

**Fountain Hills Community Association
Board of Directors Meeting
August 6, 2009**

The Board of Directors of Fountain Hills Community Association held a Board of Directors Meeting at the Up-County Regional Services Center on August 6, 2009 at 7:30 p.m.

Board Members Present:

Siu Poon, President
David Holtzman, Treasurer
Daryl McFadden, Director
Shirley Fair, Director
Frank Walsh, Secretary (Arrived at 7:40 p.m.)
Vernard McBeth, Director (Arrived at 7:40 p.m.)

Also Present:

Stephon Collins, Community Manager
Ruth Ann Allen, Recording Secretary

Board Member Absent:

Sue Adamkiewicz, Vice President

Homeowner Present:

Nick Malabir, 19009 Mediterranean Drive

A. CALL TO ORDER

The Board of Director Meeting was called to order by Siu Poon at 7:31 p.m.

B. REPORTS OF OFFICERS AND DIRECTORS

1. David Holtzman, Board Treasurer, mentioned that a Board member had inquired about the rate of delinquencies in the Fountain Hills Community. Mr. Holtzman looked at the delinquencies in the three different neighborhoods with accounts that were 90 days or more in arrears. The total amount of arrearage is about \$45,345 which is slightly less than ten percent (10%) for the FY 2008-2009. This amount is about average for a community the size of Fountain Hills in the Washington Metropolitan area. The approximate amount of monies owed by each of the three neighborhoods is: Condominium - \$16,600; Townhouses - \$24,300; and Single Family Homes - \$4,450.

2. David Holtzman mentioned that some members of the Board and Management had received an anonymous letter stating that the Treasurer of the Fountain Hill Community Association was taking a kickback from the Management Company and other vendors. Mr. Holtzman stated that he does not have any financial investment in Vanguard Management and has no financial interest in companies that are involved with Vanguard Management. Mr. Holtzman is a government employee and his financial records are public knowledge. He stated that he has received no such payments.

Mr. Holtzman requested that anyone with evidence of misdeeds by him or by Vanguard Management, should bring this information forward.

3. Vernard McBeth mentioned that the violation matter at 13355 Rushing Water Way should not have been included in the Management Report. Management responded that this was included in error.

Mr. McBeth asked Management concerning the installation of the playground equipment. Management replied that the equipment is on order.

C. MINUTES

Frank Walsh amended the minutes to reflect that the monies for the playground will be paid with \$19,000.00 from reserves and the remainder from the operating account.

MOTION: (Siu Poon/Vernard McBeth) Approve the July 2, 2009 Board of Directors Minutes as amended.

Vote: Motion Passed - 5 ayes/1 abstention (Vernard)

Vernard McBeth stated that he did not feel that the July 3, 2009 minutes reflected his opinion correctly.

D. REPORT OF COMMITTEES

1. Fountain Hills Condominium

a. *Replacement of Sprinkler Heads*

David Holtzman reported that the replacement of the sprinkler heads has been completed and went smoothly and without complication.

b. *Condominium Parking Lot Repair*

This item will be covered in the Management Report.

2. Enforcement Committee

Vernard McBeth asked the Board how vigilant they wanted to be about plain site violations, since the criteria could change as the Board changes. Mr. McBeth mentioned that the majority of the violations occur in the areas by the pool and Lake Geneva. Further, many of these violations are ones that were previously cited, but have never been corrected. Mr. McBeth noted that if the violations are never corrected, it is pointless to cite the homeowner.

According to the By-Laws, the homeowner has fifteen (15) days to correct the violation. A fine cannot be levied until the homeowner has a chance for a hearing. The hearing must be requested by the homeowner within five (5) days of violation letter. The Board requested that Management change the violation letter to reflect this schedule.

3. ARC

Management received a letter from Jen Brill, chairman of the ARC, stating that she will be stepping down as chairman of the ARC as of July 28th. The other members on the ARC have declined the invitation to take over as chair of the committee. The Board requested that Management draft a letter of thanks to Ms. Brill for her service to the ARC.

The ARC received and approved three (3) applications.

4. Social Committee

David Holtzman reported that there was a good turnout for the community picnic. Mr. Holtzman thanked those people who planned this event: Siu Poon and her husband, Sue Adamkiewicz, Shirley Fair, and Carmen Berrios. It was estimated that 200 people attended. The leftover food was delivered to the Dwelling Place, a homeless shelter in Gaithersburg. The final cost is not yet known due to pending Costco returns.

