

Highlands at Mechums River
Highlands Detached Home Owners Association, Inc.
PO Box 429 Crozet VA 22932-0429

Minutes of the General Meeting of the Highlands Detached Home Owners Association

Date: 30th March, 2006

Time: 1900 – 2030 EST

Venue: Crozet Elementary School Cafeteria

Participants:

Timmy Scarborough (TS), President, Highlands Detached HOA

Susan Mangan (SM)

Michael Mangan (MM)

Marc Selverstone (MS)

Kelly-Ann Rayle (KR)

Kamaljeet Saini (KS)

Bob Marinchick (BM)

Mary Ann Marinchick (MAM)

Indar Rikhye (IR)

Cynthia Rikhye (CR)

Proceedings:

The meeting commenced at 7:00 PM on the 30th of March, 2006 at the Crozet Elementary School Cafeteria. After a round of introductions amongst the members present at the meeting, the following agenda items were agreed upon:

1. Update on the activities of the former treasurer and secretary, Mr. Mike Welch.
2. Update on civil/criminal prosecution of Mr. Mike Welch.
3. Discussion on the possible ways of recovering HOA funds.
4. Review of the financial situation resulting from the embezzlement of funds.
5. Financial outlook for 2006.

TS provided a summary of the events surrounding Mike Welch's embezzlement of approximately \$13,000 ([Note from treasurer inserted on 5/5/2006: The total amount in dispute has been since been revised to \\$15,160](#)) during his 3-year tenure as treasurer of the Highlands Detached HOA. Events included checks written from the HOA bank account to Mr. Mike Welch's private company, unauthorized expenditures made using electronic checks, and cashing of the HOA certificate of deposit worth \$5,887. TS reported that Mike Welch had owned up to having defrauded the HOA in a (private) telephone conversation and had so far made one wire transfer in the amount of \$600 as repayment ([Note from treasurer inserted on 5/5/2006: There have been an additional reimbursements received from Mr. Mike Welch in the amounts of \\$2200 in April, and \\$1200 in May](#)).

TS reported that he had called the Albemarle County Police Department and filed a report. Detective Gloria Powell had been assigned to the case. She had been invited to, but was unable to attend the HOA meeting due to a prior commitment. BB&T Bank in Crozet is

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currently generating a historical record of all financial transactions since 2003 to help with the investigation. It is also working on providing copies of suspect checks – these shall be turned over to the police enabling them to take out a national felony warrant against Mr. Mike Welch. They have already provided copies of the monthly statements dating back to March of 2004.

All members present at the meeting discussed various civil means of recovering lost HOA funds. Legal advice on the possible options has been solicited (privately, no lawyer has been retained) and this continues to be a matter of discussion.

KS provided an updated balance sheet for the HOA, based on available records, and a fiscal outlook for 2006 (see attached copies). Taking into account all outstanding debts as well as the expected revenues for the year (home owner dues payments and reimbursements from the neighborhood HOAs for common front maintenance), the final year-end balance was projected to be a few hundred dollars. However, there would be an intervening period during which the HOA account would run out of funds to pay any landscaping or other bills, unless the neighboring HOAs paid their share of maintenance reimbursements earlier in the year (Note from treasurer inserted on 4/26/2006: For reasons provided further down in this paragraph, this is no longer the case.) KS reported that he was in the process of contacting the neighborhood HOAs to find out the period for which the earlier treasurer had collected the reimbursement dues. The balance sheet presented at the meeting was prepared under the assumption that reimbursements had been collected for the year 2005, but not for this year. (Note from treasurer inserted on 4/26/2006: I have determined that the neighborhood HOAs have not reimbursed our HOA for common front entrance maintenance for the year 2005. I am working on sending out invoices to collect the amounts due.) While he anticipated no capital expenses for the year 2006, KS reported that he was still in the process of preparing tax returns and paying back-taxes to the IRS for the past several years (FY 2002, 2003, 2004 and 2005).

Due to the bleak fiscal outlook, it was decided that an increase in the amount of annual dues and/or a special assessment for the year 2006 should be considered. (Note from treasurer inserted on 4/26/2006: It appears that we do not have to resort to this measure anymore.) The feasibility of reducing the scope of landscaping in the common areas was discussed, as was the possibility of transferring primary responsibility for landscaping and maintenance of the common area to another HOA within the Highlands subdivision. IR suggested that the general apathy of the HOA members and the resulting lack of oversight into the action of the office bearers was the cause of the current situation. He suggested that the board should put the idea of turning over management of the Highlands Detached HOA to a management company to vote as soon as possible.

It was agreed that another follow up meeting should be scheduled soon. All of the members present voiced an opinion that the other members of the association should be strongly encouraged to attend this next meeting. The meeting adjourned at 8:30 PM.