

RESERVE STUDY GUIDELINES COMMITTEE
OF THE
COMMON INTEREST COMMUNITY BOARD

MINUTES OF MEETING

The Reserve Study Guidelines Committee of the Common Interest Community Board (Board) met on June 20, 2019, at the Department of Professional and Occupational Regulation (DPOR), 9960 Mayland Drive, 2nd Floor, Board Room 3, Richmond, Virginia 23233.

The following members were present:

Drew Mulhare, Chair
Michelle Baldry
Eileen Greenberg
Doug Greene
Peter Miller
Doug White
Lucia Anna (Pia) Trigiani (Ex-Officio)

Committee members Tom Burrell and Howard Goldklang were not present at the meeting.

DPOR staff present for all or part of the meeting included:

Mary Broz-Vaughan, Acting Director
Trisha L. Henshaw, Executive Director
Heather Gillespie, Ombudsman
Joseph C. Haughwout, Jr., Board and Regulatory Administrator
Tanya M. Pettus, Administrative Assistant

Mr. Mulhare, Chair, called the meeting to order at 9:42 a.m.

Call to Order

Mr. Haughwout advised the Committee of the emergency evacuation procedures.

**Emergency
Evacuation
Procedures**

Members of the Committee and Board staff introduced themselves.

**Introduction of
Committee
Members**

Ms. Henshaw introduced to the Committee Conner Eads, a Fellow from the Virginia Management Fellows Program, who will be training at DPOR for eight months as part of his fellowship. Ms. Henshaw also introduced Kevin Richeson, who is interning with DPOR for the summer.

Mr. Miller moved to approve the agenda as presented. Mr. Greene seconded the motion which was unanimously approved by: Baldry, Greenberg, Greene, Miller, Mulhare, and Trigiani.

Approval of Agenda

seconded the motion which was unanimously approved by: Baldry, Greenberg, Greene, Miller, Mulhare, and Trigiani.

Michael Blivess, a member of the Potomac Green Community Association, was present to address the Committee with his personal thoughts. Mr. Blivess stated he believes that replacement cost should be clearly defined within reserve studies and that inflation should be considered when determining replacement cost. Mr. Blivess also proposed that reserve studies should include a fully funded balance based on estimated replacement cost at the time of replacement, as well as the difference between the reserve balance and the fully funded balance. He also stated the reserve study should clearly state the funding goal underlying the basis for the funding recommendation. Mr. Blivess provided the Committee members with a handout that further explained his position.

**Public Comment
Period**

Mr. White arrived at 9:49 a.m.

**Arrival of
Committee Member**

Lynda Thompson, President of the Chickahominy Woods Townhouses Association, was present to address the Board. Ms. Thompson expressed her concern for older associations that struggle to simultaneously maintain expensive property repairs and keep up with changes to statutory and regulatory requirements. Ms. Thompson stated there is often pushback from homeowners when there is a need for an increase in assessments, and asked that any new or amended fees be kept to a minimum when considering future legislation.

**Public Comment
Period Continued**

Discussion was held on determining the cost of inflation and the consumer price index versus the producer price index.

Doug White introduced himself to the Committee and staff.

**Introduction of
Committee Member**

Mr. Haughwout presented the Committee with an overview of the purpose of the Committee, including legislation passed during the 2019 General Assembly Session directing the Board to develop guidelines for the development of reserve studies of capital components. Mr. Haughwout explained that the Committee's purpose did not include establishing requirements as to how reserve studies must be developed or conducted.

Overview

Mr. Haughwout provided an overview of the resources available to the Committee and which were relied upon to develop the draft reserve

study guidelines document. These included applicable statutes, reserve study standards and best practices developed by other organizations, and reserve study guidelines documents from other states.

Mr. Haughwout advised the Committee that Mr. Burrell and Mr. Goldklang submitted comments on the proposed draft Reserve Study Guidelines in writing as they were unable to attend the meeting.

The Committee reviewed draft text of proposed Reserve Study Guidelines.

**Discussion of Draft
Proposed Reserve
Study Guidelines**

Discussion was held on the following topics:

- Providing additional information in the introductory section of the document to clarify the meaning of terms, expand on the benefits of reserve studies to associations and members, and to address associations in which there is only one or a few common elements, such as main entrance with signage and landscaping;
- The addition of a fourth type reserve study described in the most recent Community Associations Institute (CAI) National Reserve Study Standards. This type of reserve study is conducted using design documents and is prepared prior to construction;
- The meaning of terms “adequate” and “sufficient” as they relate to association reserves; and
- Identification of components to be included in a reserve study

The Committee recessed from 11:07 a.m. to 11:20 a.m.

