



# The Commons

## A Condominium Association

**Board Meeting Minutes – January 15, 2008**

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### **Location**

The Commons Cabana  
1400 Pebblebrook Way  
Virginia Beach, Virginia

### **Members Present**

Diane Standridge, President  
Tom Pelech, Vice President  
Robert Chapin, Treasurer  
Sharon Shoff, Secretary  
Dave Grant, Member-at-Large

### **Members Absent**

None

### **Others Present**

Mike Minor, UPA Association Manager  
**Rosalyn Nolan, Unit Owner 5221 Spring Cove Way**

### **1. CALL TO ORDER**

With the establishment of a quorum, the P resident called the meeting to order at 6:31 p.m.

### **2. UNIT OWNERS' FORUM (30 Minutes)**

One unit owner attended. The unit owner had 2 concerns to discuss with the BOD. She brought to the attention of the BOD a violation of the Rules and Regulations by another unit owner. Her other concern was that the landscapers were piling too much mulch

around the crepe myrtle trees and along the front of her house.

Robert agreed to talk to the unit owner regarding the violation.

**What did we decide about the mulch?**

**Tom agreed to talk with Lawrence Landscaping regarding mulch.**

**3. WELCOME AND INTRODUCTIONS**

There were no presentations at the meeting

**4. APPROVAL OF MINUTES FROM December 18, 2007**

The BOD reviewed the minutes and made several amendments, which were noted by the Secretary.

Dave made a motion to approve the minutes from the December 18, 2007 Board meeting. Robert seconded the motion. The motion was accepted and adopted.

**5. FINANCIAL REPORT**

Treasurer's Report, 1/15/08, as of 12/31/07

<b>BALANCE SHEET:</b>		UPA Figs.
<b>ASSETS</b>		
Operating Account	\$ 15,042.08	
Petty Cash	\$ 750.00	
Operating Reserve	\$ 17,442.54	
Replacement Reserve	\$ 216,389.54	
<b>TOTAL ASSETS</b>	<b>\$ 249,624.16</b>	
<b>CAPITAL &amp; EQUITY</b>		
Accum Operating Reserve	\$ 36,103.69	\$ 17,442.54
Accum. Replacement Reserve	\$ 209,588.06	\$ 216,389.54
RR Loan to Expenses	\$ 0.00	\$ 0.00
Retained Earnings	\$ (4,641.95)	\$ 7,504.72
Current Earnings	\$ 8,574.36	\$ 8,287.36
<b>TOTAL EQUITY</b>	<b>\$ 249,624.16</b>	<b>\$ 249,624.16</b>

<b>INCOME STATEMENT</b>			<b>\$ OVER BUDGET</b>
	DECEMBER	YEAR TO DATE	YEAR TO DATE
Total Assoc. Income	\$ 18,596.93	\$ 262,531.65	\$ 5,611.65
Gen'l & Admin Expenses	\$ -5,087.19	\$ -67,766.42	\$ -6,251.78

<u>Maint. Expenses</u>	\$ -6,403.14	\$ -126,477.67	\$ 7,168.49
Operating Income	\$ 7,106.60	\$ 68,244.09	\$ 6,528.36
Transferred to Operating Reserves	\$ -865.19	\$ -382.25	\$ 10,000.03
Transferred to Replacement Resvs	\$ -4,024.92	\$ -48,299.04	\$ -0.12
Interest Earned on Replace. Resvs	\$ -1,149.96	\$ -7,894.77	\$ -7,894.77
Net Ordinary Income	\$ 1,066.53	\$ 11,668.03	\$ 8,633.50
Income from Water Sales (DEC.)	\$ 5,510.50	\$ 50,112.01	\$ -5,687.99
Cost of Water	\$ 0.00	\$ -44,791.50	\$ 1,208.46
Meter Fees	\$ 0.00	\$ -3,190.11	\$ -112.11
Sewer Fees	\$ 0.00	\$ -5,267.54	\$ 4,532.50
Net Water Income	\$ 5,510.50	\$ (3,137.14)	\$ (5,826.14)
Net Income	\$ 6,577.03	\$ 8,574.36	\$ 8,574.36

