



March 19, 2021

To: Columbia Association Board of Directors
(E-Mail: Board.Members.FY21@ColumbiaAssociation.org)
CA Management

From: Andrew C. Stack, Board Chair

The Columbia Association Board of Directors Virtual Meeting will be held on Thursday, March 25, 2021 at 7:00 p.m.

AGENDA

	5 min.	Page Nos.
1. Call to Order		
(a) Announce the procedures being used to conduct the virtual meeting		
(b) Roll Call to determine Directors in attendance		
(c) Announce that both audio and video of the meeting are being broadcast. Anyone using the link to the meeting on CA's website will be able to see and hear the proceedings.		
2. Announcement of Closed/Special Meetings Held/To Be Held	1 min.	
3. Approval of Agenda	1 min.	
4. Verbal Resident Speakout will be available to individuals who submitted the Resident Speakout form on CA's website by the specified due date. Residents may also send written comments to CA's Board of Directors at Board.Members.FY21@columbiaassociation.org . Please note that, due to time constraints, it may be necessary to limit the number of people at Verbal Resident Speakout.		
5. Consent Agenda	1 min.	
(a) Approval of Minutes – February 25, 2021 BOD Meeting		3 - 5
6. Board Votes	20 min.	
(a) Letter of Support for Senate Bill 144 / House Bill 110	(10 min.)	6 - 38
(b) Letter of Support to County Executive re: Inner Arbor Trust's Request for a Grant for \$230,000 for park edging (conservation landscaping) project and \$600,000 for the design of stream restoration and bend in the creek playground project	(10 min.)	39 - 40
7. Board Discussion	35 min.	
(a) Reserve Fund Policy and Program	(30 min.)	41 - 45
(b) Applicable State Legislation – Questions Only	(5 min.)	46 - 47
8. Chairman's Remarks	5 min.	48
9. Reports/Presentations	70 min.	
(a) President's Report – See written report – Follow-up questions from the BOD	(10 min.)	49 - 56
(b) Report from the CA Representatives to the Inner Arbor Trust Board of Directors	(5 min.)	57 - 61
(c) Financial Reports and Updates	(10 min.)	
1. FY 2021 3 rd Quarter Financial Report		62
2. FY 2021 3 rd Quarter Financial Statement		63 - 87
(d) Dashboard	(45 min.)	88 - 110

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|-----|---|--------|-----------|
| 10. | Tracking Forms | 5 min. | |
| | (a) Tracking Form for Board Requests | | 111 - 112 |
| | (b) Tracking Form for Resident Requests | | 113 |
| 11. | Proposed New Topics | 5 min. | |
| 12. | Talking Points | 2 min. | |
| 13. | Adjournment – Anticipated Ending Time: Approximately 10:15 p.m. | | |

Upcoming Scheduled Virtual Work Sessions and Meetings
Thursday, April 8, 2021 – Board of Directors Work Session – 7:00 p.m.
Thursday, April 22, 2021 – Board of Directors Meeting – 7:00 p.m.

ARRANGEMENTS FOR AN INTERPRETER FOR THE HEARING IMPAIRED CAN BE MADE BY CALLING 410-715-3111 AT LEAST THREE DAYS IN ADVANCE OF THE MEETING.

CA Mission Statement

Engage our diverse community, cultivate a unique sense of place, and enhance quality of life

CA Vision Statement

CA creates and supports solutions to meet the evolving needs of a dynamic and inclusive community.

**Draft Minutes of the
BOARD OF DIRECTORS MEETING
Held February 25, 2021**

To be Approved March 25, 2021

A virtual meeting of Columbia Association's Board of Directors was held on Thursday, February 25, 2021. Present were Chairman Andrew Stack, Vice Chair Virginia Thomas, and members Dick Boulton, Renee DuBois, Jessamine Duvall, Lin Eagan, Janet Evans, Alan Klein, Milton W. Matthews, Nancy McCord, and Shari Zaret. Also present were CA Vice President/CFO Susan Krabbe and General Counsel Sheri Fanaroff.

1. Call to Order: The Board of Directors Meeting was called to order at 7:00 p.m. by Chairman Andrew Stack. Mr. Stack took roll call of the directors in attendance and reminded attendees that the meeting was being live-streamed and recorded.

