

**Fountain Hills Community Association
Board of Directors Meeting
May 7, 2015**

As Approved at the June 4, 2015 Board of Directors Meeting

Board Members Present: Thomas Walker, President
Harry Matchett, Treasurer
Frank Walsh, Secretary
Hari Donthi, Member at Large
Katharine Stout, Member at Large

Board Members Absent: Christopher Allo, Vice President
Lena Burleson, Member at Large

Others Present: Ruchita Patel, Management Agent
Marylou Bono, Recording Secretary

Homeowners Present: Sherry Lee Robert Love
Barbara Perrissini Tom Brennan
JoAnn Windsor Nick Mahabir
Jason Pepin David Holtzman
Ira Adler

Call to Order

The meeting was called to order at 7:31 pm by Board President Tom Walker.

Meeting Minutes

MOTION: (Tom Walker, Hari Donthi) Approve the minutes of the April 2, 2015 Board of Directors meeting incorporating the changes submitted by Frank Walsh.
Vote: Approved 5-0-0

Homeowner Hearing

Jason Pepin of 13508 Champions Way was present to appeal the towing of his vehicle on May 8, 2015. Mr. Walker stated that the Board would hear Mr. Pepin's appeal and advise him of their decision within 30 days. Mr. Pepin requested full reimbursement for the tow and also voiced his displeasure with the practices of G&G Towing. He left photos of the parking space from which his vehicle was towed for the Board's review.

Homeowner Forum

David Holtzman and Ira Adler from the Fountain Hills Condominium Board were present to discuss several issues. They stated that water drainage from the pool onto Condominium property must be contained. There is damage to the parking lot, saturated ground and hazards to residents from wet sidewalks. Mr. Holtzman discussed the correspondence from the Condominium's Attorney to the Community Association regarding misappropriation of funds for water quality protection charges. He requested a refund of approximately \$10,600 to the Condominium as opposed to a refund to each homeowner. He expressed concern over the aggressive nature of parking enforcement on Fountain Club

Drive and Rising Sun Lane and requested a halt to this approach. He also pointed out that using tow “spotters” is illegal in Maryland.

JoAnn Windsor requested an update on the collection of delinquencies in the community. Ruchita Patel advised that the Board discussed at last month’s meeting whether to include this data in each forthcoming newsletter. Ms. Windsor also inquired as to an outdated item regarding fliers being distributed in the neighborhood that is still on the website. Ms. Patel advised that she is working with the webmaster to revise and update the Fountain Hills website.

Barbara Perissini asked regarding the status of delinquencies, what percentage of the balance has been paid and if the community is making progress in this endeavor. Ruchita Patel advised that there has been some movement in the amounts collected and that a summary will be included in the next newsletter.

Tom Brennan voiced his extreme displeasure with the draft budget that was mailed to the community. He enumerated the items that he felt were excessive in the budget and his opinion that he was unhappy with the performance of the management company.

Nick Mahabir expressed his dissatisfaction with the proposed increase in the budget and advised that he supported the comments made by Mr. Brennan. He does not understand the deficit and feels that a 3-5% increase would be acceptable. He was dismayed that the draft budget mailing contained an electronic signature rather than a handwritten one. He also felt that the budget notes should have been mailed with the budget as opposed to only available on the website and stated that they were of little value in his opinion. Mr. Mahabir further inquired as to the status of a lighting petition that he had presented to the Board last year and advised that he is holding the Board responsible for their inaction.

Robert Love voiced his concern regarding the aging and unkempt look of the community and resulting decline in property values, the low attendance of homeowners at Board meetings and the attitudes displayed by some homeowners at the Board meetings.

Budget Discussion

Tom Walker explained how the Board arrived at the draft budget. The community is currently cash poor and the Board attempted to create a strategy to break even. He discussed delinquencies, the aging of the community and maintenance of the pool and fountains.

Frank Walsh reiterated his concern that the general assessment should be the same for all.

