address, please contact the SPHA Community Manager to correct your email address or enroll for email.)**

- The **SPHA Website** is updated two to four times per month.
  - Members should reference it weekly for community updates.
  - Access for the past 12 months exceeded 25,000 visitors, or 70 per day, compared to 14,000 or 40 per day last year.
  - Home page “Hot Topics” contain content or links to all current information, such as upcoming Community Activities, Board Minutes, Newsletter, Finances, and current issues.
  - Visitors are encouraged to leave comments or suggestions on the Guestbook or email questions/comments directly to BOD members at [info@sphamembers.org](mailto:info@sphamembers.org)

(NOTE: If you have not visited our websites, we encourage you to do so. The SPHA website is found at [www.sphamembers.org](http://www.sphamembers.org) and the Salt Pond Golf Course website is at [www.SaltPondGolf.com](http://www.SaltPondGolf.com).

- The **SPHA Email** program has been used extensively since 2008 to communicate timely, important community information regarding events, alerts, reminders, etc.
  - A new Delaware law now requires your homeowners association to have a **signed** affidavit allowing the BOD to send you important documents such as annual meeting information, election proxies, etc., via email.
  - If you have not submitted a **signed** affidavit, please do so at your earliest convenience. Fill one out at the information desk at the annual meeting, or print one off the website and mail it to the SPHA office, 400 Bethany Loop, Bethany Beach, DE 19930.

Gary Clipp is editor and publisher of the newsletter, and webmaster of the SPHA and Golf Course websites. Your suggestions and comments on all communication topics are most welcomed. Please do not hesitate to contact Gary at [Saltponder@mchsi.com](mailto:Saltponder@mchsi.com).

## **LEGAL COMMITTEE**

Jim Kennedy, Chairman

- A major change since last year's meeting was the enactment of Title 25, Chapter 81 of the Delaware Law – Delaware Common Interest Ownership Act. It became effective Sept. 30, 2009. This law represents a major overhaul of the Delaware law related to the formation and operation of homeowner's associations in the state, including Salt Pond Homeowners Association. It is a complicated law that in some cases overrode provisions of the SPHA Declaration of Covenants, Conditions and Restrictions. The Board spent a great deal of time trying to understand how the new law would impact SPHA operations. SPHA was exempt from many of the new provisions because it was in existence before the effective date of the act. The Board has worked closely with outside counsel Bob Valihura to make sure interpretations were correct under the act. The Board now operates under the Association By-Laws, the Covenants and the new Act.
- As was noted last year, there are a number of individuals and families in the community who have not been paying their fair share of the special and annual assessments levied by the SPHA Board of Directors. Currently, there are six homeowners who have not paid some or all of the golf course purchase special assessment, penalty, and/or interest and eight homeowners who are in arrears for annual assessments, penalty, and/or interest. Some of these owners are delinquent on both accounts. The current past due totals more than \$26,000 (includes penalty and interest). Repeated efforts to collect past due amounts have, for the most part, failed to illicit any response let alone any plan to work out a convenient repayment schedule.
- As a result, since last June the Board has authorized an outside counsel to collect the past due accounts. To date, \$4,803 has been spent for these efforts. While the Board expects to collect most of these legal fees at the end of the process, some may not be recovered. All of the affected parties have been notified that the Board's lawyer will file actions in Sussex County to reduce the unpaid assessments to a legal judgment that when granted will be recorded as a lien against the property. This action is permitted by the SPHA Covenants. Also, under the new DE law referenced above, liens for unpaid assessments lapse after three years unless converted to a legal judgment. The new law also increases the interest rate to 18 percent on past due assessments, so the penalty for not paying is more severe.
- Outside counsel is routinely consulted whenever there is a matter being considered by the Board that likely will impact some or all of the Salt Pond community. Such activities include understanding how the state and federal fair housing laws might impact the community, the application of drainage easements in the community, and Salt Pond Plaza follow-up issues. These and other matters have been dealt with within the existing budget.

