

MINUTES OF THE
RIVER PLACE NORTH HOUSING CORPORATION
April 15, 2003
Arlington, Virginia 22209

CALL TO ORDER: President Norman Mikalac called the meeting to order at 6:00 p.m. in the Lobby Conference Room, 1121 Arlington Boulevard, Arlington, Virginia.

Directors Present: Mr. Norman Mikalac, President
Mr. Hashmat Ali, Vice President
Mr. Andrew Spell, Treasurer
Ms. Nancy D. Joyner, Director
Mr. Brian Frederick, Director
Mr. Assem Iskander, Director
Mr. Omer Malik, Director

Directors Absent: None.

Management: Ms. Donna Cooper, Building Manager

Residents: None.

Others: Mr. Brendan Bunn, Legal Counsel

APPROVAL OF AGENDA: Mr. Mikalac asked the Directors to approve the agenda. Items added to the agenda were Elevators, Air Conditioning, Carpet, Bathroom/Kitchen Vents, and Board Meeting times. In addition, Mr. Fredericks asked for President, Treasurer and OA reports for consistency and continuity of the Board.

(M) Mr. Fredericks motioned, Mr. Spell seconded, to approve the agenda as amended. The motion passed unanimously (6-0-0).

APPROVAL OF MINUTES: Mr. Ali requested clarification of the Space Committee Report and the Assessment Late Fee Waivers discussion. Mr. Spell requested the term pest control replace the use of vermin infestation.

(M) Mr. Ali motioned, Mr. Spell seconded, to approve the minutes as amended. The motion passed (5-0-1), with Mr. Fredericks abstaining.

Mr. Mikalac asked for discussion requiring legal counsel be moved up so that the Board could control legal costs for this meeting.

Letter of Intent: Legal Counsel stated that the terms of the letter of intent are not binding to the seller or purchaser, but an outline of the terms under which the purchaser is willing to acquire the property known as River Place North. Legal Counsel did note that paragraph 12 of the letter of intent attempts to hold RPNHC to a confidentiality agreement. If RPNHC signs off on this letter of intent the confidentiality clause would prevent RPNHC from discussing sale with any other entity that comprises the property known as River Place which includes the other housing corporations, OA, Westfield, and the businesses within the property. The purchase of the property known as River Place is contingent on the acquisition of all parcels. He suggested that RPNHC discuss the possible purchase with its shareholders and exchange information with the other corporations so that any negotiations could proceed under a consolidated umbrella.

Ms. Joyner commented that she attended an Arlington County civic meeting to discuss the construction of a baseball stadium in Arlington and noted that there are varying degrees of interest among county residents.

Mr. Fredericks stated that there are several documents governing RPNHC, the most important document being the proprietary lease. The procedure for sale of the property is detailed in section 36 of the lease. The lease states that 2/3 of the shareholders must approve the cancellation of the lease. Legal Counsel noted that cancellation of the proprietary lease would be one step necessary for sale of the property in order to deliver clear title. In addition, there may be other requirements outlined in the articles of incorporation or the Virginia Stock Corporation Act which may be higher than the 2/3 required by the proprietary lease and would control the sale of property from a corporate level. Legal Counsel stated they will review the governing documents and advise RPNHC of all requirements for sale. Ms. Joyner stated that shareholders would need an approximate value of their shares and legal fees to make an informed decision of their potential support of the sale. Legal Counsel stated that the typical process for cooperatives/condominium complexes is to hold educational sessions with shareholders that will not have a binding vote at the conclusion, but simply address questions and issues. Legal Counsel stated that RPNHC will need to get a tax opinion on sale and its affect on the corporation and shareholders. RPNHC should not give tax advice to shareholders, but advise them to seek their own counsel on the impact to their shares. Mr. Iskander noted that the letter of intent did not indicate a response date and provides RPNHC to thoroughly investigate this matter. Ms. Cooper will draft a letter to shareholders that will identify issues (legal process, tax implications, cost of transaction) and will include a copy of the letter of intent to illicit first response from shareholders.

Nullification Statements on Proper By-Law Amendment: Mr. Mikalac stated that counsel had determined that an illegal amendment had been passed by RPNHC contrary to the Virginia Code. Mr. Fredericks stated that the outcome of this legal opinion should have resulted in an election for five seats, not three, at the Annual Shareholders meeting on March 25, 2003. Mr. Fredericks stated that the Board does not have the authority to change by-laws and this amendment should have been done through shareholder vote. Legal Counsel stated that the corporation must follow state codes which override any individual corporation by-laws. He stated that recording a by-law nullification in the

corporation land records is more for posterity sake for the knowledge of future Boards and subsequent purchasers. The nullification does not amend the by-laws but simply confirms the Virginia Code. Legal Counsel stated that the time for procedural objections to the amendment was at the Annual Shareholders meeting.

Legal Counsel was thanked for his counsel and excused from the meeting at this time.