Harry Matchett questioned the accounting method used to record collection activity. He stated that legal fees and many other expenses are controllable. He questioned the cost for community mailings, advised that the newsletter had previously been distributed via email, the expense for fountain maintenance and the \$47,000 deficit. He also referenced a failed motion he had made at the January meeting to have the Board provide prior approval for all non-contractual expenses.

Mr. Walker led a line-by-line discussion of the draft budget and several changes were made. The Board discussed the funding of reserves and Ruchita Patel read a portion of the management letter from the Association’s auditors wherein they advised that the reserves were underfunded. Ms. Patel voiced strongly her objection to the reserve interest being deducted from the total reserve contribution as this reduced the amount funded to reserves to below the amount recommended in the reserve study.

MOTION: (Tom Walker, Katharine Stout) Accept the revised draft budget as discussed with a 5% increase in the general assessment.

Katharine Stout asked Ruchita Patel for the opinion of the management company. Ms. Patel advised that she disagreed with most of the changes as the resulting revised budget was unrealistic given the Association's financial position. She read relevant sections from the 2014 audit, in which the auditors advised that the Board should develop a realistic budget. She further noted that the draft budget with a 10% increase had been mailed to the community and no comments were received other than those at the present meeting. She reiterated her opposition to the accounting of reserve interest in the manner reflected in the revised budget.

Mr. Walker commented that there is no "wiggle room" in the budget as currently proposed. In order to work within this tight budget, contracts may need to be redone and the Board would have to say no to certain things. Ms. Patel reviewed several deficiencies in the community that required immediate attention.

Vote: Approved 3-1-1 (Tom Walker against; Frank Walsh abstained)

Tom Walker requested to amend his motion; however, since a vote had already been taken, the motion was rescinded.

MOTION: (Harry Matchett, Hari Donthi) Approve a 5% increase over last year's budget.

Ruchita Patel commented that this would raise the same concern that Frank Walsh objected to at last month's meeting. Harry Matchett rescinded his motion.

MOTION: (Tom Walker, Harry Matchett) Approve the budget as discussed with a monthly increase in the general assessment to \$54.19 for single family/townhomes and \$49.18 for condominiums.

Vote: Approved 3-1-1 (Tom Walker against; Frank Walsh abstained)

Harry Matchett discussed and requested a copy of the 12-month budget spreadsheet.

Parking Around the Pool

The Board discussed the Association attorney's opinion that the parking spaces and drivelines adjacent to the pool were Private Streets and Roadways for the exclusive use of townhome owners and invitees. Tom Walker explained that any other use of these areas would require an easement to be recorded.

MOTION: (Tom Walker, Hari Donthi) Establish that parking around the pool is open to pool visitors during pool hours. Apply for an easement at a cost of \$2,500.

Tom Walker observed that the parking policy would need to be updated and that proper towing procedures would have to be followed.

Ruchita Patel advised that it would take some time to obtain the easement and that interim measures need to be taken as the pool is about to open. The Board agreed that the Enforcement Committee would review the signage requirements and address them. Harry Matchett questioned who would pay for the cost of maintenance for the parking area and spaces, and stated his opinion that the townhomes would be giving up parking without getting anything in return.

Vote: Failed 1-4-0

Poolhouse Drywall and Lighting Repairs

Harry Matchett requested a copy of the pool inspection report for the recently failed inspection. The bid by TMG Maintenance for paint and drywall repairs of \$2,465 was reviewed. Due to previous comments regarding TMG Maintenance, Ruchita Patel advised the Board that she would withdraw all TMG bids if there was the impression that they were "gouging". The proposal for pool lights and miscellaneous repairs from CPS for a cost of \$3,117 was also discussed.

MOTION: (Tom Walker, Katharine Stout) Approve the proposals from TMG Maintenance for drywall and paint repairs for a cost of \$2,465 and from Community Pool Service for pool lights and miscellaneous repairs at a cost of \$3,117. The previous vote to approve replacement of wood chips at the tot lots would be put on hold until further notice.

