

Wellington Commons Homeowners Association
Minutes of January 2008 Meeting
Lee District Government Center
January 22, 2008
Minutes prepared by Dana Madsen

The meeting was called to order at 1940 hrs with a quorum composed of the following Wellington Commons Homeowners Association (WCHA) Board members: John Tomko (president), Dick Schimkus (at-large), and Dana Madsen (treasurer). Also present was Olivia Dixon-Powers, who is ProCAM's management agent for WCHA. The meeting adjourned at 2150 hrs. There was no executive session. On a side note, the Secretary position on the Board is now vacant.

President's Comments

- John Tomko outlined procedures for conducting the Board meeting, to include the Residents' Forum.

Resident's Forum

- **Assessments:** Resident Laura Marsh (6121 Wellington Commons) asked about the final amount and payment deadline for the first quarter's general assessment. Confusion had arisen because ProCAM unilaterally rounded the Board-approved quarterly assessment from \$262.50 to \$263.00 in payment coupons it provided to WCHA residents. In response to Ms. Marsh's question, the Board president (John Tomko) indicated that WCHA residents should remit the Board-approved amount of \$262.50 by the deadline listed on the coupons (31 Jan). Tomko is still awaiting a response from ProCAM's president on the rounding issue. If ProCAM does not take corrective action soon, then the Board itself may need to send WCHA residents a letter to explain the situation and to give the correct quarterly assessment figure of \$262.50. On a side note, it was suggested that electronic payment might be a more modern alternative to the coupon-based system currently in use.
- **Parking Passes:** Resident Chris Lepore (6140 Wellington Commons)--who recently moved into Wellington Commons--stated that he had not received parking tags after closing on his townhome. Mr. Lepore explained that he had purchased his residence after a California-based bank had foreclosed on the previous owner. Hence there was no mechanism for transferring parking tags. When Lepore called ProCAM, he was told to pay for new tags and then approach the WCHA Board for possible reimbursement. This was based on ProCAM's interpretation of standing guidance for lost tags. Responding to Lepore's comments, the Board president directed that ProCAM should proceed with issuing new tags at no charge to Lepore. This accommodation is based on the particular circumstances of purchasing a foreclosed home, where there is no opportunity for a new owner to receive tags from a previous owner. It should not be construed as a precedent for other purchases where there is reasonable opportunity for transferring tags.
- **Neighborly Repairs:** Mr. Lepore inquired about the process for informing a neighbor of repairs to the neighbor's residence (6142 Wellington Commons) which are needed to safeguard Lepore's home (6140 Wellington Commons) from water damage. The ProCAM representative explained that it was the neighbor's responsibility to effect these repairs.

Approval of Minutes from Previous Meeting

- The Board voted unanimously to approve without revision the draft minutes submitted by outgoing Board secretary Steve Bogart.

Agenda Approval

- The Board voted unanimously to adopt without modification the proposed agenda included in the Board packet provided by ProCAM.

Management Agent's Report

- ***Slip and Fall Incident:*** ProCAM's representative highlighted action items a letter dated 14/DEC/2007 from Community Association Underwriters of America, Inc (CAU). The letter—signed by CAU's regional marketing director and included in the management agent's report—listed two “required recommendations” pertaining to stairs and lighting in the common areas. They resulted from CAU's investigation of a claim submitted during February 2007. The letter requested that ProCAM supply documentation indicating that CAU's “recommendations” had been “completed” by 11/FEB/2008. While discussing this issue, the Board noted that CAU did not specify which stairways required permanent handrails and additional lighting. The Board also questioned why CAU had given a short response deadline (11/FEB/2008) after waiting nearly a year to provide its recommendations. ProCAM's representative indicated that she had already called CAU seeking clarifications on their letter. CAU had not responded to her as of 22 January.

