

**NEW MARK COMMONS  
HOMES ASSOCIATION, INC.**  
P.O. BOX 4206  
ROCKVILLE, MD 20849-4206  
301-340-0288

**BOARD MEETING AGENDA  
Wednesday, November 3, 2016  
3:00 P.M. conference call**

2:55 – 3:00	Call in – The dial in number for the call is 712-451-0255. The access code is 417913.
3:00 – 3:10	Call to order
3:10 – 4:00	Discuss 2017 proposed budget and the process to adopt.
4:00	Adjourn meeting.

## **Message to NMC Residents: Budget and Dues for 2017**

In the past year, The Board has been updating New Mark from reviving and reinvigorating committees to compliance with the Open Meetings Act. Some highlights of the past year include the launch of our electronic newsletter, the launch of our new website ([www.newmarkcommons.net](http://www.newmarkcommons.net)), and the restructuring of our committees to better address the needs of our community. These efforts would not be possible without our committed volunteers. All of these activities have brought to light that a significant increase in the budget is needed for 2017.

To prepare a budget for 2017, the Board of Directors held a public hearing on September 1 and two work sessions on October 19 and November 3. What became apparent to the board during our work sessions and from comments submitted to the board is that we need additional staff to support new communications initiatives and committee activities. We also need to address our aging infrastructure and landscaping.

Your Board of Directors is proposing an increase in dues of about 16 percent for the operating fund and 20 percent for the reserve fund. For a house currently paying \$1000 per year, the combined increase would be about \$170.

### **Operating Fund.**

*This fund covers the regular operations of the swimming pool, tree trimming and removal, landscape maintenance, snow removal, care for courts, lake, playground, etc. and staff compensation.*

Operating expenses for 2016 are estimated to be over budget by \$40,000. We are fortunate that this overage will be covered by the operating reserve of \$72,000. Cost overruns in 2016 are attributable to tree work and snow removal as one storm last winter used the entire amount budgeted. In addition, we have incurred significant legal expenses in connection with pending litigation in the matter of *Berman v. New Mark Commons Homes Assn. Inc.* For 2017 we must plan for an increase in the budget for these items to better match actual experience. We do not want to reduce further the operating reserve, so realistic increases are budgeted where needed.

### **Staffing.**

The position of Administrator is responsible for both the physical plant and the administrative management of our community. In the early years of New Mark Commons, the position of Administrator was part-time, but since Jim Denny assumed this position it has grown to full time. The Administrator compensation has not grown with the increased responsibilities of the job. We are proposing a salary increase to \$52,000 per year which better reflects the current duties of our Administrator.

The needs of our community have grown such that one person alone is no longer sufficient to do everything that needs to be done. Your Board of Directors has created the new position of Assistant Administrator. This is an hourly part-time contract position with a salary range of \$10 - \$14 per hour. Finally, we are adding \$14,000 to the budget for ongoing web site development, to extend pool hours and for more social events, including a revival of the international dinner.

To raise a little more revenue, we will impose a transfer fee of \$100 on house sales. Such a fee covers some of the expenses of updating our databases for accounting, directory, and pool passes. It is commonly used by condos and homes associations. Revenue is estimated at \$1500. Another increase is \$50 on the pool fee for non-resident memberships. This fee has not been increased in some years.

Estimated additional revenue is \$1,900.

## **Reserve Fund**

### *Capital Improvements.*

We expect to start 2017 with \$505,000 in the Reserve Fund, but committed and anticipated projects will soon consume this balance. Repaving and concrete repairs to the townhouse parking lots, sidewalks and curbs are first. The current estimate for this work is \$250,000.

The second project is the clubhouse. We have identified numerous improvements that need to be made and we are working on a complete renovation plan. Accessibility to the clubhouse is our first priority which includes building outside wheelchair ramps and creating an upper level bathroom. Initial costs for this first phase of work and planning out additional work is expected to cost between \$100,000 and \$200,000, say \$150,000.

The third project is dredging the lake. Sometime in the next several years, mud flats will appear unless we do this task. When the lake was last dredged in 2005, the cost was about \$300,000. This is a project that will take several years for planning and execution. We estimate that now the cost is at least \$400,000.

In addition to these major projects, we expect to spend about \$50,000 per year on miscellaneous projects such as drainage and retaining walls.

Looking at the next four years 2017-2020, we see about \$1 million in Reserve Fund projects. We can cover half with the current balance. With Reserve Fund dues at the current level of \$76,000 per year, we would take in a little over \$300,000 in this four year period, leaving a gap of \$200,000. Although we could borrow some of that, it is clear to the Board that we need an increase in dues for the Reserve Fund. Our initial proposal is a 20 percent increase, which would raise an additional \$15,206 per year or about \$61,000 over four years.

