

**NEW MARK COMMONS HOMES ASSOCIATION
SPECIAL BOARD OF DIRECTORS BUDGET WORK SESSION
WEDNESDAY, OCTOBER 19, 2016**

ATTENDEES

Board members: John Hansman, John Daroff, Alex Manolatos, Ellen Stein and Administrator Jim Denny. Magnus Turesson arrived at 7:45 PM.

Absent board members: John Brown and Dorie Mangan

Residents present: Judy Rudolph, Pat Reber and Jason Haynes.

Judy Rudolph gave the Board a two-page statement regarding the Baseline Checklist and NMC Administrative Support Needs. Attachment A

John Hansman called the meeting to order at 7:10 PM.

Jim gave the Board an Income and Expense report as of October 11, 2016, and a proposed budget for 2017 (Attachment B). The proposed budget for 2017 reflects an 0.8% increase. The 0.8% increase reflects the increase in the Consumer Price Index (CPI) for the Washington and Baltimore metropolitan areas for the period September 2015 to September 2016. John Daroff made several observations about the current budget. The Administrators base salary has not increased in years. The board has been using a bonus as a tool increase compensation. While understanding the reasoning used in the past, this practice needs to be reviewed. On the proposed expenses for 2017, John would like to increase the proposed budget for website and PC support to \$10,500. He is proposing \$600/month for on-going website support in the form of a retainer or a flat fee. The legal expenses should be increased to \$27,000. The clubhouse services and expense should be increased to \$5,000 and \$650 respectfully. Additional use of the clubhouse would require additional maintenance.

John Hansman mentioned he received the following comments from residence via email: The clubhouse needs improved access and remodeling; repair townhouse parking lots and sidewalk; extend pool hours; start lake dredging process; limit use of fertilizer and pesticides; the Swim Team should pay their own way and not be funded by the Association; use ground cover vs. grass.

Ellen had several landscape issues to be discussed which consisted of the following: We should provide maintenance for all the circles in the detached homes areas; the front island and lake steps require pruning and some new plants; schedule a community walk and invite all residents to participate, the walk would identify areas throughout the community that need landscape work and help with prioritizing the list.

John Daroff and Alex mentioned the NMC parking lots should include handicap ramps in the specifications for concrete sidewalk repairs. John noticed the lack of ramps while taking his kids for a walk.

Ellen believes the administrators salary should be reviewed and increased to reflect a 40 hour work week. John Daroff suggested the annual compensation for the part time administrative assistant position should be between \$15,000 to \$20,000 per year. John Daroff made a motion that the board hire a part time administrative assistant. Alex seconded the motion which passed unanimously.

The board instructed Jim to update the 2017 proposed budget with the changes discusses and determine how much these changes would cost.

ATTACHMENT A

Judy Rudolph statement regarding the
Baseline Checklist of NMC Administrative Support Needs
For consideration by the NMC Board

Recommended by Judy Rudolph, 10/19/2016

Because of the schedule and condensed time available for community comment at this evening's Budget Work Session, I do not know if I will have a opportunity to present this recommendation in person.

I hope that the concept of additional administrative support, appearing as "Administrative Assistant" on the agenda, is being considered as an interim, "bandaid" solution and that there can be a more thorough and transparent evaluation of the needs of the community for support and services that cannot (and should not) realistically be sustained by volunteers.

I recommend the appointment of an *ad hoc* committee consisting of NMC residents and past and current Board members who will:

- Assess current services being provided against the attached or a similar set of criteria
- Assess the evolution and history of paid support to NMC over the years
- Investigate models used by similar HOAs in the area
- Poll resident needs and priorities
- Consult with the CCOC for guidelines/guidance

Thank you for your consideration.

Judy Rudolph
830 NME

Baseline Checklist of NMC Administrative Support Needs¹ **For consideration by the NMC Board**

Recommended by Judy Rudolph, 10/19/2016

Owner Relations

- Gateway between the Board and the community
- Conflict resolution
- Violation resolution
- Information clearinghouse for the community
- Emergency contact, 24 hours a day, 7 days a week

Financial Management

- Monthly reports
- Process accounts payable
- Budget preparation
- Expense management
- Facilitate audit and tax preparation

Revenue Management

Banking relationships

Dues and/or assessment billing

Administrative management

- Vendor contracts
- Day-to-day operating procedures
- Attorney relations

Insurance management

- Premium review
- Policy review
- Claim adjudication

Physical plant management

- Community inspections
- Bid procurement, review, and recommendation
- Contractor relations
- Contract enforcement
- Personnel management

Reserve management

- Analysis procurement
- Analysis review
- Budget
- Contract capital expenditures

Full-service maintenance

- For the community
- For the convenience of individual owners²

¹ Adapted from <http://www.camllc.com/Page/19796~292246/Our-Services>

² For consideration

POOL GUESTS		2,000	2,316	116%	
NEWSLETTER INCOME		385	180	47%	
OTHER		1,500	1,239	83%	17 HOA Pkgs
SUBTOTAL		444,840	445,905	100%	
DETACHED HOMES-RESERVE CONTRIBUTION		(33,354)	(33,443)	100%	
TOWNHOUSE-RESERVE CONTRIBUTION		(42,674)	(42,670)	100%	
TOTAL		368,812	369,792	100%	