E. MANAGEMENT REPORT

1. Fence Repair

Management received a proposal from Frederick Fence for another rail to be installed on the fence for \$2,861.00. Management and Board members have noticed that the panels on the fence are still being pulled apart in order for people to pass through the fence.

Vernard McBeth stated that he is not convinced that the addition of another rail will prevent people from going through or over the fence. He suggested that the addition of unfriendly bushes would help deter people from going through the fence.

MOTION: (David Holtzman/Daryl McFadden) Accept proposal from Frederick Fence for additional rail four (4) feet off the ground to re-enforce the fence for \$2,861.00.

Vote: Motion Passed - 5 ayes/1 nay (Vernard)

2. Pool Management

a. Leak in Wall

Management discovered a leak coming from the janitorial closet located in the men's restroom. Management contacted Gaithersburg Plumbing, and it was determined that there was a two (2) inch pipe leak in the wall. The cost of repairs was \$221.80. The pool company did not report this leak.

b. Pool Passes

Management noted that seventy-five (75) pool passes were delivered to the pool for sale to homeowners. There are approximately thirty (30) pool passes remaining, but no funds to account for them. Management will request that Winkler Pool reimburse the Association for the value of these pool passes.

c. Testing of Water on Sidewalk

The results of the water running on the sidewalk showed that it is combination of dirt and suntan oils mixed with pool water and not toxic.

d. Water Drainage Issue

Management arranged for an engineer to review the matter of water coming from the pool. The engineer is scheduled to complete his second site visit on August 10, 2009. Once Management has the report from the engineer, it will be forwarded to the Board.

3. Asphalt Repair for the Condominium

Management received an email from David Holtzman, Fountain Hills

Condominium, requesting that the Association pay for repairs to the Condominium parking lot and a portion of a road that was believed to be damaged from pool water draining into the parking lot and street. The cost of the repairs submitted by O'Leary Asphalt, Inc. is \$6,491.00.

Siu Poon, Board President, suggested that the Condominium solicit more estimates for the work. Mr. Holtzman replied that the HOA has used O'Leary's Asphalt in the past and they have been the lowest price, but the Association can solicit other bids.

Vernard McBeth questioned if the damage to the parking lot and street is dangerous or if the repairs are aesthetic. Mr. McBeth stated that if there is no immediate danger, then the leak from the pool should be fixed first. Some members of the Board suggested that the asphalt repairs be put on hold until a report is received from the engineer investigating into the pool leakage.

Mr. Holtzman stated that the Condominium is offering to approach this matter in a neighborly fashion, but the HOA could make this matter more difficult by delaying. The Condominium has requested that this work be done before winter, so the snow plows don't do additional damage to the asphalt.

Frank Walsh stated that the Condominium Board does not feel as strongly as Mr. Holtzman concerning the repairs to the asphalt.

The Board, except Mr. Holtzman, agreed that they would like to have the report from the pool engineer before a decision is made on the asphalt repair.

4. Fountain Repairs/Management

Management requested proposals for repair of all three (3) fountains in the Association. Winkler Pools quoted a price of \$5,155.00. Community Pools quoted a price to repair the fountains at \$3,128.00. Community Pools also included a quote to maintain the fountains for the remainder of the year and winterize them which would cost between \$3,260.00 and \$3,530.00. RSV Pools provided a quote to repair one (1) fountain for a cost of \$550.00. RSV Pools also included a quote to maintain the fountains and for winterization at a cost of \$3,052.00.

Siu Poon questioned whether the Association would be able to get credit from Winkler Pools if Community Pools or RSV Pools finished out the year's contract for maintaining the fountains. The Association does not want to double pay for maintaining the fountains.

MOTION: (Vernard McBeth/Daryl McFadden) Have Community Pools be given the contract for repairs of the fountains at Fountain Club Drive and Fountain Hill Drive for \$829.50 and maintain the fountains for the rest of the season and have Winkler Pools repair the fountain at Lake Geneva Way for \$1,509.00.

David Holtzman mentioned that if the consensus of the Board is that Winkler Pools is not performing the services we paid them for, why would we give them the contract to repair the fountain on Lake Geneva Way. It is also a lot of time and energy to see that Winkler Pools does the repair right and to get the money back for not maintaining the fountains for the rest of the season. Mr. Holtzman does not support the motion that gives Winkler Pools work in the Community.

The contract can be terminated with cause in ten (10) days and without cause in

thirty (30) days.

Vernard McBeth withdrew his motion.