## **Authority to Raise Dues**

The Board of Directors is empowered by Article VI §5 of the Covenants to raise annual assessments. The general practice of all Boards in New Mark's history has been to raise assessments pursuant to Article VI §5(b) by the percentage of increase in the consumer price index [CPI]. The CPI would provide for an increase in the 2017 operating dues of 0.8 percent or \$2577. Reserve fund dues would rise \$608. Your Board of Directors has determined that relying on the CPI alone is insufficient in creating a realistic budget that meets our community's needs.

Pursuant to Article VI §5(a) of the Covenants, your Board of Directors is proposing an increase in assessments of 16% as described above. Article VI §5(a) provides authority to the Board of Directors to increase assessments in relation to the increased values of New Mark Commons property values. Twice in New Mark's 49 years, the Board raised dues by a larger percentage than the CPI, for 1987 to create the Reserve Fund and for 2011 to cover the City's new storm water fee.

## **Possible Delay in Adopting 2017 Budget**

Article VI §5(a) of the Covenants is the subject of pending litigation in *Berman v. New Mark Commons Homes Assn.* A hearing in front the Commission on Common Ownership Communities (CCOC)

occurred on November 10, 2016 and we expect a decision in February. The Board is currently considering whether to press ahead with the budget we believe is needed, or to continue the current level of dues and expenditures until the CCOC decision is in hand.

Thank you for taking the time to review the proposed budget. Please contact us at [board@newmarkcommons.net](mailto:board@newmarkcommons.net) with questions and comments.

John Brown  
John Daroff  
John Hansman, President  
Dorie Mangan  
Alexandra Manolatos  
Ellen Stein  
Magnes Turesson

## Notes for 2016 - 2017 Budget

### Income

1. 2017 - \$33,886 increase over 2016.
2. 2017 - \$34,493 increase over 2016.
3. 38 non-resident memberships increase from \$575 to \$625 each.
4. City of Rockville Storm Water Management (SWM) fee on all the common areas in the community. The fee is billed to all homes in the community. The fee for the second 2017 dues invoice is an 5% percent increase over the first 2017 invoice.
5. Montgomery County Common Ownership Community (CCOC) fee levied when the City of Rockville opted into this County program. The fee for the county's fiscal year 2017 is \$5 per residence.
6. A 16.5% increase from \$845 to \$984
7. New transfer fee to update community records after sale of home.
8. 2017 – Estimated 17 HOA resale packages @ \$75 each. Also, includes receipts from 4<sup>th</sup> of July, Adult Pool party and International Dinner.
9. 2017 - \$6,692 increase over 2016.
10. 2017 - \$8,467 increase over 2016.

### Expenses

1. Salary at Board discretion.
2. Contractor – salary to be determined.
3. 2017 amount reflects an 5% increase over the City's fiscal year 2017 rate. Storm Water Management (SWM) fee. New Mark Commons has 23 parcels of common area that are assessed a SWM fee.
4. Insurance reflects a 3% increase over 2016.
5. 4 printed newsletters, plus delivery and misc. printing.
6. 2017 - \$6,450 proposal from DeLeon and Stang.
7. 2017 – includes an additional \$3,000 for the International Dinner and NMC 50<sup>th</sup> anniversary celebration.
8. 2016 – includes an additional \$1,000 for documentation and misc. fixes/enhancements.  
2017 – includes \$600/month website follow on releases/enhancements.

9. 2016 – includes \$775. purchase of TV & stereo for clubhouse.  
2017 – anticipate increased utilization requiring additional cleaning.
10. 2017 - new tennis court nets and court rollers.
11. 2017 – Proposal from American Pool. Reflects additional hours of operation for identical pre-and post-season hours of 2 p.m. to 9 p.m. Monday thru Friday.
12. Swim team coaches' salary of \$6,000 and payroll taxes of \$1,200.
13. 2016 expense includes \$293 for additional pool passes. Anticipate 6% software license fee increase mid-year 2017.
14. 2016 included \$1,500 in repairs to handicap lifts.  
2017 anticipate new filters for main pool and new lap lane dividers.
15. Annual lake maintenance contract. Estimate a 3% contract price increase mid-year 2017.
16. Fountain install and removal plus miscellaneous expense.
17. Stolburg Landscaping – second year of a three-year contract.
18. 2017 -estimate.
19. 2016 – estimate 2 additional service calls this year. Replacing buried electrical cable for a section of bike path lights cost approximately \$2,500.
20. 2016 includes a 'not to exceed \$1,000' to clear lake bank vegetation plus and additional \$1,300 to year end on additional cleanup after City's final leaf collection.
21. Two remaining project for 2016.
  - 220 NME – replace timber retaining wall.
  - 800 block circle – remove dead/dying bushes, plant ground cover around one tree and mulch the entire circle.

