



## COVES PHASE II

PROPERTY OWNERS ASSOCIATION

[www.covestwo.com](http://www.covestwo.com) – [covestwo@gmail.com](mailto:covestwo@gmail.com)

Board of Directors Virtual Special Meeting

March 23, 2021 – 6:00 p.m.

### AGENDA

Call to Order: President Paxton

Roll Call: President: Kristifier Paxton  
Vice President: Houston Murillo  
Treasurer: John Gay  
Secretary: Denise Corbin  
At Large Position: Kylie Helmick

Approval of March 2, 2021 Virtual Meeting Minutes

*(President Paxton to Discuss Landscaping at Entrance. Present walk-on CIP item if available)*

Old Business:

1. Resolution 2021-005: Rules of Order of the Association

New Business:

1. *Reserved for possible walk-on CIP item RES 21-006*
2. President Paxton: Report from attorney
3. Board to Consider Amendment to Resolution 21-002 to address payment of attorney fees by the Treasurer.

Announcements:

1. Discussion about July meeting being a workshop meeting for Covenant Amendment recommendations for the full POA Meeting in October.
2. Next meeting is currently scheduled for July 6, 2021. Workshop Meeting – May be in-person pending Covid-19 restrictions.

Adjournment



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### Board of Directors Virtual Meeting March 2, 2021 Minutes

President Kristifier Paxton called the virtual meeting to order at 6:03 p.m. on March 2, 2021.

Roll call was taken with President Paxton, Vice President Murillo, Treasurer Gay, At-large Representative Helmick and Secretary Corbin in attendance.

The minutes of the February 2, 2021 virtual special meeting were posted on the Coves II website so were not read at this time. Treasurer Gay made a motion to approve the minutes with a second from Secretary Corbin. All present vote yes, motion passed.

Treasurer Gay presented a financial report for the month of February. It was reported we had a beginning balance of \$13,628.17 with \$4,141.00 income and \$169.25 in expenses for the month leaving an ending balance of \$17,599.92. Sixteen property owners were sent late notices for their annual dues.

#### Old Business:

1. Resolution 2021-001: Covered Entertainment Areas, Guest Houses, Pool Houses, Storage Buildings, Additions or Other Structures. President Paxton presented Resolution 2021-001 with the changes recommended from the February meeting. During the presentation several questions were asked and discussed. At the end of discussion, Vice President Murillo made a motion to table Resolution 2021-001 until the January 4, 2022 Board of Directors meeting. Treasurer Gay seconded the motion. All present vote yes, motion passed.

#### New Business:

1. Resolution 2021-003: Neighborhood Watch Committee: Vice President Murillo made a motion to table Resolution 2021-003 indefinitely, with a second from At-large Representative Helmick. All present vote yes, motion passed.
2. Resolution 2021-005: Rules of Order of the Association: President Paxton made a motion to table this resolution until the July 6, 2021 meeting, with a second from Secretary Corbin. All present vote, yes, motion passed



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Announcements:

1. The next Board of Directors meeting will be held on July 6, 2021 at 6:00 p.m.
2. President Paxton informed the Board that he had received an email from a property owner asking about installing a 20' x 40' chain link fence for a dog kennel. Since it was not a formal request asking to be put on the agenda, the Board discussed the question and President Paxton will inform the owner that according to the Covenants, chain link fences are not allowed.

There being no further business, Secretary Corbin made a motion to adjourn, with a second from Vice President Murillo. All present vote yes. President Paxton adjourned the meeting at 7:06 p.m.