Treasurer's Report

- ***Summary:*** The treasurer (Dana Madsen) summarized financial data provided in the Management Agent's report. He gave an assessment of financial challenges for calendar year 2008 and addressed the financial implications of recommendations provided in the Mason & Mason reserve fund study from 2007. Madsen promised to provide the Board with additional details in a slide presentation to be sent via email.
- ***Financial Results from 2007:*** WCHA ended calendar year 2007 with a net deficit of \$7,858.84, according to data contained in the Management Agent's report. This is based on total expenses of \$155,837.92, interest income of \$679.08, and a budget of \$147,300.00. Our assets of \$213,518.84 are arrayed against liabilities totaling \$268,082.54. The difference between these two figures reflects apparent budget deficits in recent years. The liabilities consist of pre-paid assessments (\$4,213.62), a maintenance reserve (\$19,946.35), and a replacement reserve (\$243,922.57). Subtracting pre-paid assessments (\$4,213.62) from our total assets (\$213,518.84) leaves \$209,305.22 for maintenance and/or replacement of capital assets.
- ***Near-Term Challenge – Avoiding a Deficit:*** Reducing the risk of a deficit in 2008 will require improvements to WCHA's contracting process and constant vigilance for opportunities to lower operational costs. A conservative analysis of WCHA's current year budget raises the possibility of a deficit of \$22,343. This analysis excludes the following line budget line items (totaling \$10,800) from anticipated income: late fees; reimbursement for collection costs; interest; miscellaneous income; bad debt recovery. The analysis also identifies specific line items in the 2008 budget which may be underfunded based on 2007 expenses. The possible underfunding totals \$11,543.22. Adding the \$10,800 and \$11,543.22 figures yields the possible deficit of \$22,343.
- ***Implementing Reserve Fund Recommendations:*** With assumptions and methods comparable to those in the Mason & Mason study, undertaking the following capital expenditures in 2008 would cost an estimated \$19,348.02: concrete sidewalks (replace 5%); concrete curbs and gutters (replace 4%); maintain painted wood entrance signs; and upgrading the community shed (\$414.23). The Mason & Mason study had recommended addressing the last two items (signs and shed) in 2007. This was not accomplished. Conducting asphalt pavement restoration, crack fill, and full-depth repair would cost an estimated \$152,290.53 if conducted in 2008. This is two years ahead of Mason & Mason's 2010 recommendation. Doing so would leave an estimated 2008 end-of-year reserve fund balance of \$76,571.18. This would represent 8% of our capital asset base value of \$907,821.81. Note that these figures assume that half of WCHA's asphalt footpaths would be replaced in 2009. Mason & Mason recommended addressing the footpaths in 2007. The preceding analysis also uses a starting reserve fund balance of \$209,305.22.

- **Discussion:** WCHA's budget situation is impacted by longstanding delinquencies in certain accounts. We may be able to reduce postage and electricity expenses. There was some question on whether reserve funds could be used to change electric lighting on the mail kiosks, including the costly mercury vapor lamp in the kiosk on Applesley House Court. The Management Agent (Olivia Dixon-Powers) will contact Dominion Virginia Power to ask for a no-cost study on options for reducing kiosk lighting expenses.

Deferred Business

- **Landscaping:** The Board will defer consideration of renewal options for the landscaping contract until the February meeting. Recent proposals submitted by contractors show a wide variation in costs (\$17K, \$38K, \$90K). We lack an effective means for comparing these bids to achieve the best service at a given price.
- **Snow Removal:** While not on the agenda, the Board addressed this issue in response to a comment by Resident Matt Hocking (6187 Wellington Commons). Mr. Hocking inquired about treatment of the section of Wellington Commons Drive near Franconia Road following recent, inclement weather. The Board president (John Tomko) explained that WCHA is charged for snow removal on a per-incident basis. The contractor services WCHA using agreed-upon accumulation thresholds. There was some question about situations where there the thresholds are not met but there is icing in the Wellington Commons community. The existing contract should address this situation. At-large member Dick Schimkus mentioned that snow removal was automatic if accumulations exceeded two inches. Anything less was a judgment call by the Board. Resident Catherine Fitts noted that icing has been a past problem near 6085/6087 Talavera Court. Ice accumulates here because a speed bump is angled near a gate.

