



The Commons A Condominium Association

*MINUTES OF ANNUAL MEETING
TUESDAY, 18 NOVEMBER 2008
THE SCHOLA, TALLWOOD HIGH SCHOOL
7:00 P.M.*

1. Meeting Called to Order/Establishment of Quorum

With the establishment of a quorum, The Commons Condominium Association's Annual Meeting and Unit Owners' Forum were called to order by the President at 7:00 P.M.

The following members of the Board of Directors (BOD) were in attendance:

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

Also attending was Mr. Mike Minor, UPA, Association Manager

2. Remarks by the President

- The President noted that these times are fiscally challenging and that Unit Owners may be asked to take on more of the responsibilities for maintaining their Units to keep costs down.
- The Board is considering asking Unit Owners to power wash their Units.

3. Unit Owners' Forum

There were approximately 25 Unit Owners in attendance for the 2008 Annual Meeting. The following issues were raised by Unit Owners:

- The Unit Owner at 1525 Pebblebrook Way, Lorraine Jackson, noted that she has rats in her Unit and that one has died in her walls. Her neighbor went

into her attic and noted that there were rat feces. She stated that she has had an exterminator come out to her house twice in the past month to exterminate. In addition, her neighbor also has rats in his Unit. She expressed her disappointment that she brought this up to the Board in the prior month and the Board did not do anything about the problem. She further stated that she thinks that the greenery growing along the lake is a breeding area for rats.

- Robert Chapin stated that the Board has instructed the landscaping company not to cut back the lakeside growth because doing so will cause us to have a problem with Canadian Geese.
- Tom Pelech asked if Ms. Jackson could provide the written report once she receives it from the exterminator
- Diane noted that this issue came up in the past, and a Unit Owner had a rabbit's nest under his deck. The Board at that time asked for a legal opinion to determine if it was the Unit Owner's responsibility or the Association's responsibility to exterminate, and the attorney advised that it was the Unit Owner's responsibility.
- Another Unit Owner stated that the Board may want to consider assessing a fee for extermination costs if it becomes a larger problem in the community to prevent other Unit Owners from having to go through this problem.
- Richard Korn, 5209 Spring Cove Way, stated that the Board may wish to consider sending out a notice to Unit Owners to survey them as a way of determining if this was a community-wide problem or just a problem isolated in a few homes.
- Sharman Bradshaw, 1517 Pebblebrook Way, stated that she had a mice infestation after she moved into her Unit and that none of her neighbors at that time had similar problem, so she took care of it herself.
- Another Unit Owner asked if the contractor that maintains the lake could be asked to determine if the lake is providing a habitat for rats.
- Lacey Newman, 1505 Coolspring Way, presented information regarding this year's contributions to assist a family for Christmas.
- Some of the Unit Owners stated that it was very important that the Board find ways to improve communications with Unit Owners.

4. Approval of Minutes from 2007 Annual Meeting

Dave made a motion to approve the Minutes from the 2007 Annual Meeting as written. Tom seconded the motion. The motion was accepted and adopted.

5. Call for Nominations/Presentation of Candidates

Diane stated that Tom Pelech's term had expired and that David Grant and Sharon Shoff had decided not to seek another term. She asked for nominations from the floor. Robert Chapin nominated Tom Pelech. Mike D'Ambra of 1549 Coolspring Way requested consideration to be nominated to fill one of the vacant positions.

6. Casting of Votes

As there were 2 nominations to fill 3 BOD positions, the vote could be satisfied by acclimation. Gary Reese made a motion to approve the vote by acclimation. Ritchie Korn seconded the motion. The motion was accepted and adopted.

7. October Financial Report

Treasurer's Report, 11/18/2008, as of 10/31/2008

BALANCE SHEET:	
ASSETS	
Operating Account	\$ 32,313.33
Petty Cash	\$ 750.00
Operating Reserve	\$ 21,143.61
Replacement Reserve	\$ 289,829.03
TOTAL ASSETS	\$ 344,035.97
LIABILITIES & EQUITY	
Loan to Replacement Reserves	29,597.50
Equity	
Accum Operating Reserve	\$ 21,143.61
Accum Repl Resrv Interest	\$ 13,553.79
Accum. Replacement Reserve	\$ 276,275.24
Retained Earnings	\$ 15,792.08
Current Earnings	\$ -12,326.25)
TOTAL EQUITY	\$ 344,035.97

INCOME STATEMENT	VARIANCE		
	OCTOBER	YEAR TO DATE	YEAR TO DATE
Total Assoc. Income	\$ 32,635.05	\$ 280,424.26	\$ 4,542.56
Gen'l & Admin Expenses	\$ -6,612.88	\$ -61,157.77	\$ -1,096.69
Maint. Expenses	\$ -30,983.39	\$ -135,590.85	\$ -20,319.25
Operating Income	\$ -4,961.22	\$ 118,649.71	\$ -16,873.38
Interest Earned on Reserves	\$ -33.58	\$ -5,251.28	\$ 5,884.33
Transferred to Operating Reserves	\$ -1,068.08	\$ -8,544.65	\$ 7,068.07