The Board agreed to wait until after the pool season is over and hold Winkler Pools to fulfilling their contract. The contract will end October 31, 2009. The fountains will remain off and the Board will reassess the fountains maintenance at a later date.

F. LEGAL/COLLECTIONS

1. 18715 Sparkling Water Drive, Unit T3

The property was foreclosed on by the mortgage company in October 2008. The property has been transferred from the bank to a new homeowner. All monies due from October 2008 until the present have been paid by either the bank or the purchaser.

MOTION: (Siu Poon/Vernard McBeth) Write off \$1,059.92 as bad debt for 18715 Sparkling Water Drive, Unit T3.

Vote: Motion Passed - 5 ayes/1 abstention (David)

2. Delinquency Status Report

There are four (4) big past due accounts. No action is needed by the Board at this time.

3. 13355 Rushing Water Way

Settlement is scheduled for 7/31/09. No action is needed by the Board.

G. CORRESPONDENCE

1. 18600 Little Star Lane

The homeowner is requesting that the Association reimburse the \$158.00 towing charge as the homeowner insists he was not in a fire lane and only blocking his own driveway and therefore, towed illegally.

Vernard McBeth agreed that the homeowner was not parked in a fire lane, but the By-Laws do state that a vehicle cannot be parked on the apron of the driveway or sidewalk. He was cited for the wrong violation by the towing company.

Frank Walsh pointed out that the Board had previously passed a resolution that prohibits parking on the apron of a driveway and Montgomery County law also states that you cannot park on the apron. The Board agreed that the car in question was parked illegally, but G&G, the towing company, cited the wrong reason when they towed the car. It was suggested that the homeowner seek reimbursement from the towing company.

MOTION: (David Holtzman/Frank Walsh) Deny request for reimbursement of towing charge for 18600 Little Star Lane.

Vote: Motion Denied - 2 ayes/4 nays (Siu, Daryl, Shirley, Vernard)

MOTION: (Daryl McFadden/Shirley Fair) Reimburse the homeowner \$158.00 for towing charge at 18600 Little Star Lane.

Vote: Motion Passed - 4 ayes/2 nays (Frank/David)

David Holtzman reminded the Board that this is a hard cost and the Association is paying for the reimbursement.

H. INVESTMENT ACCOUNT

There is currently \$27,815.15 in the Smith Barney money market certificate. This is over the \$25,000.00 FDIC limit. This \$25,000.00 limit applied to institutions that are not banks. Management recommends purchasing a one (1) year CD in the amount of \$10,000.00.

There are also three (3) CDs maturing in the next several months. Management recommends that these CDs be reinvested for a period of five (5) years, until 2014.

Management stated that banks are calling the higher rate CDs.

MOTION: (Vernard McBeth/Siu Poon) Put \$10,00.00 in a CD for one (1) year and reinvest the three (3) CDs (one in August 2009, and two in October 2009) for five (5) years.

David Holtzman remarked that this plan is not acting in the best interest of the community. He suggested that the monies be put in a Money Market account temporarily and reassess the strategy later. Mr. Holtzman stated that only investment houses are calling in the high rate CDs and community banks and credit unions are not. He suggested that the Association needs to relook at the investment strategies. Mr. Holtzman stated that these are two separate issues.

Vernard McBeth withdrew his motion.

MOTION: (David Holtzman/Daryl McFadden) Reinvest the \$10,000.00 from the Money Market Account into a Smith Barney CD for one (1) year as recommended by Management to bring the account below the FDIC limit.

Vote: Motion Passed - 6 ayes

MOTION: (David Holtzman/Siu Poon) When the August and October CDs come due, place the funds in a Wachovia Money Market Account at which time the Board will discuss the investment strategy and investigate other options for the Association to invest their money.

Vote: Motion Passed - 5 ayes/1 nay (Vernard)

I. UNFINISHED BUSINESS

1. Response of the Condominium Legal Counsel to Plain Site Violations by the HOA Enforcement Committee

Vernard McBeth asked Mr. Holtzman about the final determination from the Condominium's legal counsel on plain site violations between the Condominium and the HOA. David Holtzman responded that he was not prepared to discuss the matter at this time and is not interested in discussing this matter until it is placed on the agenda. Management will place this item on the agenda for next month.

J. ADJOURNMENT

MOTION: (Siu Poon/David Holtzman) Adjourn the Board Meeting at 9:20 p.m.

Vote: Motion Passed - 6 ayes