

Palladian Condominium at Rockville Town Square  
MANAGEMENT REPORT  
February 9, 2009

I. MINUTES

II. FINANCIAL

III. MISCELLENEOUS

IV. CONTRACTED SERVICES

- A. Alarm Access Monitoring
- B. Cable TV
- C. Elevator
- D. Emergency Generator
- E. Exterminating
- F. Fire Extinguishers
- G. Fitness Equipment
- H. Garage Door
- I. HVAC – Common Area
- J. HVAC – Residential fans/motors
- K. Janitorial
- L. Refuse
- M. Utilities

V. PROFESSIONAL SERVICES

- A. Management
- B. Insurance
- C. Legal

VI. MAINTENANCE & ADMINISTRATIVE

- A. Maintenance
- B. Administrative

Prepared by:  
Karen Kodjanian, CMCA, AMS, Community Manager

Palladian Condominium at Rockville Town Square  
MANAGEMENT REPORT  
February 9, 2009

I. MINUTES

Approval of minutes of Board of Directors Meeting of December 15, 2008 and January 12, 2009. **(Encl. P1-P9)**

II. FINANCIAL

Financial reports for December were emailed on January 28, 2009. It was significantly late due to some inconsistencies that required correction.

As of 1/31/09 – 7 units were on the delinquency listing. All of the units listed typically pay by the 15<sup>th</sup> before it goes into delinquency status. There was one unit that was 60 days in arrears on January 1, 2009. The owner has paid the balance and resolved billing address issues.

The account with ING Direct was opened and funded. **(Encl. P10-P15)** Currently accounts are held with the following:

Wachovia Bank: Operating  
ING Direct: Reserves

**Balance Sheet**

1. Cash Balances: Total cash balance in the operating and reserve accounts as of December 31, 2008 were \$561,373 respectively.
2. Assets – Total assets were \$587,836.
3. Reserve Equity – Reserve Equity was booked at \$129,330.
4. Acct. Rec. – Others - \$550.06 – the funds held in this line item were reimbursed and owed from the HOA. (Meeting Expense and Office Equipment)

**Statement of Operations/Budget Analysis – YTD**

1. Notable positive variances to budget projections year-to-date included:
  - Utilities– \$80,885 - Budget expense YTD were \$282,564. Expense YTD was \$201,679. Under budget primarily due to common area gas consumption being significantly less than budgeted.
  - 7645 – Elevator Contract - \$11,410 – Budget expense YTD was \$21,580. Actual YTD Expense was \$10,170. Under budget primarily do to timing and mailing of invoices. Invoices were mailed to DANAC instead of site. The change has been made and invoices current and future will be timely.
  - 7285 – Plumbing Repairs - \$3,000 – Budget expense YTD was

\$3,000. YTD expense has been \$0. Plumbing issues TD have been covered through the Developer primarily for cause.

- 6175 – Condominium Fees – \$154,223 -These are the fees paid to the Master. YTD budgeted was \$196,780. YTD expense was \$42,557 primarily do to budgeting projections for the Master being significantly higher than actual.
- 6220 – HOA Fees – \$10,390 – YTD budgeted was \$83,299. YTD expense \$72,090. Palladian budget was approved before the HOA and the projected budget was modified with a reduction.

2. Notable negative variances to budget projections year-to-date included:

- 5888 - Utilities Income – Budget \$183,920. YTD income was \$27,324. There were a significant number of hidden fees in the contractual agreement between Midway Services and The Palladian. Management has recommended replacing the vendor.
- 7120 – Building R&M – (\$1,465) – YTD budget was \$6,800. YTD actual was \$8,265. Primarily due to lack of appropriate line items. In the Budget for 2009, expenses have been correctly allocated to specific line items so they are not coded to a general account.
- 7275 – Painting and decorating – (\$6,173) – YTD budget was \$1000. YTD expense was \$7,173. Rodney was brought on as temporary contractor and the expense was coded to this line item. In 2009 he is listed on the payroll portion of the budget and financial information.
- Maintenance Supplies – (\$2,479) – YTD budgeted was \$3,100. YTD actual expense was \$5,579. Several areas of maintenance were deficient in supplies and required attention. Primarily lighting, filters, batteries, etc.