Transferred to Replacement Resvs	\$ -8,539.83	\$ -68,318.64	\$ 8,539.83
Net Ordinary Income	\$ -14,602.71	\$ -2,542.93	\$ 4,618.85
Income from Water Sales(October)	\$ 6,029.75	\$ 43,763.97	\$ -5,402.73
Cost of Water	\$ 0.00	\$ -24,508.30	\$ 15,491.70
Meter Fees	\$ 532.25	\$ -2,670.05	\$ 33.56
Sewer Fees	\$ 0.00	\$ -26,368.94	\$ -17,202.29
Net Water Income	\$ 5,497.50	\$ -9,783.32	\$ -7,079.76
Net Income	\$ -9,105.21	\$ -12,326.25	\$ -2,460.91

Notes:

1. There are no significant differences between UPA's accounting and the Treasurer's accounting.
2. The huge negative (unfavorable) variance in maintenance expenses is driven by the \$29,597.50 check for the back gate. In most corporations, such expenditure would be carried to the bottom line as a depreciable asset, not as a maintenance expense. The rules are a bit different for condominiums because the corporation does not own the gate; the owners of the units own the gate. Therefore, the gate can not be shown as an asset of the corporation and the check for the gate must be recorded as an expense. If the gate expense were backed out of the maintenance line, the maintenance variance would be a positive \$9,278.25. Most of the positive variance is attributable to under spending for landscaping extras and the fact that the October bill for the landscaping contract was paid on the 1st of November. Maintenance of the structures is over budget and the variance will increase before the end of the year.
3. So far as I can determine, we still owe the HRSD for about two months of Sewer fees from last year. HRSD had a major foul up in their accounting last year and they are only just now billing for the missing accounts.
4. For the record, because of health issues, there was no Treasurer's Report for October covering operations through 9/30/2008. This report and the annual report supersede the October 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 October 31, 2008.

Robert W. Chapin, Jr., Treasurer.

Notes on the Annual Report of The Commons Condominium Association, Inc. November 18, 2008

1. This year's Annual Report is on a slightly different basis than last year's report and is, therefore, not directly comparable. This Annual Report covers a full year of actual operations, from November 1, 2007 to October 31, 2008. Last year's report was based on 10 months of data and two months of projections. The use of 12 months of data seems more reliable.

2. The Commons uses the calendar year as its fiscal year. In other words, the fiscal year, the basis for budgeting and keeping the books, runs from 1 January to 31 December. Based on a careful projection of the income and expenses for the final two months of this fiscal year, it appears that the community will suffer a NOMINAL loss of about \$8,800. That is, expenses for the year will exceed income by \$8,800. I emphasize the word NOMINAL because, that calculation includes the payments into both the Operating and Replacement Reserves as expenses, which they are not. Payments into the reserve accounts is a form of savings; these transfers do not leave the company until the accounts are used to pay replacement costs or are returned to the Operating Account to keep the check book solvent. This year, our payments into the reserve accounts, including the interest they earn will be \$100,000.

3. Unusual, and unbudgeted, expenses this year included:

\$29.5K for the gate,

\$13K for unexpected roof collar replacements, and about

\$9K in 2007 Sewer expenses that we had to pay this year.

\$51K total

4. Offsetting these expenses is a projected \$12k in income greater than budgeted. Half of this projected increase results from greater success in collecting past due accounts.

5. I would like to bring up an unpleasant subject: foreclosures and bankruptcies. While the legal processes are very different, the results on our financial health are the same: we lose money, often thousands of dollars. As we all struggle to survive the present situation, I ask you to keep in mind that the same forces that are upsetting your family finances are facing the Board. When the board loses an account receivable, the rest of us must make up the difference. We, the members of the Board, are determined to protect the community as best we can from these forces.

6. I have one year remaining in my term as a member of the Board. In a few minutes I expect that the new Board will reelect me Treasurer for the last year. I will not run for reelection to the Board next November. I would like to start training my relief as soon as possible. If you have some nodding acquaintance with accounting, have a computer, and feel that this might be a good use of your time, please give me a call to discuss what's involved.

Robert W. Chapin, Jr., Treasurer

8. Officer Reports

A. PRESIDENT

- The President noted that the Board of Directors should not be viewed as the enemy as they are chosen by the Unit Owners to serve the Association
- She stated that there are 2 governing documents that indicate what the Association can and can not do. If these documents are not clear, then the BOD obtains a legal opinion.
- She also stated that the BOD has a fiduciary responsibility to look at the

interests of the whole community and that the BOD decisions also affect the Board Members as they are also Unit Owners.

- She stated that the Board of Directors discussed the issue regarding the rats after the last meeting and that Mike Minor also talked to other Association Managers
- In addition, the BOD obtained a legal opinion 2 years ago regarding this issue and was told that anything that happens on the land that a Unit sits upon, including the porch and driveway is the Unit Owner's responsibility.
- If we find out otherwise, then the Association will take care of the issue.
- She announced the following persons for next year's committee chairs:
Jerry Standridge: Grounds Committee
Beth McMichael: Communications Committee
Sharman Bradshaw: Social Committee
The Maintenance Committee does not have a Chairperson at this time.

B. VICE PRESIDENT

- No report

C. TREASURER

- No further report

D. SECRETARY

- No report

9. Announcement of Election Results

Tom Pelech and Mike D'Ambra were introduced as the newly elected members of the Board of Directors.

10. Adjournment

At 8:56 P.M., Robert made a motion to adjourn. Dave seconded the motion. The motion was accepted and adopted.

Respectfully submitted,

Approved

Date

