

**RIVER PLACE EAST
BOARD OF DIRECTORS' MEETING
Friday, August 1, 2003
MINUTES**

Place of Meeting: River Place South Entertainment Center
1011 Arlington Blvd.
Arlington, VA

Board of Directors Present: Mr. Anthony Priest, President
Mr. Brian Fredericks, Vice President
Ms. Mary Jean Schmelzer, Secretary
Mr. William Johns, Treasurer
Mr. Stevenson Clarke, Director
Ms. Joyce Newell, Director
Mr. Thomas Vassar, Director

Management: Mr. Joseph Tata, Building Manager

Residents/Shareholders: Mr. Frank Schmelzer #1210

- I. Call to Order: Mr. Priest called the meeting to order at 6:07 p.m.
- II. Approval of Minutes. Minutes were approved as read.
- III. Secretary's Report: Ms. Schmelzer reported that she mailed out notices for exclusions, both financial and corporate, on July 30, 2003. Ballots were mailed to all shareholders for whom the corporation has addresses on August 1, 2003.

Mr. Tom Vassar, director, inquired regarding the reason for looking into the status of corporations, the date of the Bylaw change requiring that corporations be valid by Virginia law and the personal motivation of the secretary for thinking of investigating the status of corporations. He was particularly interested to know if the secretary had any conversations with any Board members or the Corporation Counsel regarding corporate status outside Board meetings.

The Secretary responded that the Bylaw changes were voted in on June 4, 2003. The East used language and procedures developed by the West building over a three-year period. The motivation to change our voting procedure came from the year that we spent in court at great expense to the housing corporation due to lax voting procedures.

- IV. Owner's Association Report: Ms. Schmelzer reported that she had communicated the complaints from East shareholders and Board members. In particular shareholders

would like to see the garage painted and the bollard near the grocery fixed. The bollard is both unsightly and hazardous. The OA will be working in the garages to install deck drains which will help alleviate the problem of concrete deterioration due to the freezing and thawing of standing water. The contract is for \$24,000. Surveillance cameras will be installed at the entrance area of the garages. The OA has sustained expensive and repeated damage to the doors caused by vehicles unable or unwilling to stop. Cost will be about \$12,000. Permission was granted to purchase a popcorn machine for the Entertainment Center. It will go along with the movie entertainment planned for the weekends and open to the River Place community. An extra shift was approved for Patrol. This shift will work weekends during peak hours, from about 4 p.m. to midnight. A calendar of events for the community has been generated and includes a picnic September 13, a Halloween Party for kids October 31st, a Movie Marathon November 28 and a Holiday Party for both adults and children December 19.

V. Management Report: Mr. Tata reported that the **hallway light project** is nearly complete.

Next, we have a proposal to erect a **canopy** over the rear entrance in the service yard. Mr. Tata agreed to confer with the North to see if a price reduction could be had for doing two at once (North and East) and to email the OA staff for approval.

MOTION: William Johns moved that River Place East erect a canopy over the rear entrance pending approval by the Owner's Association for an amount up to \$1,750. Seconded by Joyce Newell. Motion passed unanimously. (7-0-0)

Leach Wallace has provided two engineering estimates for work at River Place East. The proposal to plan and build a scope of work for the flooding problem in the service yard area is \$4,300. The proposal to build a scope of work regarding the water penetration problem and consult a waterproofing specialist is \$6,300.

In discussion of the **penthouse level water penetration problem** it was noted that solving the problem would require engineering expertise first to identify what needs to be done. Next a firm like Leach Wallace evaluates the bids and selects those with competence and merit. It was noted that the firm has done an excellent job in its work for the West building. It was agreed, however, that it would be useful to make additional contacts. Ms. Schmeltzer will contact Jamison Contractors, a waterproofing and masonry restoration company. Ms. Newell and Mr. Johns will make inquiries.

Flooding problem: The installation of backflow **preventers** in the offices flooded this February is not complete. The work in the Homeco lease area is in process. Work will be more expensive than initially planned at around \$2,700. Mr. Priest noted that the authorization was for \$2,000. The additional expenditure needs to return to the Board he noted. Mr. Tata agreed to inform the board of cost overruns before contractors are permitted to proceed in future.

Mr. Vassar said that he thought the SAI bid for the **Storm Water and Sanitary Plumbing Infrastructure Problem** included specs. The SAI bid was for \$4,500 for the site survey and the preparation of documents. Mr. Priest suggested that Leach Wallace be asked to include specs in their bid so that the Board can make an apples to apples comparison.