Notes:

1. UPA has made significant adjustments to how it reports Equity accounts. These changes, in the thousands of dollars, make the Equity side of the UPA Balance Sheet much more realistic. While I believe the adjustments are appropriate, I have not made similar adjustments in the Treasurer's bookkeeping until I have discussed them with UPA. I expect to make these adjustments effective in 2007 so that there is minimal carryover into 2008. The Equity side of the Replacement Reserves and the Operating Reserves now reflects what is actually in the bank. These adjustments do not have implications affecting the financial health of the community; the "bottom line" is unaffected by the adjustments.

2. The Replacement Reserve "loan" to the Operating Account has been repaid.

3. A word about variances. I have elected to show variances from the view point of whether or not the variance is favorable to the unit owners in most cases. Thus a short fall in income is unfavorable and is shown as a negative number. A shortfall in expense is favorable and is shown as a positive number (the sign is omitted for positive numbers). The problem comes when displaying variances in the reserves. A contribution to a reserve account is both an expense and a saving, a contribution to assets and equity. I have chosen to maintain the Income Statement perspective so that the numbers will add up properly. The effect of this convention is to reverse the meaning of the signs. A less than budgeted contribution to a reserve account will be shown as a positive number (because the "expense" was reduced) but the effect is really unfavorable and negative because we have not contributed as much as budgeted to Capital and Equity where it really matters.

4. I have added signs to the amounts on the monthly and year -to-date Income Statement to help with the interpretation of the report. These signs (only negative signs are shown) have nothing to do with signs as they are displayed in the variance report.

With the effects of Notes 1 through 4 considered, this report is a fair and accurate representation of the condition of the Association as of December 31, 2007.

Robert W. Chapin, Jr., Treasurer.

Robert made a motion to accept the financial re port. Dave seconded the motion. The motion was accepted and adopted.

Robert brought to the attention of the BOD that the association manager had written a check to Evans Construction for more than the BOD had approved. Robert also stated that he reviewed the invoice and the cost increase was for a legitimate expense due to a change in the scope of work for the repairs. Mike stated that he is authorized to approve payments of up to \$500 without BOD approval, and this increase was under that amount.

Robert made a motion to increase the amount allocated and approved for Evans Construction to \$803.66. Sharon seconded the motion. The motion was accepted and adopted.

## **6. OFFICER REPORTS**

### **A. PRESIDENT**

- Diane instructed the BOD members to set aside Saturday, March 8, 2008 for the Community Association Day Trade Show & Expo. She distributed the schedule of classes and asked the BOD members to review and select which classes they want to attend by the next meeting.

### **B. VICE PRESIDENT**

- No Report

### **C. TREASURER**

- No Report

### **D. SECRETARY**

- No Report

### **E. MEMBER-at-LARGE**

- No Report

## **7. COMMITTEE REPORTS**

#### **A. COMMUNICATIONS COMMITTEE**

- The last meeting was held on January 7, 2008 at the cabana at 7:55 PM
- This committee currently has no Chairperson
- February 4<sup>th</sup> is the deadline to have articles submitted for the February newsletter
- The minutes from the Maintenance and Grounds committees will be posted to the Commons web site.
- The next meeting will be held on February 4<sup>th</sup> at the cabana at 8:00 PM.

#### **B. GROUNDS COMMITTEE**

- The last meeting was held on January 8, 2008 in the cabana at 7:06 PM.
- The work to remove overgrowth on the area along the rear fence on Pebblebrook Way has been completed. The committee will focus on the remaining clean-up of the fences weather permitting.
- The next community clean-up is Saturday, February 2<sup>nd</sup> at 9:00 AM at the cabana
- The next meeting will be held on February 12<sup>th</sup> at 7:00 PM at the cabana.