2. Announcement of Closed/Special Meetings Held/To Be Held

The **Board of Directors** held a closed virtual work session on February 4, 2021. Members present were Chairman Andrew Stack, Vice Chair Virginia Thomas, Dick Boulton, Renee DuBois, Jessamine Duvall, Lin Eagan, Janet Evans, Alan Klein, Nancy McCord, and Shari Zaret. The vote to close the work session was 9-1-0.
For: Messrs. Boulton, Klein, and Stack; and Mmes. Duvall, Eagan, Evans, McCord, Thomas, and Zaret
Against: Ms. DuBois
Abstain: None

The closed work session was authorized under the Maryland Homeowners Association Act, Md. Code, Real Property §11B-111(4)(i), Discussion of matters pertaining to employees and personnel. The work session was closed from 7:05 p.m. until 9:05 p.m. to discuss the presidential search.

The **Architectural Resource Committee** held a closed virtual meeting on February 8, 2021. Members present were Deb Bach, Sheri Fanaroff, Ed Gordon, Anne McKissick, and Devora Wilkinson. The vote to close the meeting was 5-0-0.

The closed meeting was authorized under the Maryland Homeowners Association Act, Md. Code, Real Property §11B-111(4)(iv), Consultation with staff personnel, consultants, attorneys, board members or other persons in connection with pending or potential litigation or other legal matters. The meeting was closed from 1:05 p.m. until 2:14 p.m. to discuss new and ongoing covenant cases.

CA's **Board of Directors** held a closed virtual meeting on February 17, 2021. Members present were Chairman Andrew Stack, Vice Chair Virginia Thomas, Dick Boulton, Renee DuBois, Jessamine Duvall, Lin Eagan, Janet Evans, Alan Klein, Nancy McCord, and Shari Zaret. The vote to close the meeting was 9-1-0.

For: Messrs. Boulton, Klein, and Stack; and Mmes. Duvall, Eagan, Evans, McCord, Thomas, and Zaret
Against: Ms. DuBois
Abstain: None

The closed meeting was authorized under the Maryland Homeowners Association Act, Md. Code, Real Property §11B-111(4)(i), Discussion of matters pertaining to employees and personnel. The meeting was closed from 7:04 p.m. until 9:2 p.m. to discuss the presidential search.

3. Approval of Agenda

Prior to calling for a motion to approve the agenda, Ms. Zaret requested that an item entitled "Proposed Budget Amendment" be added to Item 6, Board Votes, prior to item 6(a), "Proposed FY 2022 Draft Capital Budget." Mr.

Stack asked if the Board members had any objection to Ms. Zaret's request. Hearing none, the item was added. Mr. Stack then requested that item 5(d), Guardrail Easement Request, be removed from the agenda. Mr. Stack noted that CA staff had requested additional time to conduct more research on the proposed easement. **Action:** Ms. Duvall moved to approve the amended agenda. Ms. Thomas seconded the motion. Mr. Stack asked if there were any objections. Hearing none, the amended agenda was approved unanimously.

4. Resident Speakout

- 1) Dipper Wettstein spoke about outdoor pools.
- 2) Michele Mercer spoke about outdoor pools.
- 3) Frank Vance spoke about outdoor pools.

5. Consent Agenda

The following items were approved by consent:

- (a) Draft Minutes – December 10, 2020 Board Meeting
- (b) Appointment of the Owen Brown Village Community Association Representative to the Watershed Advisory Committee
- (c) Appointment of Representatives to the Climate Change and Sustainability Advisory Committee

6. Board Votes

- (a) Proposed Budget Amendment submitted by Virginia Thomas

Ms. Thomas proposed adopting a resolution addressing the proposed plan to open 15 outdoor pools in summer 2021. The resolution stated this does not mean that Columbia Association intends to closed the other eight pools permanently. CA's Board of Directors and staff will continue to monitor the situation; and CA's Board will authorize CA staff to open additional outdoor pools if staff provides information to CA's Board indicating significant positive developments in CA's finances, in state and county regulations; and an increase in lifeguards. Adoption of the resolution was seconded by Ms. Zaret.