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**2016 BUDGET - OPERATING INCOME**

**2017 BUDGET - OPERATING INCOME WITH 16.5% INCREASE**

**2017 BUDGET - RESERVE INCOME WITH 20% INCREASE**

as of 10/31/2016

	<u>2016 Budget</u>	<u>2016 YTD</u>	<u>Projected 2016 year end</u>	<u>% Year end</u>	<u>2017 Budget</u>	<u>Notes</u>
DETACHED HOMES DUES	197,950	198,490	198,490	100%	231,836	1
TOWNHOUSE DUES	200,203	200,241	200,241	100%	234,696	2
NON-RESIDENT DUES	20,700	22,203	22,203	107%	23,750	3
LATE FEES	900	796	871	88%	900	
INTERST FROM PAST DUE ACCOUNTS	-	186			186	
STORM WATER MGMT. FEE	15,905	15,431	15,431	97%	16,131	4
MONTGOMERY CTY. - CCOC FEE	1,152	1,153	1,153	100%	1,920	5
CLUBHOUSE RENTALS	3,300	2,800	3,050	85%	3,300	
GARAGE RENTAL	845	845	845	100%	984	6
POOL GUESTS	2,000	2,316	2,316	116%	2,316	
NEWSLETTER INCOME	385	180	280	47%	180	
TRANSFER FEE					1,900	7
OTHER	1,500	3,240	3,390	216%	2,875	8
<b>SUBTOTAL</b>	<b>444,840</b>	<b>447,881</b>	<b>448,270</b>		<b>520,974</b>	
DETACHED HOMES-RESERVE CONTRIBUTION	(33,354)	(33,443)	(33,443)	100%	(40,046)	9
TOWNHOUSE-RESERVE CONTRIBUTION	(42,674)	(42,670)	(42,670)	100%	(51,141)	10
<b>TOTAL</b>	<b>368,812</b>	<b>371,768</b>	<b>372,157</b>	<b>101%</b>	<b>429,787</b>	

**2016 BUDGET - EXPENDITURES**  
**2017 PROPOSED BUDGET - EXPENDITURES**  
as of 10/31/2016

	2016	YTD	Projected	%	2017 proposed	
	<u>Budget</u>	<u>Expenditures</u>	<u>2016 year end</u>	<u>Year end</u>	<u>Budget</u>	<u>Notes</u>
<b><u>ADMINISTRATIVE</u></b>						
ADMINISTRATOR-TOTAL COMPENS.	45,855	39,495	45,855	100%	52,000	1
CONTRACTOR-ADMIN SUPPORT	-	-	-		20,000	2
PAYROLL TAX - SS/MEDICARE	3,439	3,021	3,508	102%	4,056	
TAXES - CORP/UNEMPL/PROP	835	1,074	1,074	129%	1,074	
STORM WATER MGMT. FEE	16,609	15,962	15,962	96%	16,761	3
MONTGOMERY CTY. - CCOC FEE	1,152	1,920	1,920	167%	1,920	
INSURANCE	35,065	33,768	33,768	96%	34,781	4
UTILITIES/PHONE & ELEC	5,000	3,748	5,053	101%	4,500	
ADMIN EXPENSES	3,200	3,030	3,200	100%	3,200	
NEWSLETTER/PRINTING/DELIVERY	3,060	1,971	2,406	79%	2,585	5
PROF. SVCS / LEGAL	18,000	28,095	41,951	233%	27,000	
PROF. SVCS / ACCOUNTING	7,000	6,330	6,330	90%	6,450	6
ENTERTAINMENT	5,000	6,967	6,987	140%	10,000	7
WRITE OFF FOR BAD DEBT	-	-	-		-	
WEB SITE/PC SUPPORT	1,000	3,158	4,158	416%	10,500	8
<b>SUBTOTAL</b>	<b>145,215</b>	<b>148,539</b>	<b>172,172</b>	<b>119%</b>	<b>194,827</b>	
<b><u>CLUBHOUSE &amp; TENNIS</u></b>						
UTILITIES - PHONE/GAS/ELEC	12,000	8,608	10,071	84%	11,000	
CH EXPENSES - PEST/ALARM	3,000	5,222	5,622	187%	5,000	9
CH SUPPLIES	600	588	600	100%	650	
TENNIS	150	-	-	0%	500	10
<b>SUBTOTAL</b>	<b>15,750</b>	<b>14,418</b>	<b>16,293</b>	<b>103%</b>	<b>17,150</b>	
<b><u>POOL</u></b>						
POOL MANAGEMENT	52,400	52,980	52,980	101%	58,300	11
SWIM TEAM	7,200	6,836	6,836	95%	7,200	12
FEES/LICENSES	1,200	1,288	1,288	107%	1,300	
POOL PASS SYSTEM	1,500	1,336	1,672	111%	1,402	13
WATER	3,771	3,801	3,801	101%	4,000	
POOL SUPPLIES	1,000	2,141	2,141	214%	1,500	
POOL REPAIRS	5,000	3,127	5,218	104%	4,000	14
<b>SUBTOTAL</b>	<b>72,071</b>	<b>71,509</b>	<b>73,936</b>	<b>103%</b>	<b>77,702</b>	
<b><u>LAKE</u></b>						
LAKE - ELECTRICITY	3,325	2,951	3,581	108%	3,500	
LAKE - MAINTENANCE CONTRACT	5,437	4,853	5,917	109%	5,610	15
LAKE - MISC. EXPENSES	600	-	150	25%	550	16
<b>SUBTOTAL</b>	<b>9,362</b>	<b>7,804</b>	<b>9,648</b>	<b>103%</b>	<b>9,660</b>	

