

**Minutes
Colonial Village III
Board of Directors Meeting
20 August 2001**

Call to order:

With a quorum present the meeting was called to order at 6:35pm. Present at that time were Michael Bodden, President, Peyton Palmore, Vice President, Corbin Weiss, Treasurer, Dennis Gerrity, Secretary, and Stanton Stafford, Member-at-Large, unit owners James Crowder and Betty Davis, Gary Ehrlich of Geimer, Ehrlich & Associates, P.A., Maintenance Engineer Stan Kiman, and Association Manager George Hedrick.

Proof of Notice of Meeting:

All unit owners in attendance acknowledged the timely receipt of notice of this meeting.

CVIII's Income Tax Liability and Accounting Procedures:

In recent months the Board had questions on CVIII's income tax liability and accounting procedures for writing off bad debt that Mr. Hedrick said that he lacked the knowledge to fully answer. To get the expertise necessary to answer these questions, he suggested that a representative of CVIII's accounting firm be invited to a board meeting. Mr. Gary Ehrlich of Geimer, Ehrlich & Associates was kind enough to attend this meeting. **Income Taxes:** Mr. Ehrlich explained that CVIII was liable for federal and state income tax on unrelated business income, which was the interest income from its investments and income from coin-operated laundry machines. CVIII could file as either a corporation or a condominium owners association. If CVIII filed as a corporation, then its federal liability would be 15%, less a small allowance for paying CMI to manage its investments. If CVIII filed as an owners association, then its federal liability would be 30%. CVIII's liability for state income tax was 6% regardless of how it filed. Mr. Ehrlich told the Board that he had been doing CVIII's books for eight years, and he had always filed CVIII's taxes as a corporation. **Accounting Procedures for Bad Debt:** CMI prepares a balance sheet on an accrual basis for the Board's monthly meetings, which shows CVIII's assets being reduced by an "allowance for doubtful accounts." This allowance amounted to \$6522 for July. Mr. Ehrlich explained that when his firm audited CVIII's books at the end of the year, it was required to give a realistic statement of CVIII's assets. This meant that if CVIII had delinquent assessments that it did not have a reasonable expectation of collecting, then a statement of CVIII's assets must be reduced by a corresponding amount, i.e., an "allowance for doubtful accounts." Mr. Ehrlich said that this allowance approximated the sum of assessments delinquent ninety days or more from the year of the audit or earlier. When the Board wrote off delinquent assessments, that portion ninety days or older and dating from the year of the audit or earlier should be deducted from this allowance so long as it did not exceed the allowance. If the amount of delinquent assessments ninety days or older being written off exceeded this allowance, the excess was to be charged against the to the bad debt account in CVIII's annual operating budget. If delinquent assessments being written off were from the current year or less than ninety days old, they were to be charged to the bad debt account in CVIII's annual operating budget.

Resident Forum:

Mr. Crowder told the Board that he felt that the quality of CVIII's cleaning service's work had declined over the last several months. Specifically, he felt that the tile floors in the common areas of the basement of 1728 Queens Ln. were no longer being mopped and disinfected on a regular basis and that a bad odor emanated from the trash room in this building because of this. Mr.

Crowder told the Board that it appeared to him that the hallway carpets in his building were not being thoroughly vacuumed and large stains and spots had reappeared on these carpets since being cleaned earlier this summer. The Board asked Mr. Hedrick to monitor the cleaning service more closely and notify it of Mr. Crowder's complaints. The Board noted that the source of trash room odors was most likely the failure of residents to deposit their trash in sealed bags. Mr. Crowder suggested that, because repeated efforts to grow grass had failed, the Board consider planting ivy to cover up bare spots under several trees in front of his building, 1735 N. Rhodes St. The Board agreed to try to find some sort of ground cover to eliminate these bare spots.

Reading and Approval of Minutes: Minutes of the July meeting were approved as amended.

Reports of Officers:

Vice President: Mr. Palmore told the Board that he and Mr. Hedrick continued to work on collecting material for a booklet for new residents, which would explain the essentials of how CVIII operated and the amenities found in CVIII's immediate neighborhood. Mr. Palmore said that Mr. Mahmoud Ghannam, a past member of CVIII's Board, had agreed to edit this material once it had been assembled.

Committee Reports: None.