Discussion focused on whether the resolution was actually an amendment to the budget or whether it was more of philosophical statement or guidance document responding to CA's current fiscal situation. Board members also discussed how the resolution should be disseminated. Suggestions included issuing it as a press release, adding it to the transmittal letter for the FY 2022 budget materials, including it in the Sport and Fitness Overview on page 22 of the budget materials, or asking the Communications and Marketing Department to include it in communications to the public regarding the budget.

Action: Mr. Stack called for a vote on the proposal to adopt Ms. Thomas' resolution and make it available to the public. The resolution was adopted by a vote of 8-2-0.

For: Messrs. Klein and Stack; and Mmes. DuBois, Eagan, Evans, McCord, Thomas, and Zaret

Against: Mr. Boulton and Ms. Duvall

Abstain: None

- (b) Proposed FY 2022 Draft Capital Budget

Action: Ms. Eagan moved to approve the proposed FY 2022 draft capital budget, seconded by Mr. Boulton.

Ms. Zaret offered an amendment to remove the line item for Sport and Fitness Equipment and Facility Upgrades for \$400K in category II. Ms. DuBois seconded the amendment. After discussion, Ms. Zaret withdrew the amendment.

Mr. Stack called for a vote on Ms. Eagan's motion to approve the proposed FY 2022 draft capital budget. The proposed FY 2022 draft capital budget was approved unanimously.

(c) Proposed FY 2022 Draft Operating Budget

Action: Ms. Duvall made a motion to approve the proposed FY 2022 draft operating budget, with the inclusion of the two recommendations from staff – i.e., opening Running Brook Pool and keeping Faulkner Ridge Pool closed for the summer of 2021; and eliminating the budgeted monthly fee for Youth and Teen Center participation. Ms. Eagan seconded the motion, which passed by a vote of 7-3-0.

For: Messrs. Boulton, Klein, and Stack; and Mmes. Duvall, Eagan, Evans, and Thomas

Against: Mmes. DuBois, McCord, and Zaret

Abstain: None

7. Board Discussion

(a) Applicable State Legislation

Mr. Boulton inquired about Columbia Association taking a position on some proposed legislation such as SB 686/HB 1023 – Real Property – Condominiums, Homeowners Associations, and Cooperative Housing Corporations – Virtual Meetings.

(b) Howard County General Plan Update

No questions were asked.

8. Chairman's Remarks

(a) Mr. Stack submitted a written report. No questions were asked.

(b) Update on the President/CEO Search

Ms. McMellon-Ajayi reported that the process is proceeding according to schedule. Five semi-finalists will be interviewed by the Board of Directors and CA's senior leadership team the week of March 8. The Board anticipates selecting and announcing the new President/CEO by March 31.

9. Reports/Presentations

(a) President's Report

Mr. Matthews submitted a written report. In response to a question, Columbia Association intends to stop selling tickets to Ravens' games. Therefore, it is selling its Personal Seat Licenses (PSL's) since they are no longer needed as a pre-requisite for selling Ravens' tickets.

(b) Report from the CA Representatives to the Inner Arbor Trust Board of Directors

A written report was submitted. No questions were asked.

10. Tracking Forms

(a) Board Requests – No new topics were added.

(b) Resident Requests – No new topics were added.

11. Proposed New Topics

Ms. BuDois asked that "Creation of a Finance Committee" be added to the Agenda Topics Log.

12. Talking Points - The talking points were recited by the recording secretary.

13. Adjournment – The meeting was adjourned at 9:39 p.m.

Respectfully submitted,

Janet F. Loughran

Recording Secretary



6310 Hillside Court, Suite 100
Columbia, MD 21046-1070
410-715-3000, Fax 410-715-3042
ColumbiaAssociation.org

26 March 2021

The Honorable Kumar P. Barve
Chairman
House Environment and Transportation
Committee
251 House Office Building
6 Bladen Street
Annapolis, MD 21401

The Honorable William C. Smith, Jr
Chairman
Senate Judicial Proceedings Committee
Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Re: SB 144/ HB 110 - Electric Vehicle Recharging Equipment for Multifamily Units Act