	<u>2016 Budget</u>	<u>YTD Expenditures</u>	<u>Projected 2016 year end</u>	<u>% Year end</u>	<u>2017 proposed Budget</u>	<u>Notes</u>
<b><u>MAINTENANCE</u></b>						
LAWN CONTRACT	46,271	38,559	46,271	100%	46,734	17
CONTRACTED MAINTENANCE MAINTENANCE EXPENSES	5,495	3,731	4,631	84%	5,514	
SNOW REMOVAL	24,890	25,247	25,247	101%	25,000	18
TREE REMOVAL & REPLACE	23,350	25,846	31,500	135%	29,200	
LIGHTING MAINTENANCE	6,500	7,309	7,809	120%	6,500	19
LANDSCAPE MAINTENANCE	8,250	6,555	8,855	107%	8,250	20
LANDSCAPE PROJECTS	8,250	7,510	9,760	118%	8,250	21
SUBTOTAL	124,506	115,560	135,073	108%	130,448	
GRAND TOTAL	366,904	357,830	407,122	111%	429,787	

**New Mark Commons  
Bank Balances  
as of 10/31/2016**

**Operating Account**

Bank of America	72,407
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**Reserve Accounts**

Bank of America, 2016 reserve fund contrib.	76,113
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Monument Bank Money Market fund 1.45% APR	243,843	as of 9/30
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Congressional Bank Money Market	<u>243,823</u>	as of 9/30
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Subtotal - reserve accounts	563,779
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<b>TOTAL CASH</b>	<b>636,186</b>
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**New Mark Commons  
Reserve Fund  
10/31/2016**

Opening Balance as of 1/1/2016	485,114
<b><u>Additions</u></b>	
2016 Reserve fund contribution.	76,113
Interest earned on reserves.	<u>2,552</u> as of 9/30
Total reserve funds available	563,779
<b><u>Subtractions</u></b>	
Reserve project expenditures thru 10/31/2016 (See Exhibit A)	<u>(22,367)</u>
Sub total	541,412
Expected reserve project expenditures thru 12/31/2016. (See Exhibit A)	<u>(35,809)</u>
Projected reserve fund balance on 12/31/2016	505,603

**New Mark Commons  
Reserve Fund  
10/31/2016**

**Exhibit A**

**Reserve project expenditures  
10/31/2016**

Criterion Inc. - new pool furniture	834
Mark Willcher & Co. - Jordan, 328 NME deposit	972
Mark Willcher & Co. - Jordan, 328 NME final	1,943
Bishop's Tennis, Inc. - tennis court cleaning and repair 50% deposit	1,915
Bill King Painting - repaint wood signs, railing, garage 1/3 deposit	1,400
Action Fabricators Inc. - new metal hand rails 254 & 876 NME	1,375
Bishop's Tennis, Inc. - tennis court cleaning and repair - final	1,915
Bill King Painting - repaint wood signs, railing, garage	2,800
Bill King Painting - additional painting.	300
Action Fabricators Inc. - hand rails 254 & 876 NME - final	1,375
Mark Willcher & Co. - 300 to 314 NME deposit	2,500
M. P. Energy Service - deposit	2,538
Mark Willcher & Co. - progress payment	2,500
<b>Sub total</b>	22,367

**Expected reserve fund expenditures  
11/1/2016 to 12/31/2016**

Mark Willcher & Co. - 300-314 NME final	5,025
Clubhouse furnace - M.P. Energy Service	5,922
New roof on clubhouse - Rimel Roofing	15,800
800 block retaining wall - Stolburg proposals	9,062
<b>Sub total</b>	35,809

**Total 2016 Reserve Expenditures** 58,176