PASSED AND APPROVED on March 23, 2021

APPROVED:

ATTEST:

\_\_\_\_\_  
Kristifier Paxton, President

\_\_\_\_\_  
Denise Corbin, Secretary



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FILE NUMBER RES 2021-005

### Board of Directors Authority and Rules of Order

**WHEREAS**, Bylaws Article VI Directors and Officers states in Section 6.5, “Duties of President: The President shall serve as a point of contact for the Members regarding all POA matters and shall preside over meetings, as needed. The President shall also carry out all other duties as may be prescribed by the Board. Otherwise, the President may not take any action without the express approval of the Board”; and

**WHEREAS**, Bylaws Article VI Directors and Officers states in Section 6.6, “Duties of Secretary: The Secretary of the Association shall keep the minutes of the meetings of the members and the Membership and shall keep and make all other records and reports, except for accounting purposes, necessary and proper to the operation of the Association”; and

**WHEREAS**, Bylaws Article VI Directors and Officers states in Section 6.7, “Duties of Treasurer: The Treasurer of the Association shall keep the books of account of the Association, maintain deposit accounts for the funds of the Association which shall be subject to withdrawal upon the signature of the Treasurer and whose signatures shall be duly certified to the depositories of the Association, and be responsible for the proper reporting to any governmental agency and the membership of the Association for funds received and paid out, including the responsibility to submit a financial report to the members at each regular member’s meeting and to the membership at the annual meeting of the membership”; and

**WHEREAS**, Bylaws Article VI Directors and Officers states in Section 6.8 “Duties of Directors: The business and property of the Association shall be managed by the Board of Directors and shall include, but not be limited to: keeping Association records; prepare budgets; fix, collect and enforce assessments; maintain and manage all Common Properties; pay applicable taxes. All decisions and actions of the Board shall be made by majority vote”; and

**WHEREAS**, Bylaws Article VI Directors and Officers states in Section 6.9 “Powers of Directors: The Board shall have the powers necessary for the administration of the affairs of the Association and may do all such acts and things, except for those acts or things which are exclusively reserved to the Members, to carry out said administration and to fulfill the obligations of the Association pursuant to the Declaration. These powers shall include, but not be limited to: adopting rules and regulations consistent with the Declaration for the management of the Subdivision; levy, collect and enforce assessments as provided for in the Declaration; sue Owners and others to collect delinquent assessments or cure violations of the covenants and restrictions set forth in the Declaration or other rules or regulations; borrow money and conduct banking



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transactions for the benefit of the Common Properties and the Subdivision; employ managing agents, accountants, and attorneys as needed”, and

**WHEREAS**, Bylaws Article VI Directors and Officers states in Section 6.10 “Execution of Documents: The Board shall have the power to designate the agents who shall have the authority to execute any instrument on behalf of the Association”.

NOW THEREFOR, BE IT RESOLVED BY THE BOARD OF DIRECTORS:

Section 1: In meetings of the Board of Directors or the Full POA, the President of the Association shall preside over the meeting as Chair. If the President is absent, the Vice President of the Association shall preside over the meeting as Chair. If the President and Vice President are both absent, the Secretary of the Association shall preside over the meeting as Chair. Three members of the Board are required for quorum for all meetings. Three votes in favor are required for any item to pass in a Board of Directors meeting. During a Full POA meeting of all members, the Chair must break any tie vote.

Section 2: Pursuant to Section 6.8, the Board authorizes the President and Vice President to issue Individual Assessments for violations of Bylaws or Covenants not addressed in other Resolutions, Bylaws, or Covenants, in the amount not to exceed \$100. The Board may authorize higher amounts if necessary. These assessments may be appealed to the full Board of Directors within 10 days in writing by the Owner which received said assessment to the Secretary.

Section 3: Individual Assessments shall be due within 30 days and must be paid to the Treasurer. Failure to pay individual assessments shall result in late fees of \$25 per month beyond the date which the payment is due.

Section 4: Any and all dues equal to or exceeding \$500 may be filed as a lien pursuant to “Section 3. Assessments” of the Covenants.

Section 5: The Board designates the President, or the Treasurer when directed by the President, may act as the agents who shall have the authority to execute any instrument on behalf of the association.

