

**President's Report**  
**Palladian Board of Directors Meeting**  
**Monday, March 9, 2009**

**State of the Condo Address**

I'd like to begin by thanking the Board of Directors, unit owners and other Palladian residents for allowing me to serve as your President for the past year. It was an exciting and challenging year as resident owners gained seats on the Board of Directors and open Board meetings were held for the first time. I'd like to thank management and the other Board members for participating in the condominium governance process, the committee members for their active participation in the condo this year and other residents in the building who attend meetings, provide feedback to the Board or management or those that just simply say hi when passing in the hallway.

We've learned and accomplished a lot over the past year and have much more to do in the coming months. One of the highlights of the year was the hiring of Vicki Myers as the new Rockville Town Square General Manager in December of 2008. Vicki has brought a professionalism and aptitude for organization to the management office that had been severely lacking for quite some time and although she's only been here for less than 3 months, the Board and other residents can already see the difference in work product, attitude and performance. Thank you Vicki and thank you Karen for bringing Vicki over from another Zalco property.

Communication has greatly improved this year, as we launched a Palladian Condominium website and official message board. Informational memos and newsletters are being distributed on a regular basis and posted in the main lobby and elevator lobbies. The Homeowner Resource Guide was updated with a variety of pertinent building and community information and an e-mail list was established, although it is used sparingly to avoid overflowing people's email inboxes. In 2009, we will enhance the website, attempt to make the message board more user-friendly and I plan to begin sending quarterly President reports to the e-mail distribution list.

We began regular maintenance in the building, including window washing, garage power washing, painting of large trouble spots in hallways, continued maintenance of rooftop machines and other smaller maintenance tasks. The entry doors from the garage, which slammed and didn't close properly for quite some time were repaired. And, I believe the flooding in the garages

was fixed, although we will have to see for sure when we get our first rain of 2009. We hired a second, part-time, maintenance employee to assist Danny and Vicki with maintenance tasks in the building and paint and repair trouble spots in the building. Garbage cans were installed in all the main elevator lobbies and surprisingly they have yet be stolen.

Several large initiatives were approved at the February Board meeting and are currently underway. Security cameras are being installed beginning this week at all the entryways to the building, the fitness room and club room. Security enhancements are being made to the stairwell entry area from the public stairwell to the Palladian mezzanine level, the Block 4 garage and the entryway door from the public garage to the private garage. These are also expected to be completed in the next week or two. A main lobby re-decorating proposal and decoration plans for the main elevator lobbies were approved, furniture has been ordered and we expect the decoration to be completed in 6-8 weeks. Lastly, the marble floors throughout the building will be restored and repaired. Special thanks goes to the Safety & Security Committee and Building Maintenance Committee for working on these items, we should see the results of your hard work in the near future.

The Board established a Policy and Rules Committee during the year, who worked hard to draft Parking and Garage Rules and Club and Fitness Room rules, all of which were ultimately approved by the Board during the summer. After drafting the rules, we hired a towing contractor, who I understand has towed several illegally parked vehicles from the garages. The committee is also working on rules to restrict the number of unit owners who can rent out their unit, move-in / move-out rules and hallway decoration rules, all of which are in draft format and are expected to be resolved this year. We've been lucky in that we haven't had many resident against resident complaints or resident violations that have required committee hearings or significant disciplinary action, although I anticipate with the installation of the security cameras and the building being near full capacity, we may see an increase that will require committee attention. Thanks for your hard work this past year; the rules implemented thus far have been very successful.

We held several successful social events this past year, including a summer barbeque, international cuisine night, winter party and several happy hours. I hope the social committee can build on the success enjoyed in 2008 and lead even more successful social functions in the building this coming year. As the most outward facing of all the Board appointed committees, the social committee is extremely important in fostering a sense of community and

bringing everyone together and we all look forward to what lies ahead in 2009.

Strides were made within Rockville Town Square and our relationship with the City of Rockville. Complete Building Services replaced Federal Realty in January on the maintenance contract for Rockville Town Square and preliminary feedback has been positive. They are responsible for maintenance of the common areas of the Town Center Management District, including the common lobby between Gordon Biersch and the Cottage Monet, located inside our building. While difficult to work with and slow to act, we've made strides with the City of Rockville including having security cameras installed in the public lobby of the building, a reflective mirror installed at the top of the Block 5 garage exit ramp, having lights installed at the entrance to the block 5 garage to brighten the entryway and having them replace all broken elevator panels and buttons. In 2009, the Palladian Board will look to become more active at the RTS HOA Board level, the Master Condo Association level and with the City of Rockville. We will also continue to push the City and Complete Building Services to maintain the common RTS grounds in a Class A manner.

At the Rockville Town Square HOA level, we had our first successful pool season and recently replaced the concierge so hopefully the level of concierge service will improve. Overnight hours were also eliminated to save on concierge expenses.

We had a variety of guests join us at the monthly Board meetings to give presentations to the group, including: Rocio Estrada, City of Rockville Community liason, David Levy, City of Rockville Director of Long Range Planning, Colleen McQuinty City of Rockville Special Events Manager, Ed Beccles Complete Building Services, Chris Manougian, Manougian Insurance, and the Rockville Police Chief Treschuk. The guests provided valuable insight into our community and were able to answer questions the residents had about their respective areas.

Financially the Condominium is in a sound position. After the cameras, lobby decoration, enhanced security work and marble restoration we will have approximately \$150K in capital reserves and between \$300K and \$350K in operating funds. Upon completion of the engineering and reserve study we will have a better idea of the amount we should have in capital reserves and can tru-up the account appropriately.

This past year we also hired a minute taker for Board meetings, an audit firm, legal counsel, and replaced Midway as our utility submetering company with Studebaker, among other things.

This year didn't come with its fair share of bumps along the way. We had significant difficulties with the previous General Manager as well as growing pains typical of a new Condominium Association. We learned that accomplishing things takes longer than one would think and certainly longer than we would like, but hopefully that will improve as we have the benefit of some added experience on our side. With a year under our belt and a new General Manager in place, I expect 2009 to run more smoothly than 2008 did.

We have our sights set high in 2009 and a lot on our plate. Significant undertakings include: (i) completion of the engineering and reserve study, (ii) review of the building cleaning contract, (iii) installation of the security cameras, (iv) completion of the lobby re-decoration and elevator lobby decorations, (v) completion of marble restoration, (vi) greater focus on the condition on the building and making possible improvements, (vii) improvement of the website, (viii) quarterly President newsletters, (ix) more social events, (x) consideration of passing new rules and (xi) possibly quarterly resident town hall meetings.

Lastly, if anyone has any ideas or suggestions for the Board or management, feel free email any or all of us because we are always looking for fresh thoughts and ideas. I'm looking forward to a great year ahead and making it successful along with the hard work and dedication of the rest of the Board, the management team, committees and residents.

Thank you,

Adam Weber

President, Palladian Condominium at Rockville Town Square