Dear Chairman Barve and Chairman Smith:

Columbia Association, Inc. (CA) submits this letter in support of SB 144/ HB 110, *Electric Vehicle Recharging Equipment for Multifamily Units Act*. CA is a homeowners association and non-profit community services corporation serving Columbia, Maryland, the largest planned community in the state. It has always been part of CA's vision to respect the land. CA is the steward for the benefit of the community of 3400 acres of open space that includes hundreds of acres of parkland, 100 miles of pathways, lakes and ponds. In line with CA's mission to protect and preserve the environment, CA supports the use of electric vehicles and has installed electric vehicle recharging equipment available for use by the public at a number of CA-owned facilities.

CA believes that SB 144/ HB 110 would further promote the use of electric vehicles by providing owners with the ability to install their own electric vehicle recharging equipment on their own property while preserving the ability of a homeowners association to review applications for installation of such equipment subject to reasonable requirements as stated in the legislation. CA therefore supports this legislation.

Respectfully submitted,

Milton W. Matthews
President/CEO

cc: The Honorable Guy Guzzone

HOUSE BILL 110

N1, M5

(PRE-FILED)

11r0396
CF SB 144

By: **Delegate Korman**

Requested: September 4, 2020

Introduced and read first time: January 13, 2021

Assigned to: Environment and Transportation

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 11, 2021

CHAPTER _____

1 AN ACT concerning

2 **Electric Vehicle Recharging Equipment for Multifamily Units Act**

3 FOR the purpose of providing that certain provisions of a recorded covenant or restriction,
4 a declaration, or the bylaws or rules of a condominium or homeowners association
5 are void and unenforceable; establishing certain requirements and procedures
6 relating to an application to the governing body of a condominium or homeowners
7 association to install or use electric vehicle recharging equipment; requiring certain
8 owners of electric vehicle recharging equipment to be responsible for certain costs
9 and disclosures; requiring a unit owner or lot owner to obtain certain permits or
10 approval required for electric vehicle recharging equipment; requiring the governing
11 body of a condominium or homeowners association to approve the installation of
12 electric vehicle recharging equipment in a certain parking space under certain
13 circumstances; authorizing the governing body of a condominium or homeowners
14 association to grant a certain license; requiring a unit owner or lot owner to obtain
15 certain insurance or cover certain costs; ~~authorizing the governing body of a~~
16 ~~condominium or homeowners association to apply for a certain grant under a certain~~
17 ~~program; establishing the Electric Vehicle Infrastructure Modernization Grant~~
18 ~~Program in the Maryland Energy Administration; providing for the purpose of the~~
19 ~~Program; requiring the Administration to administer the Program; requiring the~~
20 ~~Administration to provide grants under the Program from the Maryland Strategic~~
21 ~~Energy Investment Fund; requiring the Administration to adopt certain regulations;~~
22 ~~altering the purposes of the Fund; defining certain terms; and generally relating to~~
23 electric vehicle recharging equipment in condominiums and homeowners
24 associations.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



BY adding to

Article – Real Property

Section ~~11-111.4, 11B-111.8, and 14-129~~ 11-111.4 and 11B-111.8

Annotated Code of Maryland

(2015 Replacement Volume and 2020 Supplement)

~~BY repealing and reenacting, without amendments,~~

~~Article – State Government~~

~~Section 9-20B-05(a)~~

~~Annotated Code of Maryland~~

~~(2014 Replacement Volume and 2020 Supplement)~~

~~BY repealing and reenacting, with amendments,~~

~~Article – State Government~~

~~Section 9-20B-05(f)(10) and (11)~~

~~Annotated Code of Maryland~~

~~(2014 Replacement Volume and 2020 Supplement)~~

~~BY adding to~~

~~Article – State Government~~

~~Section 9-20B-05(f)(11)~~

~~Annotated Code of Maryland~~

~~(2014 Replacement Volume and 2020 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Real Property

11-111.4.

(A) IN THIS SECTION, “ELECTRIC VEHICLE RECHARGING EQUIPMENT” MEANS PROPERTY IN THE STATE THAT IS USED FOR RECHARGING MOTOR VEHICLES PROPELLED BY ELECTRICITY.