*PASSED and APPROVED on 03/23/2021*

APPROVED:

ATTEST:

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\_\_\_\_\_

Kristifier Paxton, President

Denise Corbin, Secretary



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FILE NUMBER RES 2021-06

### **CIP – LANDSCAPE EASEMENT IMPROVEMENTS**

**WHEREAS**, RES 2020-03 establishes the Board of Director’s Capital Improvements Program; and

**WHEREAS**, the costs associated with maintaining the grass area are excessive in comparison to the amount of space to maintain; and

**WHEREAS**, it would be more beneficial and aesthetically pleasing to the association to expand the mulched area and vegetation to the extents of the easement; and

**WHEREAS**, lower maintenance solutions will result in lower fees and provide a return on investment to the Owners within the Association.

NOW THEREFOR, BE IT RESOLVED BY THE BOARD OF DIRECTORS:

Section 1: The Board of Directors authorizes the President and Treasurer to enter a one-time contract with \_\_\_\_\_ to expand the mulched area of the landscape easement at the front entrance to the sidewalk in the amount of \$ \_\_\_\_\_.

Section 2: The Board of Directors authorizes the Treasurer to pay an invoice for the amount due, plus applicable taxes and include a contingency of no more than 10% beyond the approved amount in Section 1 after the inspection of the installation by the President and Treasurer. Further fees or costs shall require approval by the Board of Directors.

*PASSED and APPROVED 03/23/2021*

APPROVED:

ATTEST:

\_\_\_\_\_  
Kristifier Paxton, President

\_\_\_\_\_  
Denise Corbin, Secretary



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KNIGHT LAW FIRM  
PO Box 1272  
Fayetteville, AR 72702  
Phone: (479) 571-0014  
Fax: (877) 450-0781

Invoice submitted to:

Cove II (POA)

Invoice #	21125
Invoice Date	03/04/2021
For Services Through	03/04/2021
Terms:	N/A

<u>Date</u>	<u>By</u>	<u>Service Summary</u>	<u>Hours/Rate</u>	<u>Amount</u>
In Reference To: <b>Contract Dispute (Legal Services)</b>				
02/04/2021	CEH	Review "Agreement Establishing Right in Real Property" between Holland Crossing Duplexes Property ("Holland"), Rausch-Coleman Homes, LLC ("Rausch-Coleman"), and Coves II POA; Researched entities' standing on the AOC.	1.25 at \$ 175.00/hr	\$ 218.75
02/04/2021	KVK	Discuss possible outcomes for Cove II contract dispute with CEH; Review agreement between Rausch-Coleman and Coves II	1.00 at \$ 300.00/hr	\$ 300.00
02/10/2021	CEH	Review Declaration of Covenants; Multiple memos with Kristifer Paxton (POA Board President); Research caselaw regarding to back pay on POA expenses	1.25 at \$ 175.00/hr	\$ 218.75
03/03/2021	CEH	Phone call with Kristifer Paxton discussing the best course of action for the POA to take moving forward	0.40 at \$ 175.00/hr	\$ 70.00

*Total Hours: 3.90 hrs*  
*Total Legal Services: \$ 807.50*  
**Total Invoice Amount: \$ 807.50**  
**Invoice Amount After (\$150.00) Discount: \$ 657.50**  
**Previous Balance: \$ 0.00**  
**Balance (Amount Due): \$ 657.50**

Payment Terms: Payment is due upon receipt. Any payment not received by Knight Law Firm within 10 days of the date of this invoice will be charged a \$50 late fee.

We appreciate your business.