Recess

The Committee continued review of the draft text of proposed Reserve Study Guidelines.

**Continue Discussion
of Draft Proposed
Reserve Study
Guidelines**

Discussion was held regarding established funding models for association reserves. Discussion focused on the distinction between the component method for funding reserves and cash flow methods for funding reserves.

Mr. Miller provided the Committee with a comparison of a fully funded reserve using the component method versus the cash flow method. After discussion, the Committee agreed by consensus that Mr. Miller will draft proposed revisions comparing the two models to the proposed Reserve Study Guidelines to be distributed to Committee members for

review.

Ms. Trigiani departed the meeting at 11:51 a.m.

**Departure of Board
Member**

Discussion was held on the possibility of adding links to additional resources for reserve studies to the guidelines document.

**Continue Discussion
of Draft Proposed
Reserve Study
Guidelines**

Discussion was held on the average homeowner's access to and understanding of their association's reserve study. After discussion, the Committee agreed by consensus that Mr. White will draft a document explaining the purpose and requirements of reserve studies to serve as a resource for homeowners. The document will be distributed to Committee members for review.

Mr. Haughwout provided the proposed timeframe for consideration of the draft proposed Reserve Study Guidelines. Committee members will need to submit any proposed changes by July 10, 2019. A revised document will be submitted to committee members for review, and, once accepted, will be published for a 30-day public comment period. Following conclusion of the comment period, the draft Reserve Study Guidelines and any public comments received will be presented to the Board for consideration at its September meeting. Mr. White moved to adopt the proposed draft Reserve Study Guidelines as amended for recommendation to the Board, subject to final review of the amended draft text, addenda, and resource documents by the Committee. In addition, staff will work with the Committee Chair to finalize any amendments to the draft text prior to Board review. Mr. Miller seconded the motion which was unanimously approved by: Baldry, Greenberg, Greene, Miller, Mulhare, Trigiani, and White.

Mr. Mulhare reminded Committee members who serve on the Board to complete their conflict of interest forms and travel vouchers.

**Complete Conflict
of Interest Forms
and Travel
Vouchers**

There being no further business, the meeting was adjourned at 12:37 p.m.

Adjourn



Lucia Anna Trigiani, Chair



Mary Broz-Vaughan, Acting Secretary

CONFLICT OF INTERESTS ACT

**TRANSACTIONAL DISCLOSURE STATEMENT
for Officers and Employees of State Government**

- 1. Name: Drew R. Mulhare
- 2. Title: Board Member
- 3. Agency: Common Interest Community Board
- 4. Meeting/IFF Date: Reserve Study Guidelines Committee Meeting 6/20/19
- 5. I have a personal interest in the following transaction:

Nature of Personal Interest Affected by Transaction:

I declare that I am a member of the following business, profession, occupation or group, the members of which are affected by the transaction:

Ford's Colony, at Williamsburg Honors Association, Graham Manor

I am able to participate in this transaction fairly, objectively, and in the public interest.

or

I did not participate in the transaction.

- 6. I do not have a personal interest in any transactions taken at this meeting.


Signature

6/20/19
Date

**STATE AND LOCAL GOVERNMENT
CONFLICT OF INTERESTS ACT**

**TRANSACTIONAL DISCLOSURE STATEMENT
for Officers and Employees of State Government**

1. Name: Lucia Anna Trigiani
2. Title: Board Member
3. Agency: Common Interest Community Board
4. Meeting/IFF Date: Reserve Study Guidelines Committee Meeting 6/20/19

5. I have a personal interest in the following transaction:

Nature of Personal Interest Affected by Transaction:

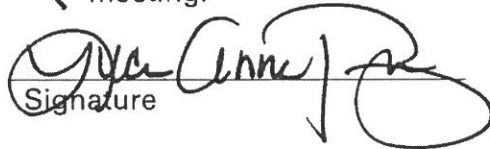
I declare that I am a member of the following business, profession, occupation or group, the members of which are affected by the transaction:

I am able to participate in this transaction fairly, objectively, and in the public interest.

or

I did not participate in the transaction.

6. I do not have a personal interest in any transactions taken at this meeting.


Signature

JUNE 24, 2019
Date