2016 BUDGET - EXPENDITURES				
as of 10/11/2016				
	2016	YTD		
<u>ADMINISTRATIVE</u>	<u>Budget</u>	<u>Expenditures</u>	<u>YTD %</u>	<u>Notes</u>
SALARY	38,155	28,616	75%	
2015 BONUS	7,700	7,700	100%	
PAYROLL TAX - SS/MEDICARE	3,439	2,778	81%	
TAXES - CORP/UNEMPL/PROP	835	1,074	129%	
STORM WATER MGMT. FEE	16,609	15,962	96%	
MONTGOMERY CTY. - CCOC FEE	1,152	1,920	167%	
INSURANCE	35,065	33,768	96%	
UTILITIES/PHONE & ELEC	5,000	3,311	66%	
ADMIN EXPENSES	3,200	2,546	80%	
PRINTING & DELIVERY	3,060	1,672	55%	
PROF. SVCS / LEGAL	18,000	23,264	129%	thru 8/31

PROF. SVCS / ACCOUNTING	7,000	6,330	90%	
ENTERTAINMENT	5,000	4,281	86%	
WRITE OFF FOR BAD DEBT	-	-		
WEB SITE/PC SUPPORT	<u>1,000</u>	<u>1,949</u>	<u>195%</u>	
SUBTOTAL	145,215	135,171	93%	
<u>CLUBHOUSE & TENNIS</u>				
UTILITIES - PHONE/GAS/ELEC	12,000	7,927	66%	
CH SERVICES - PEST/ALARM	3,000	3,786	126%	
CH SUPPLIES	600	588	98%	
TENNIS	<u>150</u>	-	<u>0%</u>	
SUBTOTAL	15,750	12,301	78%	
<u>POOL</u>				
POOL MANAGEMENT	52,400	52,980	101%	
SWIM TEAM	7,200	6,836	95%	
FEES/LICENSES	1,200	1,288	107%	
POOL PASS SYSTEM	1,500	1,224	82%	
WATER	3,771	3,801	101%	
POOL SUPPLIES	1,000	2,141	214%	
POOL REPAIRS	<u>5,000</u>	<u>3,127</u>	<u>63%</u>	
SUBTOTAL	72,071	71,397	99%	
<u>LAKE</u>				
LAKE - ELECTRICITY	3,325	2,223	67%	
LAKE - MAINTENANCE	5,437	4,311	79%	as of 10/31
LAKE - MISC. REPAIRS	<u>600</u>	-	<u>0%</u>	

SUBTOTAL	9,362	6,534	70%	
<u>MAINTENANCE</u>				
LAWN CONTRACT	46,271	38,559	83%	as of 10/31
CONTRACTED MAINTENANCE	5,495	3,731	68%	
MAINTENANCE EXPENSES	1,500	739	49%	
SNOW REMOVAL	24,890	25,247	101%	
TREE REMOVAL & REPLACE	23,350	25,846	111%	
LIGHTING MAINTENANCE	6,500	6,634	102%	
LANDSCAPE MAINTENANCE	8,250	6,546	79%	
LANDSCAPE PROJECTS	8,250	7,510	<u>91%</u>	
SUBTOTAL	124,506	114,812	92%	
GRAND TOTAL	366,904	340,215	93%	

	New Mark Commons			
	Bank Balances			
	as of 10/11/2016			
<u>Operating Account</u>				
Bank of America		98,585		as of 9/30
<u>Reserve Accounts</u>				

Bank of America, 2016 reserve fund contrib.		76,113	
Monument Bank Money Market fund 1.45% APR		243,843	as of 9/30
Congressional Bank Money Market		<u>243,823</u>	as of 9/30
Subtotal - reserve accounts		563,779	
TOTAL CASH		662,364	

	New Mark Commons		
	Reserve Fund		
	10/11/2016		
Opening Balance as of 1/1/2016			485,114
<u>Additions</u>			
2016 Reserve fund contribution.			76,113
Interest earned on reserves.			<u>2,301</u>
Total reserve funds available			563,528
<u>Subtractions</u>			

Reserve project expenditures thru			
9/30/2016 (See Exhibit A)			<u>(17,329)</u>
Sub total			546,199
Expected reserve project expenditures thru			
12/31/2016. (See Exhibit A)			<u>(40,847)</u>
Projected reserve fund balance on 12/31/2016			505,352

	New Mark Commons	
	Reserve Fund	
	10/11/2016	
	Exhibit A	
Reserve project expenditures		
<u>9/30/2016</u>		
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		<u>2,500</u>
Sub total		17,329
Expected reserve fund expenditures		
<u>10/1/2016 to 12/31/2016</u>		
Mark Willcher & Co. - 300-314 NME final		7,525
Clubhouse furnace - M.P. Energy Service		8,460
New roof on clubhouse - Rimel Roofing		15,800
800 block retaining wall - Stolburg proposals		<u>9,062</u>
Sub total		40,847
Total 2016 Reserve Expenditures		58,176