

Corrected as approved on July 7, 2016

**Fountain Hills Community Association
Board of Directors Meeting
June 8, 2016**

The Board of Directors of Fountain Hills Community Association held a Board of Directors Meeting at the UpCounty Government Center, on Wednesday, June 8, 2016 at 7:30 p.m.

Board Members Present:

Tom Brennan, President
Nick Mahabir, Vice President
Harry Matchett, Treasurer
Frank Walsh, Secretary
Siu Poon, Director
Hari Donthi, Director
Sherry Lee, Director

Also Present:

Laura Etchison, Community Manager
Richard Allen, Recording Secretary

Homeowners Present:

David Holtzman, 18715 Sparkling Water Drive, Unit 102
JoAnn Windsor, 18933 Fountain Hills Drive

A. CALL TO ORDER

The June Board of Directors Meeting was called to order by Tom Brennan at 7:37 p.m.

B. MINUTES

1. May 5, 2016 Board of Directors Meeting Minutes

MOTION: (Tom Brennan/Siu Poon) Approve the May 5, 2016 Board of Directors Meeting minutes as edited.

Vote: Motion Passed - 5 ayes/0 nay/2 abstentions (Matchett, Poon)

C. FY2016 BUDGET AND DELINQUENCY STATUS

Management reported on the financial status as of March 2016. After three quarters, FHCA is slightly ahead of budget on Income and significantly under budget on Expenses, with significant savings in the categories *General and Administrative*, *Pool*, and *General Maintenance and Repairs*. The only area above budget is the Contract services, where the overage is due to high snow removal costs. Similar reports were made for the Townhome and Village Supplements.

Management also reported that FHCA continues to have a significant delinquency problem, with approximately 115 delinquencies for a total of \$211,769.00, of which \$192,846 is over 90 days. The Board noted that this total represents approximately twenty-five percent (25%) of the total budget and asked Management to provide a breakdown as to how many homeowners are delinquent more than ninety (90) days, sixty (60) days, and thirty (30) days.

D. FY2017 BUDGET REVIEW AND APPROVAL

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Management noted that only two homeowners provided written comments on the draft budget – Frank Walsh and David Holtzman – and that since both were present, their comments would be addressed in the following discussion.

Management provided the Board a new version of the Draft FY2017 Budget. There are two (2) changes from the Draft Budget provided to the Board and mailed to the community. The first two (2) changes were corrections of errors in calculation of the Assessment Income in lines for the **4026 Assessment - Village Homes (163)** and **4026 Assessment - Townhomes (472)**. The intention was to increase the assessments income by exactly two percent (2%); the increase in the original Draft Budget was slightly higher (\$108,119.55, rather than \$108,127.68 for the Village Homes and \$313,082.36, rather than \$313,105.92 for the Townhomes). With the correction, the base Assessment for all units would be \$50.16. The final change was the addition of \$7,500.00 to line **16021 Bad Debt** of the Townhome Supplemental Budget, set to the same amount in the FY2016 budget. Management recommended that a letter be sent to the homeowners to explain the changes and inform them of the new assessment.

Management also reviewed the differences between the FY2017 and FY2016 budgets, highlighting negotiated savings in line **6120 Property Management Fee** and line **6401 Pool Management**. Other lines items were increased to reflect FY2016 experience. Management also noted that a number of detailed line items in the *Income* and *General Administration* sections were removed to streamline the budget and the amounts – if needed – were rolled into remaining line items.

Board members made additional suggestions for line items that may be removed in future budgets, including how to account for funds that come in through the collections process.

Management noted that the Auditor recommends keeping certain line items that were added in FY2016 and suggested that the Board consider meeting with the Auditor to discuss these issues.

MOTION: (Hari Donthi/--) Approve Budget as presented, removing lines **4090, 6095, and 6080**.

Motion died as there was no second

Members of the Board asked why there were no lines for Bad Debt and/or Legal Income in the Supplemental Budgets. Neither Management nor any Board members knew the reasoning behind this decision.

David Holtzman inquired why the Trash Removal expense was in the General Budget, rather than the supplements for the homeowners who benefit from it. Neither Management nor any Board members knew the reasoning behind this decision. It was noted that the by-laws should be reviewed before considering moving the Trash Removal expense to the Supplemental Budgets.

Mr. Holtzman note that the Board needed to eliminate the deficits from the supplemental budgets before approval, as Maryland law prohibits passage of an HOA budget with a deficit. It was observed that the deficits in the Draft Townhome and Village Supplemental Budgets could be eliminated by increasing the monthly assessments for these units by \$1.33 and \$0.47, respectively.

Alternate approaches for eliminating the deficits were reducing the Reserve Fund

Payback lines (**17151** and **27151**) and/or the Operating Contingency lines (**16800** and **26800**).