(B) A RECORDED COVENANT OR RESTRICTION, A PROVISION IN A DECLARATION, OR A PROVISION IN THE BYLAWS OR RULES OF A CONDOMINIUM IS VOID AND UNENFORCEABLE IF THE COVENANT, RESTRICTION, OR PROVISION:

(1) IS IN CONFLICT WITH THE PROVISIONS OF THIS SECTION; OR

(2) EFFECTIVELY PROHIBITS OR UNREASONABLY RESTRICTS THE INSTALLATION OR USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A UNIT OWNER’S DEEDED PARKING SPACE OR A PARKING SPACE THAT IS SPECIFICALLY DESIGNATED FOR USE BY A PARTICULAR OWNER.

1 **(C) (1) IF APPROVAL IS REQUIRED FOR THE INSTALLATION OR USE OF**
2 **ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A CONDOMINIUM, THE GOVERNING**
3 **BODY SHALL PROCESS AND REVIEW AN APPLICATION FOR APPROVAL IN THE SAME**
4 **MANNER AS AN APPLICATION FOR APPROVAL OF AN ARCHITECTURAL**
5 **MODIFICATION TO THE CONDOMINIUM.**

6 **(2) THE GOVERNING BODY MAY NOT WILLFULLY AVOID OR DELAY**
7 **PROCESSING AND REVIEWING AN APPLICATION FOR APPROVAL.**

8 **(3) IF AN APPLICATION IS NOT DENIED IN WRITING WITHIN 60 DAYS**
9 **AFTER THE GOVERNING BODY RECEIVES THE APPLICATION, THE APPLICATION**
10 **SHALL BE DEEMED APPROVED, UNLESS THE DELAY IS THE RESULT OF A**
11 **REASONABLE REQUEST FOR ADDITIONAL INFORMATION.**

12 **(4) THE APPROVAL OR DENIAL OF AN APPLICATION SHALL BE IN**
13 **WRITING.**

14 **(D) (1) THE GOVERNING BODY SHALL APPROVE THE INSTALLATION OF**
15 **ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A UNIT OWNER'S DEEDED PARKING**
16 **SPACE OR A PARKING SPACE THAT IS SPECIFICALLY DESIGNATED FOR USE BY A**
17 **PARTICULAR OWNER IF:**

18 **(I) INSTALLATION:**

19 **1. DOES NOT UNREASONABLY IMPEDE THE NORMAL USE**
20 **OF AN AREA OUTSIDE THE UNIT OWNER'S PARKING SPACE; OR**

21 **2. IS NOT IMPOSSIBLE; AND**

22 **(II) THE UNIT OWNER AGREES IN WRITING TO:**

23 **1. COMPLY WITH:**

24 **A. ALL RELEVANT BUILDING CODES AND SAFETY**
25 **STANDARDS TO MAINTAIN THE SAFETY OF ALL USERS OF THE COMMON AREA; AND**

26 **B. THE CONDOMINIUM'S ARCHITECTURAL STANDARDS**
27 **FOR THE INSTALLATION OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT;**

28 **2. ENGAGE A LICENSED CONTRACTOR TO INSTALL THE**
29 **ELECTRIC VEHICLE RECHARGING EQUIPMENT; AND**

1 **3. PAY FOR THE ELECTRICITY USAGE ASSOCIATED WITH**
2 **THE SEPARATELY METERED ELECTRIC VEHICLE RECHARGING EQUIPMENT.**

3 **(2) THE OWNER AND EACH SUCCESSIVE OWNER OF THE ELECTRIC**
4 **VEHICLE RECHARGING EQUIPMENT SHALL BE RESPONSIBLE FOR:**

5 **(I) INSTALLATION COSTS FOR THE ELECTRIC VEHICLE**
6 **RECHARGING EQUIPMENT;**

7 **(II) COSTS FOR DAMAGE TO THE ELECTRIC VEHICLE**
8 **RECHARGING EQUIPMENT, COMMON ELEMENT, OR LIMITED COMMON ELEMENT**
9 **RESULTING FROM THE INSTALLATION, MAINTENANCE, REPAIR, REMOVAL, OR**
10 **REPLACEMENT OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT;**

