

6. Manager's Report (copy attached)

Alley potholes and drainage were discussed. Mr. Callanan and Ms. Nagy were instructed to develop an alley maintenance process, and to report back to the next meeting.

7. Bylaws

Mr. Hanlon was directed to post the proposed new Bylaws on the website for member comment, and to send notice to all email subscribers. Member comments will be forwarded to all Board members and will be discussed at the October 18 Board meeting.

8. Nominating Committee

Messrs. Callanan, Hanlon and Smith were appointed to a Nominating Committee charged with identifying candidates for the two open Board positions created when Ms. Morton and Mr. Hanlon complete their three-year term in January 2007.

9. Management Contract

Mr. Smith was appointed as chair of a committee charged with developing a Request for Proposal for a new management contract. Messrs. Callanan and Purbrick were appointed members of this committee. Ms. Morton will consult on Townhome issues.

10. Rainbow Soccer

Mr. Hanlon proposed that "the Association extend its Fall contract with Rainbow Soccer for a second hour on Tuesdays and Thursdays." After discussion, the motion carried.

11. 2007 Meeting Schedule

It was proposed that the AGM be held on Tuesday January 30, 2007. Ms. Nagy was asked to inquire whether a meeting room is available at Scroggs on that date. Mr. Smith volunteered to draft a schedule of Board meeting dates for the coming year, for review at the next meeting.

12. 2007 Budget

Mr. Smith presented a first draft of next year's budget. As part of a fruitful discussion the following action items were agreed:

- Pond maintenance: Mr. Smith and Ms. Nagy to obtain cost estimates.
- Tree maintenance: Mr. Smith and Ms. Nagy to obtain cost estimates.
- Market Street events: Ms. Morton and Mr. Purbrick to clarify what events are planned, and their cost.
- Management fees: Ms. Morton and Mr. Smith to determine an appropriate increase in HRW's fees.
- Playground Equipment: Mr. Mraz and Mr. Smith to determine the likely cost of replacing the Highgrove and Edgewater park equipment.

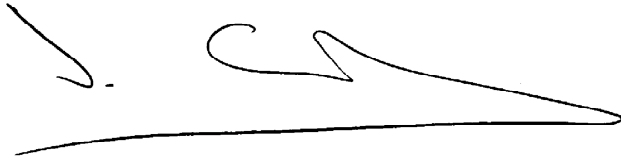
13. Architectural Review Guidelines and Good Neighbor Policy

Mr. Purbrick presented a document combining the AR Feedback committee's January 2006 proposed Architectural Review Guidelines, and the ARB's proposed modifications to it. The two groups seem to agree on more than 90% of the topics, with the main differences limited to some parts of the administrative process, the house color

specifications and the fence painting specifications. The Board is to review the document in detail at the October meeting.

Some Board members expressed reservations about covenant enforcement, which is not included in the proposed Architectural Review Guidelines, but is covered in the proposed Good Neighbor Guide. The Board is to review this document at the October meeting.

The meeting was adjourned at 10:45 PM.

A handwritten signature in black ink, appearing to read 'J. Purbrick', with a long horizontal line extending to the right.

Jeremy Purbrick, Secretary

SOUTHERN VILLAGE HOMEOWNERS ASSOCIATION, INC.

c/o HRW, inc.
3815 Barrett Drive Raleigh, NC 27609
919-783-9530 or 783-9534 Fax

Board meeting: September 6, 2006

TO: Board of Directors
FROM: Eniko Nagy
DATE: September 1, 2006
RE: Manager's Report

Enclosures

July 2006 Financials

Proposed 2007 budget

Homeowner forum: 7:00 – 7:10 Susan and Herry Venker (126 Tharrington)

7:10 – 7:15 Scott Morrison (102 Eastgreen) – dead trees in Arlen

Park

7:15 – 7:20 Jay Passmore (803 Edgewater) – drainage in the alley

Rainbow Soccer

Rainbow Soccer has again asked to use the Soccer field for the fall soccer season. Their season runs from September 6 to November 2.

In the past they used the field for four days a week, Monday through Thursday, from 4 to 5 pm. This fall, they are requesting an extra hour, 5 to 6 pm, on Tuesday and Thursday.

TH Painting

We mailed out a questionnaire to all the townhome owners whose buildings were painted in 2004 and 2005. Once we get all the responses, Carl will look at the buildings, add whatever he finds in addition to the reported items, and do a touch-up work covered under his warranty. This will happen at the end of September – beginning of October. There are still three buildings in TH2 that need to be painted. They were not included in the touch-up work last year because they were in worse condition than what a touch-up could fix, and the SVTC decided to have them painted this year. So far I have not heard when the SVTC plans to have the painting done.

Keys for Riser Rooms

Dick Lowe reported that some of the riser rooms can be easily opened and people may be getting in and resetting the sprinkler timers. I have asked a locksmith to look at the locks and either change the lock or fix the existing one.

Tree Replacement

We have a list of about 20 trees that need to be replaced throughout Southern Village. Ecoscapes will schedule the work for the end of October.

Insurance

With the Treasurer, we have decided to pay off the insurance policy for the year. Southern Village does not face cash flow problems, and can afford to pay the insurance in

one premium. This also saves the service charges we were paying for the privilege of paying in installments.

2007 Budget

I am attaching the proposed budget for 2007. Tony Smith prepared the master budget. I did not get any feedback from the SVTC for the TH budget yet, so I worked with no increase in assessments.

The landscape contract for 2007 will increase by 5%. HRW is also asking for 5% on the common contract, while for the townhomes, we are proposing an increase from \$8.40 to \$9.00. This will cover for the additional tasks that were added to our contract, such as termite protection.

Dead Trees in Arlen Park

There are about eight dead trees in Arlen Park that need to be removed. Ecoscapes gave us a quote of \$3,850 to have them cut. I am also getting a quote from Trugreen. They just changed the manager for Southern Village, and I was in contact with the new manager (who is getting married this weekend). Hopefully I will be able to have a quote by the meeting.

Basketball Court

The basketball court has a sinking on the right hand side, if looking from the pool. I am talking to Americourt to have this fixed under their warranty.

Potholes

There are a couple of potholes in some of the alleys.

In the alley behind 522 Highgrove there is a sink hole that needs to be repaired.

416 Copperline – There is a small crack in the driveway and also a crack near the concrete under the front door right off the sidewalk.

Does the Board want to schedule these two repairs, or do we plan a bigger alley repair?