## PONDS AND WETLANDS COMMITTEE

Chris Brown, Chairman

- Engaged Envirotech to perform our Comprehensive Ponds/Wetlands Management for 2010. This includes six contracts for the common area ponds/wetlands and “Salt Pond beach Area” budgeted at a cost of \$42,260.28.
- Applied for and received approval from the Sussex Conservation District to begin a shoreline stabilization project on the Salt Pond canal side of the “beach area” which has been badly eroded. The project will include construction of a series of “Biologs” and plantings of grasses and shrubs to stabilize the shoreline. Sussex Conservation will share 50 percent of the project cost, estimated at approximately \$6,000. Construction should begin in June.
- Following the erection of all of the Conservation Easement (CE) signs, which denote the boundaries of the CE/Wetlands areas, members of the Salt Pond Homeowners Association (SPHA), and the Ponds and Wetlands (P&W) committee conducted a thorough inspection. Numerous violations (16) were discovered, mostly minor infractions, and the residents were notified of the violations in writing.
- In January, a joint inspection of the CE area was performed with a representative of the Delaware Department of Natural Resources and Environmental Control (DNREC). Ten CE violations were detected, and the DNREC representative mailed written notices (including copies of the Conservation Easement for educational purposes) to the affected property owners.
- *Owners of property* affected by the Conservation Easement MUST be aware that violations of the CE may result in punitive action by DNREC, including fines, *not SPHA*.

## **SALT POND GOLF COURSE OPERATIONS, INC.**

William Kester, President

The second year of SPHA ownership of the golf course ended as did the first, on a positive basis. Through the cooperation and hard work of General Manager Bruce Deforest, Golf Pro Art Whaley, Finance Manager Wendy Parker and the Board of Directors, the course continues to provide an attractive, well managed recreational area for thousands of golfers.

In 2009 the Board decided to run "Birdies," our snack bar, without an outside caterer to provide food services. Our thanks and congratulations go out to Charlie Smith, Pat Milstead, and Board member Dick Crawford for their untiring efforts to make self-management a reality.

Golf course interaction with Harris Teeter was completed with the replacement of signs and lighting damaged during construction and with the correction of drainage problems created on hole five. This year we will be installing a new irrigation well and pumping equipment as well as planning for the replacement of the bulkheading on hole ten. We have begun a budgeting process for the future replacement of our aging cart fleet with an intention of purchasing a number of carts in the next few years.

A golf course audit has been completed with positive results. The audit was prepared by an outside firm which found our financials to be in good order.

The Golf Board of Directors has presented to the SPHA Board of Directors a plan for term limits and replacement of Golf Board members. This area was silent in the original documents and the Golf Board feels there should be direction similar to that already in place for the SPHA.

I think you all should be pleased with the direction taken in management of the Salt Pond Golf Course. It has been financially successful and has become a favored course for many residents and tourists.

## **SALT POND PLAZA**

Michael Headman, Board Liaison to SPP Work Group

- Mr. Michael Zimmerman remains the principal owner and developer of the Salt Pond Plaza (SPP).
- Delaware Department of Transportation and the Conservation District gave final approval for the SPP in January.
- Harris Teeter (HT) held its Grand Opening on March 31.
- At this date, no additional plaza tenants have been identified. The remaining construction pads were mulched and landscaped at the Board's insistence.
- The painting of the water tower by HT is complete.
- Two new Salt Pond main entrance signs as well as three private road signs were installed in April. The repair and painting of the two SP signs outside of the community center also occurred at this time.
- Sodding of the berm occurred in May as well as the installation of the irrigation system.
- Additional plantings on the berm and on other Salt Pond common areas adjacent to the SPP may be necessary in the future.
- Analysis of SPP lighting continues.
- HT operational hours are 24/7 from Memorial Day through the Labor Day Weekend.
- The hot-mix repair of potholes along the edges of the roadway due to site work and construction traffic needs to be done a second time.
- Paving of the entire surface of Bethany Loop-Bethany Loop is to occur within one year of opening, or no later than March 31, 2011.
- The SPHA Board of Directors thanks Cheryl Wisbrock, SP resident and chair of the SPP Work Group, for her leadership and dedication to this project over the past three years. Without her diligence and skills, this project and its impact on the SP community could have been disastrous.
- The SPHA Board also acknowledges Rich Polk, SP resident, for his participation. Rich's knowledge and expertise, especially in regard to the inner workings of county and state agencies and the deciphering of schematic drawings, were invaluable.
- For additional information regarding the progress and events that have occurred June 2009 through May 2010, please refer to the monthly SPP updates recorded in SPHA Board minutes and to the past four SPHA newsletters (Summer 2009 – Spring 2010). These documents can be found on the SPHA website.