New Business

- **Reserve Study Implementation:** Discussion centered on whether to conduct asphalt replacement in 2008, versus the Mason & Mason recommendation of 2010. The Board agreed to work on an RFP in the coming weeks in order to compare actual costs with Mason & Mason's estimate. Aside from the current asphalt's age (20 years), a major argument for acting in 2008 is rising oil prices. Additionally, the asphalt's current, patched state conveys an impression about our community which could be detrimental to property values. However, early replacement imposes some financial risk if WCHA runs a budget deficit in 2008. This could leave us with insufficient reserves for other capital costs in the coming years. Alleviating this risk will require constant focus on reducing operating costs. Resident Steve Bogart pointed out that Mason & Mason's recommendation for replacement in 2010 assumes that patching was accomplished in 2007. This did not occur. Mr. Bogart also suggested that the Board explore whether there were statutory or credit-related reasons for maintaining a minimum reserve fund balance.
- **Parking:** While not on the agenda, the topic of parking came up in discussion. Addressing current abuses relates to the issue of improving WCHA's existing due process procedures. The latter requires consistency, as well as outreach and communication with our community. There was a suggestion that WCHA residents whose accounts were in arrears could have their parking privileges rescinded. Another idea was to have a towing company sweep our community one or more times per week in the early morning hours to tow cars parked in non-reserved spaces without hang-tags.
- **Architectural Control Committee's (ACC) Concerns:** In response to the Board adopting a new ACC charter during its December 2007 meeting, ACC chairman Matt Hocking sought clarification on the respective roles of the Board and committee. He explained ACC's belief that its basic processes—prior to the new charter—were not broken. Previously, WCHA residents would provide architectural applications to ProCAM for review and subsequent consideration by the “Architectural Review Board” (ACC's predecessor). The WCHA Board would handle appeals. Mr. Hocking sought clarification of Board/ACC responsibilities for the following: (i) engaging ProCAM on violations; (ii) seeking clarifications from residents on their architectural applications; and (iii) ensuring consistency in due process. Continuing, Mr. Hocking indicated that ACC and the Board during 2007 had established a tracking chart for community walks conducted during the spring and fall. Maintaining this chart has proved challenging. This has complicated enforcement of architectural violations.

Mr. Hocking suggested that some aspects of the new ACC charter were conflicting. He planned to follow up with written comments describing the inconsistencies. Additionally, Mr. Hocking requested a meeting between the Board and ACC to address ACC's concerns. Following these comments, ACC member Laura Marsh asked whether ACC should address unauthorized architectural modifications directly with the Board or via ProCAM. Additionally, ACC members present at the Board meeting noted the importance of having sufficient time to create a new residents' handbook, if the Board charges ACC with this task. They offered the alternative of crafting amendments to the existing handbook. A question was also raised about whether the Grounds Committee was subordinate to the ACC.