NOTE: There was additional discussion on this issue later in the Board meeting. Mr. Fredericks noted that the nullification of the by-law should have affected Mr. Mikalac's position on the Board and it would have, in fact, been up for re-election at the Annual Board meeting on March 25. Mr. Fredericks stated that Mr. Mikalac should remain on the Board for continuity. Mr. Ali asked for a motion.

(M) Mr. Spell motioned, Mr. Iskander seconded, to sign the nullification and appoint Mr. Mikalac as a Board Director until elections at the 2004 Annual Shareholders meeting. The motion passed (5-0-1), with Ms. Joyner in abstenia.

REPORTS:

President: None.

Treasurer: Mr. Spell reported that there is one month left in the current fiscal year. Mr. Spell noted that legal expenses are significantly over budget by \$19,000 for the year. Administrative costs are above budget for the month due to purchase of computer equipment that had not been budgeted and administrative temporary help needed during the transition of management staff. Mr. Spell reported that there is a final payment from the reserve funds of \$150,000 due on the elevator contract with ELCON. Reserves will finish the year at approximately \$1 million. Mr. Fredericks asked about the riser replacement work. Ms. Cooper stated that plumbing work has been completed on risers 31, 32 and 06 and reconstruction is due to begin on April 16.

OA Report: Ms. Joyner reported that the Entertainment Center has new equipment, including new stationary bikes, as well as a new wide-screen television. Ms. Joyner also reported that major concrete and asphalt work is to be done at the top of the entrance ways to the buildings to make the property more attractive. Work will also be done to improve trees and shrubbery. OA has raised transfer costs from \$150 to \$200 for those buying into the property. Delinquent parking accounts are down to 37 out of approximately 1700 parking spaces. OA is asking for any comments regarding operation of the new security contract by Burns. Ms. Joyner reported on the shareholder complaint by Ms. Yarborough at the Board meeting in March. Ms. Yarborough has made other complaints in the past. It has been noted that her testimony of events is not completely supported by facts and her complaint has been referred to OA's insurance company. Ms. Joyner discussed the proposed OA resolution on skateboards. The resolution bans skateboards from roadways and all common areas effective May 1. Staff will confiscate skateboards from users under 18 years of age and return the skateboard to the parents. Residents who violate this regulation more than two times will be banned from the pool

for one year. Those who incur more than three violations would be fined \$50 per violation following notice of a hearing. This resolution requires OA approval at the next meeting and input is requested by the housing corporations. OA will be responsible for dissemination of the regulations to all residents. Ms. Joyner also reported that OA is considering construction of a playground area behind the South building to accommodate the growing number of children at River Place. There was general consensus that the Board supports OA's recommendations.

Elections: Mr. Mikalac stated that if there is only one candidate for a office, the Board will vote that candidate in by a show of hands. If there is more than one candidate, the Building Manager will collect secret ballots. Officers for RPNHC are President, Vice President, Secretary, Treasurer, OA Representative, and any committee Chairperson. It is required that the President, Vice President and Secretary must be three different people. However, those individuals or any other individuals can hold any number of other officer positions. The President, Vice President and Secretary must be Board members. Other officers are not required as Board members; however, it has been past practice that the officer positions are held by Board Directors. Mr. Mikalac also reviewed the Board policy on the constitution and dissolution of committees. Committees are given power and duties as determined by Board resolution. The Board appoints committee Chairpersons and may appoint members or leave committee membership to the discretion of the Chairperson. Roberts Rules of Order stated that committees are Standing or Special. At the constitution of a new Board, all membership in Standing committees ceases and membership must be reconstituted. Special committees, however, remain until dissemination of the final report of their appointed duties. Mr. Mikalac stated that the Board could disband the current committees, reconstitute committees and determine if they are Standing or Special and outline their mandates.

(M) Mr. Ali motioned, Mr. Fredericks seconded, to dismiss all current committees. The motion passed unanimously.

There was further discussion of this issue later in the meeting at which time the Board constituted the following Standing Committees: Space, HVAC, Website. The Special Committees established are: Election, Rules and Regulations, and Budget.

Mr. Mikalac asked for nominations for President. Mr. Fredericks nominated Mr. Ali who accepted and was voted in as President. Mr. Ali then chaired the remainder of the meeting.

Mr. Ali asked for nominations for Vice President. Mr. Iskander nominated Mr. Fredericks who accepted and was voted in as Vice President.

Ms. Joyner nominated Mr. Spell for Treasurer. Mr. Spell accepted and was voted in as Treasurer.

Mr. Spell nominated Ms. Joyner for OA Representative. Mr. Fredericks nominated Mr. Iskander for OA Representative. By secret ballot, Mr. Iskander was voted in as the OA Representative for RPNHC.

Mr. Fredericks nominated Mr. Malik for Secretary. Mr. Malik declined. Mr. Spell nominated Ms. Joyner who accepted and was voted in as Secretary.

