

HERITAGE HUNT CONDOMINIUM I UNIT OWNERS ASSOCIATION

NEWSLETTER

April 9, 2010

NEW ENTRY DOOR CODE ADDED FOR BUILDING A

A new entry code has been added to deal with the problem of the balky digit "8" on the entry keypad at the garage elevator entrance in Building A. The same code has also been added to the Building A main entrance entry system. The new code is in addition to the existing one, so you may use either code or a key. Each Building A resident will be notified separately or may call Ed Plummer at x 1656 if you haven't been contacted by the time you read this.

GARAGE CLEANING MAY 13TH

Garage floors in both buildings will be cleaned and hose washed on Thursday, May 13th. The same as last year, J & B Cleaning will provide personnel to do the cleaning. This year we again contract for an industrial vacuum machine to help with the leaves and debris.

Residents should either move their cars out of the garages by 8 AM on May 13th or give their car keys to another resident or a member of the Board so that cars can be moved as needed.

Each owner/tenant is generally responsible for keeping his, or her, parking space clean. If your space has oil stains, consider applying kitty litter or other suitable product prior to cleaning day.

Notices will be posted on the bulletin boards and in the lobbies during the two weeks prior to cleaning. Your cooperation is appreciated.

NEW CLEANING COMPANY TO START JUNE 1ST

Beginning June 1st, Northern Virginia Cleaning and Janitorial Services will clean our buildings. Our current cleaning contractor sought a 30% increase in their fee, so competitive bids were solicited and the new company won our contract at a price comparable to what we have been paying.

Proposed HOA Governing Document Amendment Raises Concerns

At its February meeting (the Board Briefs in the April *Horn* barely mention the proposed amendment and give no background), the HOA Board decided to proceed with a Budget and Finance Committee resolution to amend the HOA Governing Documents to allow for investment in a broader range of vehicles. While the change would provide more investment choices with the potential for more income, **make no mistake**, the change would allow the investment of our community's Reserve Funds in **riskier investments!**

On September 16, 2009, John Fell of the Morgan Stanley advised the HOA Budget and Finance Committee that the HOA could increase its monthly income by redirecting \$1 Million dollars from US Treasuries to a Virginia Tax Free Bond Fund. This change was projected to increase yearly income by about \$9,000 per year, which corresponds to about \$0.41 per homeowner per month.

Implementing such a strategy requires amending the *Declaration of Covenants, Conditions, Restrictions and Reservations of Easements*. Originally, this document restricted HOA investments to deposits insured by the FDIC and instruments backed by either the US Government or one of its agencies. In November, 2007, the Governing Documents were amended and included changes that allow investment also in state bonds that are backed in principal by the state. As it happens, there are no bond funds that invest solely in Virginia state bonds; although there are funds that invest solely in Virginia municipal bonds, and the Franklin Virginia Tax Free Fund appears to be the vehicle suggested by Morgan Stanley.

(Municipal bonds are issued by county and local governments for various projects that include such things as schools, hospitals, and transportation. Some have direct claim on state or county taxes but

others rely on revenue from the projects themselves and may NOT be specifically backed by the full faith and credit of the state or municipal government, meaning that should a project fail, the associated bonds could go into default.)

The issue is philosophical, but very important. **Namely, do Virginia municipal bonds entail more risk than is appropriate for our HOA?**

It is important to realize that members of the Budget and Finance Committee and the Board of Directors have the **responsibility** to make decisions in the best interest of the Association and use the highest, most ethical standards in so doing. This includes making the distinction that what is appropriate for one's own investments is not necessarily appropriate for the Association.

While certainly dedicated and hard working, the Board and B&F Committee, in trying to keep down assessments, may be focusing too narrowly on raising income, and may be overlooking the concerns of our community at large. Thus it is vitally important that each HH owner decide for himself, or herself, whether such investments carry too much risk and communicate his, or her, opinion to the resident Board members.

We are all experiencing the ravages and uncertainty of current economic times. To be sure, there are investments that offer potentially higher returns than insured bank deposits and Treasury bills, bonds, & notes, but **they ALL carry more risk**. The risk may not be large, but it is there. States are severely stressed for money and there is no guarantee that there won't be defaults on bonds; and if inflation heats up and interest rates rise, bonds could lose value for market reasons.

Good investment advice generally recommends diversifying across a broad range of investment vehicles to get good return while limiting risk. While this can work for an individual, generally accepted practice, the laws, and our Governing Documents restrict what investments are allowed for Association money, so it is just not possible to diversify HOA investments to the extent that an individual can. Therefore, the risk of each potential investment must be considered in the special context that exist for a community association.

Amendments to the Declaration of Covenants require a two-thirds majority vote at a meeting of the full HH HOA membership at which a quorum is present. For practical reasons, it is likely that the Board will put the amendment to a vote at the Annual Meeting of the HOA in December, 2010. At that meeting we will also be electing our first completely homeowner Board, with five director positions to be filled. I urge residents to consider this issue, send their written (or e-mail) opinion to the Board, and demand that the issue be addressed by all candidates for the Board and the Budget and Finance Committee.

On a related note, the HOA Budget and Finance Committee has created a Major Enhancement Reserve Fund and has already put into it approximately \$400,000, of which about \$200,000 is part of the 2010 budget. The budgeted amount for 2010 equates to about \$9 of our \$245 monthly assessment. The point to consider is that the funding is for no specific project but, you can be sure, that something will be found to spend the money on. You might consider whether this is how you want your assessments used. Perhaps it would be more prudent to identify an actual need and then develop a way to fund it.

The current resident Board members can be contacted as follows:

Curt Dierdorff – cdierd@comcast.net,
Don Palmer – dpalmer5872@comcast.net,
and
Dick Schneider – twomeows2@comcast.net.

I would be happy to discuss this matter with anyone who is interested.

Ed Plummer x 1656
eplummer@heritagehuntcondos.org

TRASH REMINDERS

Please remember to breakdown cardboard boxes before putting them in the dumpsters. Intact boxes take up too much room. And be sure to tie all trash bags securely so that the contents will not spill as it falls down the trash chute.