- ***Board's Response to ACC:*** The Board president (John Tomko) provided background for the Board's decision to revise the ACC's charter. He explained that WCHA is a corporation established under the laws of the Commonwealth of Virginia. Under these laws, the Board has oversight responsibility for all aspects of WCHA, Inc. This includes the ACC. The Board believes that the lack of written documentation for ACC's procedures—to include due process for handling architectural violations—could lead to miscommunication and possible legal vulnerability. Without documentation, there is some potential for a resident or lawyer to interpret an ACC decision as being arbitrary. The Board president also indicated that the ACC's inspection log did not appear to be up to date. It listed violations for 81 out of 144 total units in Wellington Commons. Homeowners who feel “pounded” for violations already corrected could adopt a negative attitude to the ACC and Board. The log also indicates that inspections occurred last April (49 total), last May (31 total), and in October (one). Specific dates for these inspections are not recorded. The log shows that extensions for fixing architectural violations were granted on 24 occasions. It reflects no final due date for the extensions and indicates that required work was completed in only two instances.
- ***Due Process (ACC perspective):*** ACC chairman Matt Hocking stated that the ACC had turned over the tracking chart for violations to ProCAM. ACC's understanding was that ProCAM would update the chart during the spring walk and monitoring the status of violations. The latter responsibility would include visiting the Wellington Commons property to confirm claims by residents that violations had been addressed. This arrangement had been reached through verbal agreement between the ACC, a previous Board, and ProCAM's president. It included paying ProCAM extra for this additional service. ACC member Laura Marsh mentioned ACC had offered to accompany ProCAM on annual walks, but the company had declined.
- ***Due Process (Board perspective):*** In response, the Board president (John Tomko) highlighted the verbal nature of this agreement with ProCAM. He noted that the written contract has no requirement for the Management Agent to visit the Wellington Commons property, except for the spring walk. The contract is written in a manner that makes tracking ProCAM's performance difficult. There are no deliverables and no schedule. Additionally, the contract does not allow anyone outside of the Board to dialog with ProCAM regarding contractual changes. More generally, WCHA does not have a documented system for due process and enforcement. We lack resolutions on both issues. This makes it difficult to prove that WCHA follows a due process, should a homeowner challenge us on architectural or other violations. It puts the Association in a vulnerable action should a resident seek recourse via the legal system.
- ***Homeowners' Handbook (Board perspective):*** The Board president (Tomko) stressed the importance of making the handbook as readable as possible. The goal is to make it as easy as possible for a resident to “do the right thing”. Along these lines, Mr. Tomko would like ACC to develop a new handbook with two separate parts. The first would cover architectural standards for homes in Wellington Commons, with an emphasis on clear explanations. The second would focus on enforcement. Mr. Tomko acknowledged the cost of printing and distributing a new handbook, but noted that there are also costs associated with making less comprehensive changes to the current handbook.
- ***ACC Meetings:*** The Board requested that the ACC hold its monthly meetings in a public venue and provide residents with up to 10 days notice of the location and time. These are requirements under Virginia law. Meeting in a private residence is not acceptable. Mechanisms for notifying residents can include a combination of notices on the kiosks, postings to the Web site, and use of A-frame signs placed near entrances to Wellington Commons. The Management Agent will provide the ACC with materials the committee can use to make arrangements for their next meeting.

- ***ACC and the Grounds Committee:*** ACC member Laura Marsh inquired whether the Grounds Committee would also need similar arrangements for its meetings. The Board noted that the Grounds Committee falls under ACC.
- ***Communicating with Residents:*** The Board will work with ACC to give residents advance notice of future walks through Wellington Commons. This will include background on architectural standards in the community.
- ***ACC – The Way Forward:*** Wrapping up the discussion, the Board president (Tomko) indicated that the new charter and revisions to the handbook will provide a catalyst for the Board and ACC to collaborate on codifying and improving existing enforcement and due process procedures. The Board should attend an upcoming ACC meeting in order to partner with the Committee on fleshing out its new charter. Acknowledging the ACC's comments on the new charter, Mr. Tomko stated that existing ACC processes will continue in place pending revision by the Board in collaboration with the ACC. On this topic, ACC chairman Matt Hocking indicated that he would write up the Committee's existing processes prior to its next meeting. That meeting is currently scheduled for 19/FEB/2008.
- ***Communicating with Contractors:*** As an aside, the Board president highlighted the importance of having clearly defined procedures for communicating with contractors. The procedures must involve the Management Company (ProCAM), which has responsibilities for engaging contractors under their (ProCAM's) current contract with WCHA.

Adjournment

- The meeting adjourned at 2150 hrs. There was no executive session.