The financial position remains positive. Significant variances are due do budgeting from outside entities.

### III. MISCELLANEOUS

### IV. CONTRACTED SERVICES

A. **Alarm Monitoring/Sprinkler Testing**

No notable activity.

B. **Cable TV – Comcast Cable**

(Anniversary Date: February 2016)

No notable activity.

C. **Elevator - Kone Elevator**

(Anniversary Date: November 20, 2012)

State inspections were conducted and certificates are forthcoming dependent upon sprinkler repairs being completed. The fourth floor smoke detector does not work. Castle Sprinkler and Alarm has proposed to trouble shoot the problem estimating a 6 time frame at a cost of \$1,169.00. Danny is working on negotiating the price and will if possible. However the work does need to be completed (Encl. P.16).

It was learned that there were owner and address problems with the original certificates which caused delays with the renewal.

D. **Emergency Generator**

No notable activity.

E. **Exterminating- Western Pest**

(Anniversary Date: month-to-month)

Vicki is requesting another proposal from a vendor used in the past that may be more cost effective but equally adequate in service.

F. **Fire Extinguishers**

(Anniversary Date: February 1, 2009)

Are scheduled for service and testing this month.

G. **Fitness Equipment – Heartline Fitness**

(Anniversary Date: November 21, 2009)

No notable activity.

H. **Garage Door – Overhead Door**

(Anniversary Date: October 31, 2009)

No notable activity.

I. **HVAC – Common Area - Densel**

(Anniversary Date: January 24, 2009)

A meeting is being scheduled with Densel and site management to review the contract and determine if the best possible use of the maintenance agreement is being used or if a modification to the contract is necessary. This meeting has carried into February.

J. **HVAC – Residential**

(Anniversary Date: TBD)

The residential units are serviced and maintained by Danny and they are all in working order.

K. **Janitorial – Beltway Cleaning Services**

(Anniversary Date: March 2, 2009)

Site Manager is evaluating services provided as well as reviewing proposals received from two alternative contractors.

L. **Refuse – Waste Management**

(Anniversary Date: February 22, 2010)

A copy of the contract is included for review. (Encl. P.17-P18).

M. **Utilities – Midway Services (Board Decision Requested)**

(Anniversary Date: February 22, 2009)

Proposals were received from vendors to provide this service. Midway Services has been given notice of cancellation as a matter of procedure.

National Exemption Services, Inc (NES) – A proposal was received on January 29, 2009 and reviewed. (Encl. P19-P21)

**Cost:** \$3.25 per unit per month per reading (\$6.50) billed to each unit owner.

**Set up fee:** \$5.00 per unit. One time fee on each set up.

**Collections:** To be performed by management.

**Postage:** Billed to the association.

On the initial transition, NES will come to site and configure each of the boxes and make repairs (when/if necessary) at the cost of Palladian.

**Billing:** Billing date to be determined by Palladian. Thereafter bills will be due within 15 days of billing date and reimbursement to Palladian within 45 days from billing due date.

Studabakers Submetering – A proposal was received on January 12, 2009. (Encl. P22-P23)

**Cost:** \$7.00 + postage per unit per month. (The managing partner has agreed to reduce this to \$6.00 plus postage per unit per month.

**Set up fee:** \$15.00 – This fee is going to be waived for all units currently on the Midway Plan. It will only be assessed when a unit changes ownership or residency.

**Collections:** To be performed by Studabakers and fees to come from fees assessed to client in arrears. (\$5.00 late and \$25 NSF).

**Postage:** Billed to resident.

**Billing:** Billed between the 20<sup>th</sup> and 22<sup>nd</sup> of each month. Payments due in 21 days and reimbursements to Palladian within two weeks.

Studabakers Submetering is currently performing the services for the other buildings in the square with no issue. They have been able to verify that their equipment and the equipment on site are compatible so it will eliminate conversion fees.