OLD BUSINESS:

Letter from Brian Fredericks: Mr. Fredericks stated the letter was submitted prior to the Annual Shareholders meeting and is old business. Mr. Fredericks noted that the letter discussed improper procedures in the 2002 elections. He stated he would like his letter to be a part of the written record of the Board and any impropriety avoided in the future.

Board Member Storage Space: Mr. Mikalac stated that the by-laws make no provisions for Board members to receive compensation or privileges for their service on the Board. There are currently Board members who pay one-half the rate for storage charged to shareholders, while there are past Board members who were granted free space. It will be the responsibility of the Space Committee to determine fair pricing for the storage spaces based on square footage pricing. The Space Committee will also be tasked with investigating the commercial leasing of space in L-1, L-3 and the black hole. Mr. Spell reported that a portion of the black hole is currently rented as storage space. The realtor indicated that the entire space could rent for \$8 per square foot. Mr. Spell was asked to speak with the realtor on what upgrade are necessary to maximize our return on leasing the black hole and L-3. The Space Committee will also be tasked with the feasibility of reconfiguring the management office so entrance can be made from the G level.

Assessment Late Fee Waivers: Mr. Mikalac reviewed the by-laws governing assessment late fee waivers and the past Management's discretionary practice of allowing one late fee abatement per unit per owner. Mr. Spell stated that there have been instances when the first assessment fee was held by the financial closing company resulting in a late fee to the new shareholder. Mr. Ali stated that the previous practice was implemented because the Board believed there could be extenuating circumstances (such as hospitalization) which should be recognized and not penalized. Mr. Mikalac stated that this practice is contrary to the by-laws and, if the Board wished to extend a courtesy waiver, an amendment should have been made to the by-laws. The Board agreed that no assessment late fee waivers would be granted under the new Management without prior notification and approval by the Board.

NEW BUSINESS:

Doors: Residents have complained about doors slamming. Mr. Mikalac stated this is easily remedied by putting felt pads in the door frames. Mr. Fredericks recommended that the building engineers test doors on the semi-annual convector inspections and adjust doors accordingly. Ms. Cooper stated that announcements have been posted on specific floors in response to resident complaints.

Dissolution of Units 247 & 605: Mr. Fredericks suggested this discussion be tabled until the next regular Board meeting.

Elevators: Mr. Fredericks noted that operation of the elevators is abysmal despite the rehabilitation project. Mr. Iskander noted that every weekend at least one, frequently two, elevators are out of service. Mr. Fredericks questioned why RPNHC has not exercised available options to better manage reasonable performance in the contract. Mr. Spell stated that the contract requires staff to notify ELCON when an elevator goes out of service. A repair ticket is done and a technician on-call responds, does maintenance, and presents a bill at termination of service. If the problem is due to user failure, we must pay the bill. If the problem is routine failure of the equipment, we are not required to pay. Mr. Spell stated he believes we are past the extension of the contract with ELCON. Ms. Cooper stated that RPNHC has not paid any service invoices under her term as Manager. Mr. Ali recommended that the final payment on the contract be withheld until the elevators are fully operational. Mr. Spell noted that there appears to be a lack of confidence that proper reporting occurs on the weekends when elevators fail. Ms. Cooper stated she will address this matter. Ms. Cooper stated that full elevator operation is the expectation and goal of management.

Air Conditioning System: Mr. Fredericks recommended that the heat be turned off and the air conditioning turned on as soon as the system can be prepared for operation. Ms. Cooper stated pre-heat has been turned off and the building engineers are working on prepping the unit convectors to turn the system on.

Carpet: Ms. Cooper was asked to get swatches for carpet replacement in the common areas to upgrade the look of the building. Ms. Cooper will look at other buildings carpet and lighting installed to enhance the carpet. Mr. Frederick suggested the use of carpet freshener on a regular basis.

Kitchen & Bathroom Vents: Mr. Iskander reported the vents are extremely dirty. Mr. Ali stated a lot of dust comes through the vents from the convectors. Mr. Spell stated that these vents are conduits for air intake and outtake. Mr. Iskander stated that explains the dust in the kitchen, but believes in the bathroom where the air is moist, there should not be a huge build-up of dirt. Mr. Fredericks asked about the cost of cleaning the vents. Ms. Cooper stated she will check with the building engineer on the frequency of vent cleaning.

Mr. Ali stated that all items under New Business will be moved to Old Business at the next meeting and require a status report.

Mr. Spell asked that the agenda for next meeting include an update on Replacement of the Switch Gear.

Mr. Ali encouraged Board members to speak with acquaintances at River Place North and suggest those interested sign up for committee membership.

(M) Mr. Mikalac motioned, Mr. Malik seconded, to adjourn the Board of Directors Regular Session Meeting at 9:26 p.m. The motion passed unanimously.

Respectfully submitted,

Nancy Joyner, Secretary

Date Approved

Attested by: _____
Barbara J. Bunce, Recording Secretary