EMPLOYER IDENTIFICATION NUMBER: 46-4560510



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### LEGAL SERVICES FOR THE POA WITH KNIGHT LAW FIRM

**WHEREAS**, the Covenants, Section 4, *Duties and Powers* of the association states, “The affairs of the Association shall be conducted by its Board. In addition to the duties and powers of the Association as set forth in the Bylaws, or as hereinabove set forth, and in order to carry out the obligations of the Association, the Board shall have the following rights and powers and may provide for and pay for, out of assessments, the means to exercise the following rights and powers” part (b) stating “Hire legal and accounting services to serve the Association”; and

**WHEREAS**, the Covenants, Section 3, *Assessments*, part (g) Collection. states “No set-off shall be allowed to any Lot Owner for repairs or improvements, or for services contracted for by any Lot Owner without the express written authorization of the Board. The Board shall be entitled to collect from the Lot Owner all legal costs, including a reasonable attorney’s fee incurred by the Association in connection with or incidental to the collection of such assessment, or in connection with the enforcement of the lien resulting therefrom. The lien of the assessments shall be subordinate to the lien of any bona fide first mortgage upon a Lot”; and

**WHEREAS**, the Covenants, Section 12, *Enforcement of Obligations; Miscellaneous* states “(a) Each Owner shall be governed by and shall comply with the terms of these Covenants and the Bylaws of the Association. Upon failure of an Owner to so comply, the Declarant, the Association, any mortgagees having a first lien, or other Owners shall have the right to institute legal proceedings, and the prevailing party shall be entitled to recover its or his legal costs, including reasonable attorney’s fees. The failure of any of the foregoing named entities or persons to enforce any right, requirement, restriction, covenant, or other provision of the hereinabove named documents, shall not be deemed to be a waiver of the right to seek judicial redress against subsequent noncompliance therewith”; and

**WHEREAS**, the President of the Association gathered or attempted to gather three quotes for consideration for legal services, being Knight Law Firm with a quote of \$175 per hour to \$300 per hour depending on which attorney is completing required work, Hall Estill Attorneys at Law being \$435 per hour, and Sexton Bailey Attorneys without a quote provided; and

**WHEREAS**, the President explored options with the University of Arkansas “Pro Bono” program and found that the POA is not eligible for these services; and

**WHEREAS**, the Board of Directors expressed a need for legal services.

NOW THEREFOR, BE IT RESOLVED BY THE BOARD OF DIRECTORS:

Section 1: The Board authorizes an agreement with Knight Law Firm to provide legal services as needed for official matters of the POA.

Section 2: The Board authorizes the President, Vice-President when acting in the capacity of the President or in actions against the President, and the Treasurer the ability to utilize legal services on behalf of the POA as needed.





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Section 3: The Board hereby defines “reasonable attorney’s fee” as the full invoiced amount or combination of multiple invoices for any specific legal action as provided by Knight Law Firm to include hourly rates and also any additional fees associated with any legal actions taken on behalf of the POA.

Section 4: The Board authorizes the Treasurer to apply an Individual Assessment to lot owners for reasonable attorney’s fees as defined in the Covenants if any Owner unsuccessfully takes any legal actions against the POA. The Board of Directors may allow payment arrangements on a case-by-case basis in payment amounts and times to be determined by the Board of Directors.

Section 5: The Board authorizes the Treasurer to apply an Individual Assessment to lot owners for reasonable attorney’s fees as defined in the Covenants for any failed collections. The Board of Directors may allow payment arrangements on a case-by-case basis in payment amounts and times to be determined by the Board of Directors.

Section 6: The Board authorizes the President in conjunction with the Treasurer to utilize legal services to process any lien of any bona fide first mortgage upon a Lot as defined in the Covenants in increments of \$500. Any such legal services shall be subject to Section 4 and Section 5 of this resolution.

Section 7: The Board authorizes the Treasurer to process payments of invoices not to exceed \$1,000 to Knight Law Firm for services rendered as requested by the Board of Directors. Such payments shall be considered “existing contractual obligations or work completed” pursuant to Resolution 2020-001, Section 4. Invoices exceeding \$1,000 or invoices that appear to have discrepancies, unusual charges, or charges that were not the result of a request from the Board of Directors must be brought forward to the Board of Directors as a separate resolution.

*AMENDEMENT TO 2021-002 PASSED and APPROVED on 03/23/2021*

APPROVED:

ATTEST:

\_\_\_\_\_

\_\_\_\_\_

Kristifier Paxton, President

Denise Corbin, Secretary