It is Management's recommendation to engage the services of Studabaker Submetering for a 12 month contract.

For informational purposes Midway comparisons are as follows:

<b>Cost:</b>	\$3.97 per unit per month. Billed to resident.
<b>Set up fee:</b>	\$5.00 per unit. Billed to resident.
<b>Collections:</b>	Performed by Midway and billed to The Palladian. (\$10.00 late fee and \$10.00 insufficient funds fee).
<b>Postage:</b>	Deducted from funds collected.
<b>Communications Line:</b>	Deducted monthly from fees collected.
<b>Billing:</b>	Payment due 15 days from bill date. Funds received to Palladian within 60 days.

## V. PROFESSIONAL SERVICES

### A. Management

(Anniversary Date: November 30, 2009)

On site Management meetings were held with the General Manager and Building Engineer. Mrs. Myers has been on site now for two months and continues to make progress on several of the tasks that had not been completed.

A full building inspection was conducted on January 15, 2009 with Danny and the Engineering team from Zalco Realty. The final written report with suggestions is being prepared and will be submitted with next months management report.

An application was received from a unit owner to have modifications done to the interior of her unit. Approval is requested. **(Encl. P.24-P29)**

Management reviewed and discussed with Zalco Engineering and Palladian legal council any implications relating to warranty with respect to the Tenn Security Proposal for camera installation. Mr. Philbin indicated there is not issue relating to warranty. Zalco Engineering reviewed to assure the camera placement will not adversely affect any of the wiring throughout the building. The only recommendation was to be sure the contractor performing the electrical work is licensed and insured and obtains all of the necessary permits. Tenn Security has indicated that that is the procedure. Enclosed is a copy of the contract, the locations for the cameras and a letter from Zalco Engineering indicating their review. **(Encl. P47-P48)**

### B. Insurance – John Manougian

(Anniversary Date: February 26, 2009)

Proposals have been submitted which are in line with those from last year. The Master Association will approve and certificates will be provided to site.

**Philadelphia Insurance**

Building Value \$46,876,053.  
Personal Property \$500,000. (\$5,000 deductible)  
General Liability \$1 Million per occurrence/ 2 Million aggregate

**American Guarantee & Liability/Zurich**

Umbrella \$25 Million

**Travelers Insurance**

D&O Liability \$1 Million  
Fidelity \$250,000.

**Norguard Insurance**

Workmans Comp.

C. **Legal** –

Counsel continues to assist with collection of two delinquent units. (Report will be emailed to the BOD)

VI. MAINTENANCE & ADMINISTRATIVE

A. **Maintenance**

To be covered by Mrs. Meyers.

On January 17, 2009 Danny received a call from the Fire Department who had arrived at the building at approximately 10:30 pm. The cause of the emergency was cracked sprinkler lines in the public portion of the garage. As a result, the fire alarms for the nested portion of the garage were not active. Danny and Rodney spent 18hours on rotating shifts patrolling the garage on fire watch. Management is requesting a discussion from the Board regarding billing for this incident as well as future occurrences. Technically, the City should be billed for the hours spent on fire watch or have provided the fire watch service through the City. However, if this type of situation were to occur in Block 4 as a result of the nested portion of the garage, Block 5 would be the responsible party.

The question: Does the BOD want Palladian to be responsible financially as well as physically or should each of the entities bill the responsible entity on each occurrence?

B. **Administrative**

• **Committee Recommendations**

Maintenance Committee – Minutes of February 9, 2009 attached.  
Design proposal included. (Encl. P30-P36)  
Marble Project. (Encl. P37-P43)

Policy and Rules Committee – **No report submitted.**

Safety and Security Committee recommendation – Recommendations from February 9, 2009 attached. **(Encl. P44-P53)**

Social Committee Report – Minutes from January 25, 2009 attached. **(Encl. P.54)**

- Task List – Attached. **(Encl. P.55)**
- Annual Calendar – Attached **(Encl. P56-P59)**