Management Report:

Engineer: Mr. Kiman told the Board that in addition to his day-to-day activities he continued to monitor Hix & Sons work on the drainage system. **Flooded Hot Water Heaters:** Mr. Kiman advised the Board that Washington Gas recommended the replacement of the gas valves in hot water heaters that had been submerged in water. This happened earlier this month when heavy rains flooded the room that contains the hot water heaters that serve Building Three. Mr. Kiman said that the replacement valves would cost about \$70 each plus labor. After discussion, a motion authorizing the replacement of three hot water heater valves damaged by flooding in the basement of 1728 Queens Ln. was made, seconded and approved unanimously. The Board thanked Mr. Kiman for working through the night to pump the water out the boiler room at 1728 Queens Ln. and to get two of the three hot water heaters located there operational. **Assistance to CVI, CVII and the Commons:** The Board noted the Mr. Kiman's activity logs indicated that he was spending about eight hours a month working in other sections of Colonial Village. Mr. Hedrick told the Board that he occasionally made use of Mr. Kiman to assist the less experienced maintenance engineers working for other sections of Colonial Village. He also told the Board that the maintenance engineers covered for each other when they were on vacation. Mr. Hedrick further explained that CVI's maintenance engineer had recently quit and he was using Mr. Kiman for emergency repairs. The Board told Mr. Hedrick that CVIII wanted to be a good neighbor and, therefore, did not object to "loaning" Mr. Kiman to CVI, CVII or the Commons, but insisted and Mr. Hedrick agreed to make sure that CVIII was compensated in money or kind for Mr. Kiman's time, particularly so since Mr. Kiman had a backlog of projects at CVIII.

July Financial Update: Mr. Hedrick reported that, after making allowances for errors and omissions in the July financial report, CVIII had a year-to-date operating deficit of \$1,676.46 as of the end of July. Mr. Hedrick advised the Board that CVIII's expenditures on natural gas were \$4918 over budget year-to-date. Mr. Hedrick told the Board that this was result of higher prices for natural gas, not increased physical consumption. The Board discussed reinvestment options for a \$60,000 T-Bill maturing 30 August 2001. A motion authorizing Mr. Hedrick to reinvest this \$60,000 in a CD with a term of twenty four to thirty six months was made, seconded and approved unanimously. Details of the July financial report are available for unit owner review at the CVIII office. **Pioneer Roofing's Warranty:** Mr. Weiss questioned a payment of \$290 to Pioneer Roofing for the repair of a scupper on the roof of 1729 Queens Ln. When questioned by

Mr. Weiss, Mr. Kiman said that a cavity behind this scupper that necessitated this repair should have been eliminated when Pioneer rebuilt this building's roof several years ago. Mr. Weiss argued that this repair was covered by Pioneer's warranty and asked Mr. Hedrick to seek a refund of this \$290. Mr. Hedrick agreed to do so.

Old Business:

Drainage Project Update:

Mr. Hedrick informed the Board that Arlington County's Historic Affairs and Landmark Review Board approved the removal of the mulberry bush in the courtyard on the south side of 1728 Queens Ln. Mr. Kiman informed the Board that Hix had completed all authorized work at Buildings Two and Four except for replacing wells around crawl space vents on the east side of Building Two and cleaning up construction debris. The Board pointed out that the sod used to cover trench work associated with these two buildings was not taking. Mr. Hedrick said that he would contact Hix about this problem. Mr. Hedrick told the Board that CVIII received bids from Hix for the following items:

- \$598 to replace two partially collapsed corrugated metal window well liners located on the south side of 1821 N. Rhodes St
- \$989 to install an underground SCH 40 PVC line to collect runoff from the downspout adjacent to the front door of 1800 Queens Ln and carry this water to the nearest storm drain.

After discussion, a motion to accept bids from Hix & Sons of \$598 to replace two window wells at 1821 N. Rhodes St. and \$989 to install an additional underground line at 1800 Queens Ln. was made, seconded and approved unanimously. Mr. Kiman and Mr. Gerrity advised the Board that during the heavy rains earlier this month they discovered water ponding to depths of at least eighteen inches against the south side of 1728 Queens Ln and six inches against the north side of the same building, and this explained why the boiler room in that building flooded. The Board noted that the courtyard on the north side of 1728 Queens Ln. was not included in the storm drainage project and asked Mr. Hedrick to get a bid from Hix & Sons to move storm runoff away from this section of Building Three. The Board asked what plans existed to camouflage the above ground portions of PVC pipe. Mr. Kiman said that they would be painted a bronze color.

