



## WHCA 2015 Annual Meeting Minutes

February 4, 2015, 7 p.m.

Pursuant to notice, the Annual Meeting of the Washington House Condominium Association was held on Wednesday, February 4, 2015, at 7 p.m., in the Washington House Community Room. Present: Council President Paul Roberts, Vice President Karen Hornor, Secretary Susan Swan, and At-large Members Len Sawyer and Michael Chajes. Attending at the invitation of Council were Brad Carrillo and Lorraine Brady of Aspen Property Management and Frank Peter of Cogent Building Diagnostics. Mr. Carrillo facilitated the meeting. A total of 38 Association members and residents attended, representing 35 residential units and 2 commercial units, in person and by proxy. Ms. Swan verified that a quorum of members was present.

The President called the meeting to order at approximately 7 p.m. and welcomed the owners in attendance.

### Old Business

Ms. Swan noted several past Council decisions to be placed in the record:

- On August 3, 2014, the Council appointed Aspen Property Management to serve as WHCA Enforcement Officer.
- On August 27, 2014, the Council agreed to engage Cowie & Mott LLP of Baltimore as its legal counsel on building defects matters.
- On September 2, 2014, the Council agreed to hire Tevebaugh Associates, a Wilmington architecture firm, to design protective barriers around Washington House.
- With Council's approval, Aspen has engaged Frank Hajek & Associates, P.A., of Bel Air, Md., to perform the annual audit of WHCA's finances.

### Property Manager's Report

Mr. Carrillo presented the property manager's report for 2014.

### FINANCIAL

Mr. Carrillo reported on the Association's 2014 finances, including the regular budget and the financing of defect-related building repairs. He noted that as of December 31, 2014, WHCA had \$750k in operating and reserve funds. As of January 31, 2015, WHCA had \$1.3m in assets, \$1.2m of which was special assessment income. In order to help fund the present defect repairs, a few owners paid in advance of the January due date for the 2015 installment of the assessment. Mr. Carrillo noted that the WHCA income in 2014 income was \$465k, with expenses of \$360k, leaving a surplus of \$105k, most of which consisted of income from liens on units recently sold by the developer. He reported that the Association is operating on a balanced budget, and there is no need to increase the regular budget for 2015.

Mr. Carrillo opened the meeting to questions from owners regarding finances. He noted that the Association borrowed from the replacement/reserve fund to pay for defects-related expenses in the fall, but that the fund will be replenished with income from the January 2015 special assessment. Owners expressed dissatisfaction with increases in Newark's water rates, and Mr. Carrillo addressed questions about water metering and billing.

## **BUILDING MAINTENANCE**

Mr. Carrillo reported that Aspen is working on installing heat traces to prevent a recurrence of last winter's freezing pipes; Aspen employees are doing the work themselves in order to save the Association money.

## **Committee Reports**

### **BUILDING REMEDIATION COMMITTEE**

Ms. Swan reported that the Council President appointed Warren Pratt (Unit 419) to serve on the Building Remediation Committee as the liaison on legal matters.

### **Legal Update**

Mr. Pratt reported the following:

- Council has engaged Pinckney Weidinger Urban & Joyce as Delaware counsel on Washington House building defects litigation. Pinckney Weidinger will work with Cowie & Mott on matters relating to the lawsuit against the developer, which was filed in the Complex Civil Litigation Division of the Delaware Superior Court on January 14, 2015. Judge William C. Carpenter, Jr., has been assigned to the case.
- The plaintiffs in the case are: the Washington House Condominium Association, on its own behalf and on behalf of multiple units, and William E. Montgomery and Tamara A. Montgomery, individually. Defendants are: Daystar Sills, Inc.; David N. Sills IV; Washington House Partners, LLC; Architectural Concepts, P.C.; Avalon Associates of Maryland, Inc.; and Environmental Stoneworks, LLC. The Council, at the recommendation of its legal team, asked the Montgomeries to join the lawsuit as plaintiffs because they are a recent purchaser at Washington House, and their inclusion helps preclude any possible statute of limitations claims by the defendants.
- The lawsuit was filed after the defendants failed to sign a tolling agreement as requested by the plaintiffs. Notification was served on the defendants by the sheriff's office. Our lawyers have filed a document request asking the defendants to hand over the structural drawings of the building in their possession. Activity on the case will ramp over over the next few months.
- Although our case is strong, the prospects for financial recovery in litigation cannot be predicted; hence, the Association cannot rely on any potential recovery to pay for the building repairs.

### **Financial Update**

Mr. Carrillo and Mr. Chase, the committee's financial liaison, reported on building defect-related finances. Mr. Carrillo noted that Aspen has received \$1.5m in 2015 special assessment payments so far and that \$317k was spent through November 2014 on defect-related expenses, including legal costs. Mr. Chase thanked owners for the high level of compliance with the special assessment.

### **Building Defects Repair Update**

Ms. Hornor reported the following:

- Following a request for proposals and a vetting process carried out by Aspen and the Committee, the Council selected Tevebaugh Associates to perform the architectural design work for defect-related repairs to Washington House. Tevebaugh has been working for the WHCA since early fall, when it began designing City-mandated safety barriers around the building.

- Construction of the safety barriers has been completed except for the scaffolding that will be put in place on the north (Main Street) side of the building prior to construction. Scaffolding work has been postponed as long as possible to minimize the impact on the businesses in the commercial units.
- The Committee and Aspen are in the process of selecting a construction management company to perform the building defect repairs. Tevebaugh Associates issued a request for proposals to five CM companies it recommended. Council, Aspen, and Tevebaugh are presently vetting the proposals received from the five firms and conducting interviews with them as a part of the selection process.
- At the committee's request, Michael Chajes has agreed to serve as the Council liaison on building security issues, which have increased in scope because of the defects-related construction work. Mr. Chajes reported on recent vandalism to the building; he noted that bids from security camera companies are being reviewed, uniformed security guards are patrolling the building several nights a week, and a security consultant has reviewed the building and has provided recommendations on protecting the site during construction.

### **Election of Council Members**

Mr. Carrillo conducted the annual election of Council members as set forth in the WHCA Code of Regulations. He explained that the seats currently held by Karen Hornor and Michael Chajes were up for election for a three-year term ending in 2018, and that the incumbents had agreed to stand for reelection. Mr. Carrillo solicited other nominations from the floor; none were submitted. Ms. Swan moved to close the nominations; Mr. Roberts seconded the motion. Ms. Hornor and Mr. Chajes were reelected by voice vote of the WHCA members in attendance.

### **Comment Period**

Ms. Swan noted that the Delaware Code provides for a period during every Council meeting at which Association members may comment on any topic they wish. Mr. Carrillo opened the floor to questions; there were none.

Mr. Roberts adjourned the meeting at approximately 7:50 p.m.

Submitted by Susan Swan.