MOTION: (Hari Donti/--) Approve Budget as presented, removing lines **4090**, **6095**, and **6080** and setting the monthly assessments as follows:

Single Family at \$55.17,
Village at \$65.00,
Townhomes at \$91.85, and
Condominium at \$50.16

Motion died as there was no second

MOTION: (Siu Poon/--) Approve Budget as presented, setting the monthly assessments as follows:

Single Family at \$55.17,
Village at \$65.00,
Townhomes at \$91.85, and
Condominium at \$50.16

Motion died as there was no second

MOTION: (Harry Matchett/Sherry Lee) Approve the assessment as sent to the homeowners, with monthly assessments as follows:

Single Family at \$55.28,
Village at \$55.28 + \$8.97,
Townhomes at \$55.28 + \$35.35, and
Condominium at \$50.27

Vote: Motion Passed - 3 ayes/2 nays (Walsh, Poon)/2 abstentions (Mahabir, Brennan)

MOTION: (Harry Matchett/--) Reduce the Reserve Fund paybacks such that the Supplemental budgets balance out, changing line **17151** to \$16,784 and line **27151** to \$882.26.

Motion died as there was no second

MOTION: (Tom Brennan/Hari Donti) Reconsider the FY2017 budget.

Vote: Motion Passed - 4 ayes/2 nays (Matchett, Lee)/1 abstention (Walsh)

The Board discussed options for eliminating the deficits in the Supplemental Budgets, focusing on deferring payback to the reserve funds until the reserve study is brought up to date.

MOTION: (Harry Matchett/Sherry Lee) Approve the FY2017 budget as approved earlier.

Vote: Motion Failed - 3 ayes/3 nays (Brennan, Poon, Walsh)/1 abstention (Mahabir)

MOTION: (Tom Brennan/Hari Donti) Approve the FY2017 budget as received from Management with the following changes:

Reduce line **7151** by \$6,214.00,
Increase line **6166** by \$6,214.00,
Reduce line **17151** by \$7,500.00, and

Reduce line **27151** by \$919.74

Vote: Motion Passed - 4 ayes/2 nays (Matchett, Walsh)/1 abstention (Mahabir)

Nick Mahabir departed the meeting at 10:00 p.m.

E. MANAGEMENT REPORT

1. Collection Policy

Management distributed a copy of the “Policy Resolution for the Collection of Assessments” for the Board’s review and approval. Management noted several items for the Board to consider changing: the time after the due date that a late fee would be added for unpaid assessments, setting the late fee as a flat fee, and removing a \$5.00 processing fee. Management explained that the processing fee was added at the request of the previous management company to cover their costs, but that IKO does not typically charge such a fee.

MOTION: (Tom Brennan/Siu Poon) Modify the Policy Resolution for the Collection of Assessments with the following changes:

Change the date at which a late fee may be imposed and a first month delinquency be recognized from 30 days to 15 days,
The late fee is to be set at a flat \$15.00,
Eliminate the \$5.00 processing fee, and
Change the effective date to August 1, 2016

Vote: Motion Passed - 5 ayes/1 nay (Matchett)/0 abstentions

2. Pool Issues

Several items were noted as necessary or useful for pool operations this summer. These items were:

1. “Pool Closed” signs
2. Repair for missing railing. It was noted that the missing railing may be in storage and simply needs to be reinstalled
3. Replace broken buoy rope
4. Clock for the pool deck
5. Refrigerator for use by the lifeguards

Management was asked to address the issues that could be addressed immediately and bring price information to the Board.

The Board also discussed the results of the pressure testing, which suggested that there were leak(s) in the skimmer lines and the possible value to repeating the remote camera inspection to attempt to determine the source of water loss and cause of sinking ground.

MOTION: (Frank Walsh/Siu Poon) Perform camera inspection in the sinking area at a cost of \$1,150.00.

Vote: Motion Failed - 2 ayes/4 nays (Brennan, Donthi, Lee, Matchett)/0 abstentions

The cable line for internet service to the pool has been temporarily been installed subsurface pending marking of buried lines by Miss Utility. Once the lines are marked, the line will be installed at the appropriate depth.

3. Fence Damage

Repairs to the section of fence along Dawson Farm Road damaged in the accident have begun.

F. COMMITTEE REPORTS

1. Enforcement Committee

It was noted that the wording of the policy regarding loss of assigned parking spaces for homeowners who are not current on payment of their assessments is such that, once their assigned space is lost, it cannot be restored until after they are current on their account. That is, even if the homeowner is current on a Board-approved payment plan, they do not get their space back until their account is no longer in arrears.

It was noted that such policy may contradict Maryland state law. Management was asked to verify that the agreement between the Association and legal counsel includes a retainer for addressing such questions and, if so, that Management pose this question to legal counsel.

G. MANAGEMENT REPORT, continued

4. Fountain Maintenance Agreement

Management provided quotes from two (2) suppliers for a Fountain Maintenance Agreement: Community Pool Service (\$4,800.00) and Solitude Lake Management (\$2,388.00). The Board questioned why the contract from Solitude was for a year, since the fountain is only used six (6) months. They also noted that wording in the contract could be interpreted as authorizing Solitude to perform repair work at the community's expense without prior approval. Management noted that Solitude has not performed work without approval in contracts with other communities.

MOTION: (Tom Brennan/Siu Poon) Accept the Solitude Lake Management contract for \$199.00 per month for six (6) months, for a total cost of \$1,194.00, under the condition that no repair work is performed without prior approval.

Vote: Motion Passed - 4 ayes/2 nays (Matchett, Walsh)/0 abstentions

H. ADJOURNMENT

MOTION: (Tom Brennan/Siu Poon) Adjourn the Board of Directors Meeting at 10:24 p.m.

Vote: Motion Passed - 5 ayes/0 nay/1 abstentions (Walsh)