Landscaping Update:

Payments withheld from Bartlett Tree Service: Mr. Weiss noted that Bartlett Tree Service had still not removed three mounds of dirt adjacent to 1729 Queens Ln. left over from cutting down three trees. Mr. Hedrick said that he continued to withhold approximately \$2000 in payments to Bartlett as an inducement to complete this work. Mr. Weiss suggested that Mr. Hedrick ask T&J to do this work and deduct their payment from the money being withheld from Bartlett.

1801 Queens Ln.: Mr. Weiss told the Board that a considerable amount of ivy and several dwarf yews appeared to have been removed by the drainage contractor. Mr. Hedrick confirmed that this was the case and said that Hix & Sons' only contractual obligation with respect damage it did to landscaping was to replace sod.

Building Four: Mr. Weiss told the Board that plants and shrubs along the west side of Building Four appeared to have gotten short shrift the last time T&J pruned, citing in particular bushes crowding the sidewalks and a large shrub to the right of the front door to 1821 N. Rhodes St. He asked Mr. Hedrick to make T&J aware of this complaint prior to fall pruning.

Parking Lot: Mr. Weiss pointed out to the Board that when T&J removed two dead spruces on the east side of the parking lot, this created an invitation, frequently accepted by residents, to use the lawn as a short cut to the 1800 block of Queens Ln. He suggested that a row of flowering Spirea, similar to those on the other side of the steps, be planted to fill in the large gaps left by the missing trees and the smaller gaps between the remaining spruces. For the sake of uniformity, he further suggested that existing non-flowering Spirea in this area be replaced with the flowering

variety. The non-flowering Spirea could be transplanted to other locations in CVIII. The Board asked Mr. Hedrick to get a proposal from T&J to plant and transplant Spirea in this area as suggested by Mr. Weiss.

Mr. Weiss asked Mr. Hedrick to obtain proposals from T&J Lawn Service for the following work:

- **Wilson Blvd Gate:** Transplant the nandina along the edge of the ivy bed outside the gate to other locations in CVIII and replace them with twelve to fourteen yews. Mr. Hedrick was asked to find new locations for the nandina.
- **1729 Queens Ln.:** Remove a large spruce that was fighting a Sycamore for growing space in front this building. The Board briefly considered relocating this tree elsewhere in CVIII until it learned of T&J's prohibitive \$2800 bid to do so.
- **1736 Queens Ln.:** Remove plants, especially mint, installed by residents adjacent to the front door and replace them with small nandina on the right side and mulch and annuals on the left side.
- **1800 Queens Ln:** Remove plants installed by residents adjacent to the front door and replace with ivy.
- **1808 Queens Ln.:** Remove a dying Hawthorn located in front of this address and replace it with a Crape Myrtle, as approved by the Board at its 23 May 2001 meeting. Mr. Weiss also asked Mr. Hedrick to have the ivy beds in front of this building trimmed back from the sidewalk.
- **1817 Queens Ln.:** Removing the dead Cherry tree in front of this building and replacing it with a Kousa Dogwood.

New Business:

Unit Main Circuit Breakers and Meter Stacks: Mr. Hedrick told the Board that he had solicited bids from FAB Electric, Kolb Electric and Mona Electric to inspect for and replace faulty unit main circuit breakers, tighten loose connections and replace the stacks that house the meters and main circuit breakers. He provided the Board with a partial bid from FAB Electric.

Damaged Washing Machine: Mr. Weiss informed Mr. Hedrick that a washing machine located in 1729 Queens Ln.'s laundry room was making loud noises indicating that it was damaged. Mr. Hedrick said that he would have the contractor inspect the machine.

Common Area Bulletin Boards: Several members of the Board reported receiving further complaints from residents about hallway bulletin boards being so cluttered with material that notices from the Board and Association Management were hidden. After discussion, a motion was made to restrict hallway bulletin boards to material posted by the Board and Association Management. If residents wished to post notices of units for sale or rent, furniture for sale, or social events, then they would have to use the bulletin boards in the laundry rooms. This motion was seconded and approved unanimously.

Damaged Park Bench: Mr. Weiss suggested the removal of a damaged park bench located about fifty yards north of 1821 N. Rhodes St. The rest of the Board accepted his suggestion, and Mr. Hedrick said that he would take care of it.

Executive Session:

A motion was made, seconded and approved unanimously to go into executive session during which the salaries of Stan Kiman and Leoncio Guevara and delinquent assessments were discussed.

The next Board meeting is scheduled for 6:30pm on 27 September 2001 in the conference room in the CMI office at 1903 Key Blvd. The meeting adjourned at 9:00 pm.