Vote: Approved 4-1-0 (Harry Matchett against)

Collection Policy

Ruchita Patel advised the Board that no comments were received from the community regarding the draft revised collection policy. The late notice fees and the number of days before a fee is charged were discussed. Ms. Patel confirmed that the current policy, which does not comply with the law, states that a late fee is charged after 10 days.

MOTION: (Tom Walker) Approve the revised collection policy with the exception that late notices be sent after 30 days.

Following discussion, Mr. Walker withdrew his motion and the Board agreed to defer a decision on the collection policy until the June meeting.

Towing Appeal

The Board discussed Mr. Pepin's towing appeal. Sherry Lee of the Enforcement Committee gave details and provided pictures of the area. She noted that in her discussions with the County, they report that the area is a "no access parking zone". The Fire Marshall's office says it is marked as a fire lane. Ms. Lee advised that Mr. Pepin's vehicles have been towed at least four times from this area.

MOTION: (Harry Matchett, Tom Walker) Deny Mr. Pepin's request to reimburse him for towing fees.

Vote: Approved 3-1-1 (Frank Walsh against; Katharine Stout abstained)

At 9:59 pm, Harry Matchett made a motion to adjourn the meeting. Ruchita Patel advised that the pool would not open on Memorial Day weekend unless some decisions were made by the Board concerning pool issues. In addition, a discussion was needed regarding the cash flow concerns that were previously brought to the Board Treasurer's attention. The motion died for lack of a second.

Drainage Around Pool

Ruchita Patel provided details on the drainage and pipe leaks at the pool which are causing water to drain onto Condominium property. Pool company staff was asked to leave the property today by

Condominium members as they were attempting to clean the pool. Ms. Patel advised that the immediate drainage problem needs to be corrected. At the close of the pool season, the filtration system must be addressed. The current repair proposal for \$10,900 was discussed as well as whether the repair was a capital expense or not.

MOTION: (Tom Walker, Katharine Stout) Approve temporary repairs for up to \$1,000 to correct the pool drainage issues and work with the Condominium members to resolve the issue. TMGA is to provide proposals for the filtration system.

Vote: Approved 4-1-0 (Harry Matchett against)

Cash Flow

The Board discussed the Association's cash flow position. Tom Walker advised that a significant amount of money was due to D & A Dunlevy and he did not feel that it was fair to not pay vendors for commitments made by the Association. Harry Matchett expressed his opinion that the Association would not have a cash flow problem if it had exercised more fiscal discipline. He also pointed out that he had raised this issue at the January meeting, at which time he had recommended that all work orders be approved by the Board prior to issuance. Ruchita Patel advised that, since January, less than \$1,000 had been spent on items related to work orders and questioned what other expenses Mr. Matchett would have recommended cutting to address the cash flow issues.

Ruchita Patel advised that a rolling 12-month cash flow statement had been included in the past several months' financial statements and questioned Mr. Matchett as to whether he had an alternative for the Board to consider other than borrowing funds from reserves.

MOTION: (Tom Walker, Hari Donthi) Borrow \$50,000 from reserves to ease the Association's cash flow issues and pay reserves back over the course of 24 months. All collection income received is to be used for this purpose.

Vote: Approved 3-2-0 (Frank Walsh, Harry Matchett against)

Mr. Matchett stated the Board created this cash flow situation and the Board should work with its vendors to resolve the issue. Additionally, the Board should show restraint in its spending of homeowner funds. Mr. Matchett stated the reserve funds were not intended to be a source of funding the operating cash account.

Adjournment

The Board of Directors meeting was adjourned at 11:35 pm.

Submitted by: Marylou Bono, The Management Group Associates, Inc.

/mlb

FN - III6c

G:\FN\II.I. Reports\II.I.6.c. - Meeting Minutes\2015\Approved May 2015 Board Minutes.docx