#### **C. MAINTENANCE COMMITTEE**

- The last meeting was held on January 3, 2008 at the cabana at 7:32 PM
- The committee recommends getting quotes to repair the collapse on the west bank of the lake.
- The next meeting will be held February 7<sup>th</sup>, 2008 at 7:30 PM at the cabana.

#### **D. SOCIAL COMMITTEE**

- This committee currently has no Chairperson
- No meeting since last BOD meeting.
- The next events that need to be planned by this committee would be a community garage sale and a pool party.
- Next meeting TBD

### **8. MANAGEMENT REPORT**

The BOD reviewed the UPA Management Report. The President asked the manager to update the contract expiration dates for Waste Management and Lawrence Landscaping for the next meeting. Robert also pointed out a typo in UPA's financial statements.

Robert made a motion to adopt the management report. Dave seconded the motion. The motion was accepted and adopted.

### **9. UNFINISHED BUSINESS**

#### A. Draft Resolution for Financial Controls

- The BOD reviewed the Draft Resolution for Financial Controls. Robert pointed out a few changes that he made since the last draft.

Robert made a motion to refer the amended document to legal counsel for review. Sharon seconded the motion. The motion was accepted and adopted.

#### B. Governance

- The BOD reviewed the Community Association Governance Guidelines. Diane suggested putting the document onto The Commons Condominium letterhead and changing "homeowners" to "unit owners" to make it consistent with our other official documents. Diane will make these changes and bring it to the BOD at the February meeting for consideration and adoption.

#### C. Format for BOD Minutes

- Dave presented a template for the BOD minutes, which was reviewed by the Board members.

Robert made a motion to adopt the template as presented for the Commons BOD meeting minutes. Dave seconded the motion. The motion was accepted and adopted.

#### D. Format for Committee Minutes

- Dave presented a template for Committee minutes. The Board members suggested changing "Chairman" to "Chairperson", deleting the position of Vice Chairman, and adding a Unit Owner's forum heading as item 2.

Dave made a motion to adopt the template with the changes. Robert seconded the motion. The motion was accepted and adopted.

#### E. BOD Critique Questions

- Diane presented the BOD Critique Questions. The BOD members agreed to a few grammatical changes but were in agreement with the content of the document.

Dave made a motion to accept and adopt the BOD Critique Questions as amended. Sharon seconded the motion. The motion was accepted and adopted.

## 10. NEW BUSINESS

- A. Applications for Architectural Review
  - None
- B. Purchase Orders
  - None
- C. 2008 Painting Schedule
  - The BOD will discuss the painting schedule and review the matrix at the February meeting.

Robert made a motion to enter Executive Session. Sharon seconded the motion. The motion was accepted and adopted.

## 11. EXECUTIVE SESSION

- A. Violations - None
- B. Delinquency Report
- C. Leasing Requests - One
- D. Contract Bids

Robert made a motion to leave Executive Session. Dave seconded the motion. The motion was accepted and adopted.

## 12. MOTIONS FROM EXECUTIVE SESSION

- A. Robert made the following motion: "For terminated accounts with a debit balance of less than \$250, the Association will absorb the loss. For any account with a debit balance over \$250, the Association Manager will make 2 attempts to collect the balance due. For terminated accounts with a credit balance, the Association Manager will attempt to locate the former owner and refund the balance. If the Manager is unable to refund the balance, then the Association will absorb the balance as income after 90 days." Sharon seconded the motion. The motion was accepted and adopted.
- B. Robert made a motion to approve the bid from SwimKare at a cost of \$5,000 for the each season over a 2-year contract period. Dave seconded the motion. The motion was accepted and adopted.
- C. Robert made a motion to request new bids for replacement of the rotten fascia and soffets on the already repainted units (section 1) and the units to be repainted in 2008 (section 2).. Sharon seconded the motion. The motion was accepted and adopted.

D. Sharon moved and Robert seconded a motion to table the Leasing Request pending additional information.

### 13. ADJOURNMENT

Robert made a motion to adjourn. Sharon seconded the motion. The motion was accepted and adopted.

Respectfully submitted

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Approved

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Date