11 **(III) COSTS FOR THE MAINTENANCE, REPAIR, AND**
12 **REPLACEMENT OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT UP UNTIL THE**
13 **EQUIPMENT IS REMOVED;**

14 **(IV) IF THE OWNER DECIDES TO REMOVE THE ELECTRIC**
15 **VEHICLE RECHARGING EQUIPMENT, COSTS FOR THE REMOVAL AND FOR THE**
16 **RESTORATION OF THE COMMON ELEMENT OR LIMITED COMMON ELEMENT AFTER**
17 **REMOVAL; AND**

18 **(V) THE COST OF ELECTRICITY ASSOCIATED WITH THE**
19 **ELECTRIC VEHICLE RECHARGING EQUIPMENT.**

20 **(E) A UNIT OWNER SHALL OBTAIN ANY PERMIT OR APPROVAL FOR**
21 **ELECTRIC VEHICLE RECHARGING EQUIPMENT THAT IS REQUIRED BY THE COUNTY**
22 **OR MUNICIPAL CORPORATION IN WHICH THE CONDOMINIUM IS LOCATED.**

23 **(F) NOTWITHSTANDING THE PROVISIONS OF § 11-125 OF THIS TITLE, THE**
24 **GOVERNING BODY MAY GRANT A LICENSE FOR UP TO 3 YEARS, RENEWABLE AT THE**
25 **DISCRETION OF THE GOVERNING BODY, ON ANY COMMON ELEMENT NECESSARY FOR**
26 **THE INSTALLATION OF EQUIPMENT OR FOR THE SUPPLY OF ELECTRICITY TO ANY**
27 **ELECTRIC VEHICLE RECHARGING EQUIPMENT.**

28 **(G) A UNIT OWNER SHALL:**

29 **(1) PROVIDE A CERTIFICATE OF INSURANCE NAMING THE**
30 **CONDOMINIUM ASSOCIATION AS AN ADDITIONAL INSURED; OR**

31 **(2) REIMBURSE THE ASSOCIATION FOR THE COST OF AN INCREASED**
32 **INSURANCE PREMIUM ATTRIBUTABLE TO THE ELECTRIC VEHICLE RECHARGING**
33 **EQUIPMENT.**

~~(H) THE GOVERNING BODY MAY APPLY FOR A GRANT FROM THE ELECTRIC VEHICLE INFRASTRUCTURE MODERNIZATION GRANT PROGRAM ESTABLISHED UNDER § 14-129 OF THIS ARTICLE TO FACILITATE THE ELECTRICAL UPGRADE OF A PARKING STRUCTURE OWNED BY THE GOVERNING BODY IN ORDER TO ENCOURAGE THE INSTALLATION AND USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT BY UNIT OWNERS IN THE CONDOMINIUM.~~

11B-111.8.

(A) IN THIS SECTION, "ELECTRIC VEHICLE RECHARGING EQUIPMENT" HAS THE MEANING STATED IN § 11-111.4 OF THIS ARTICLE.

(B) A RECORDED COVENANT OR RESTRICTION, A PROVISION IN A DECLARATION, OR A PROVISION IN THE BYLAWS OR RULES OF A HOMEOWNERS ASSOCIATION IS VOID AND UNENFORCEABLE IF THE COVENANT, RESTRICTION, OR PROVISION:

(1) IS IN CONFLICT WITH THE PROVISIONS OF THIS SECTION; OR

(2) EFFECTIVELY PROHIBITS OR UNREASONABLY RESTRICTS THE INSTALLATION OR USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A LOT OWNER'S DEEDED PARKING SPACE OR A PARKING SPACE THAT IS SPECIFICALLY DESIGNATED FOR USE BY A PARTICULAR OWNER.

(C) (1) IF APPROVAL IS REQUIRED FOR THE INSTALLATION OR USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A DEVELOPMENT, THE GOVERNING BODY SHALL PROCESS AND REVIEW AN APPLICATION FOR APPROVAL IN THE SAME MANNER AS AN APPLICATION FOR APPROVAL OF AN ARCHITECTURAL MODIFICATION TO A DWELLING.