VI. Unit Sales. There was general discussion of the timing of action on unit sales. Mssrs. Vassar and Clarke stated that the only concern of the Board should be whether the parties involved are in good standing. Mr. Fredericks stated that there is much paperwork involved and that if all the parties concerned are aware of the Board timetable they should be able to factor that into their negotiations. Another issue of concern is whether the new buyer is an individual or a corporation.

MOTION: Mr. Vassar moved and Ms. Newell seconded that the sales of units 547, 610, 636 and 733 be approved. Motion passed without opposition (7-0-0).

VII. Financials: Mr. Johns reported that a temp will be starting Monday, August 4 to do general accounting. He reported that he expects to be able to get the financials out within 30 days. Mr. Vassar and Mr. Clarke asked that their names be removed from any list of those permitted to sign checks. Mr. Johns said that only the President and the Treasurer will have such permission. It was agreed that a written policy will be created that specifies how much may be spent without seeking Board approval. Currently the rule of thumb is \$1,000.

VIII. Old Business:

HVACs. Ms. Newell stated that after additional study it has been determined that every penthouse HVAC has 20-year old coils. However, some of the compressors have been replaced. There was general discussion of the merits of replacement, the necessity for an explicit policy of replacement and the timing of replacement.

MOTION: Ms. Schmelzer moved that the River Place East Housing Corporation replace the HVACs in #1209 and #1211 based on the technical recommendation by Densel Company that the units need to be replaced. Seconded by Mr. Fredericks. Motion passed (5-0-2).

MOTION: Ms. Newell proposed that Stuart Mechanical be hired at a cost not to exceed \$1,500 to inspect all penthouse HVACs and provide a replacement schedule report. Seconded by Ms. Schmelzer. Motion passed (7-0-0).

Window Committee: Ms. Schmelzer reported that the Window Committee plans to research the technical details of window replacement, seek demonstrations from manufacturers and evaluate engineering companies. The Committee plans to have a recommendation to the Board of Directors by March, 2004. Board members that attended the meeting were Ms. Schmelzer, Ms. Newell, Mr. Fredericks and Mr. Priest.

EXECUTIVE SESSION to discuss the audit from 7:30 p.m. to 8:18 p.m.

MOTION: Accounting settlement agreement passed unanimously in executive session.

IX. Next Meeting Date: The next meeting date will be August 26, 2003.

X. New Business:

Shareholder Information Sheets: Mr. Tata should make a count of the shareholder information sheets returned from the shareholders ready for the next meeting on August 26, 2003. The count should show the shareholder information sheet by unit, not by owner. Also provide a printout of the owners that have not returned a Shareholder Information Sheet. This will have given the owners 61 days to respond. We will discuss what to do at the next meeting.

Bylaw requirements regarding Corporations: Mr. Vassar disputed the legality of these Bylaw requirements:

The proviso that Corporations be validly existing under Virginia Corporation law denies the property owner his rights according to Mr. Vassar. It is a breach of the contract. In and of itself the corporate shareholder does not transact business: the ownership of real or personal property in and of itself does not constitute transacting business in the Commonwealth of Virginia. Therefore the corporation should be allowed to vote even if it is not a corporation in good standing under Virginia Corporation law. Mr. Vassar believes the East provision to be invalid and unenforceable.

Mr. James Zelloe, Corporation counsel will study this question and will report at the next meeting.

Mr. Zelloe will also research and report on the requirements of representation for individuals elected to a board of directors by shareholders in a corporation who are not owners of record, but are officers of a corporation. The practice of long standing has been that the individual elected is the only person who may serve on the Board of Directors. Mr. Clarke and Mr. Vassar believe that the corporation should be able to send any officer it chooses. Mr. Zelloe will research this question.

Executive Session 8:35 to 9:05.

MOTION APPROVED IN EXECUTIVE SESSION: That a special exception be made for River Place Partners I for the September 10, 2003 election only: That River Place Partners I be permitted to vote its shares for the 14 units for which it is the owner of record even though it is not a corporation in good standing under

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Virginia Corporation law. Mr. Zelloe will research whether the Corporation may make exceptions to its own Bylaws.

Respectfully submitted,

Mary Jean Schmelzer, Secretary

DATE APPROVED: _____

ATTESTED BY: _____

(Name)

(Title)