(2) THE GOVERNING BODY MAY NOT WILLFULLY AVOID OR DELAY PROCESSING AND REVIEWING AN APPLICATION FOR APPROVAL.

(3) IF AN APPLICATION IS NOT DENIED IN WRITING WITHIN 60 DAYS AFTER THE GOVERNING BODY RECEIVES THE APPLICATION, THE APPLICATION SHALL BE DEEMED APPROVED, UNLESS THE DELAY IS THE RESULT OF A REASONABLE REQUEST FOR ADDITIONAL INFORMATION.

(4) THE APPROVAL OR DENIAL OF AN APPLICATION SHALL BE IN WRITING.

(D) (1) THE GOVERNING BODY SHALL APPROVE THE INSTALLATION OF ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A LOT OWNER'S DEEDED PARKING

SPACE OR A PARKING SPACE THAT IS SPECIFICALLY DESIGNATED FOR USE BY A PARTICULAR OWNER IF:

(I) INSTALLATION:

1. DOES NOT UNREASONABLY IMPEDE THE NORMAL USE OF AN AREA OUTSIDE THE LOT OWNER'S PARKING SPACE; OR

2. IS NOT IMPOSSIBLE; AND

(II) THE LOT OWNER AGREES IN WRITING TO:

1. COMPLY WITH:

A. ALL RELEVANT BUILDING CODES AND SAFETY STANDARDS TO MAINTAIN THE SAFETY OF ALL USERS OF THE COMMON AREA; AND

B. THE DEVELOPMENT'S ARCHITECTURAL STANDARDS FOR THE INSTALLATION OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT;

2. ENGAGE A LICENSED CONTRACTOR TO INSTALL THE ELECTRIC VEHICLE RECHARGING EQUIPMENT; AND

3. PAY FOR THE ELECTRICITY USAGE ASSOCIATED WITH THE SEPARATELY METERED ELECTRIC VEHICLE RECHARGING EQUIPMENT.

(2) THE LOT OWNER AND EACH SUCCESSIVE OWNER OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT SHALL BE RESPONSIBLE FOR:

(I) INSTALLATION COSTS FOR THE ELECTRIC VEHICLE RECHARGING EQUIPMENT;

(II) COSTS FOR DAMAGE TO THE ELECTRIC VEHICLE RECHARGING EQUIPMENT OR COMMON AREA RESULTING FROM THE INSTALLATION, MAINTENANCE, REPAIR, REMOVAL, OR REPLACEMENT OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT;

(III) COSTS FOR THE MAINTENANCE, REPAIR, AND REPLACEMENT OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT UP UNTIL THE EQUIPMENT IS REMOVED;

(IV) IF THE LOT OWNER DECIDES TO REMOVE THE ELECTRIC VEHICLE RECHARGING EQUIPMENT, COSTS FOR THE REMOVAL AND FOR THE RESTORATION OF THE COMMON AREA AFTER REMOVAL; AND

(V) THE COST OF ELECTRICITY ASSOCIATED WITH THE ELECTRIC VEHICLE RECHARGING EQUIPMENT.

(E) A LOT OWNER SHALL OBTAIN ANY PERMIT OR APPROVAL FOR ELECTRIC VEHICLE RECHARGING EQUIPMENT THAT IS REQUIRED BY THE COUNTY OR MUNICIPAL CORPORATION IN WHICH THE DEVELOPMENT IS LOCATED.

(F) THE GOVERNING BODY MAY GRANT A LICENSE FOR UP TO 3 YEARS, RENEWABLE AT THE DISCRETION OF THE GOVERNING BODY, ON ANY COMMON ELEMENT NECESSARY FOR THE INSTALLATION OF EQUIPMENT OR FOR THE SUPPLY OF ELECTRICITY TO ANY ELECTRIC VEHICLE RECHARGING EQUIPMENT.

(G) A LOT OWNER SHALL:

(1) PROVIDE A CERTIFICATE OF INSURANCE NAMING THE ASSOCIATION AS AN ADDITIONAL INSURED; OR

(2) REIMBURSE THE ASSOCIATION FOR THE COST OF AN INCREASED INSURANCE PREMIUM ATTRIBUTABLE TO THE ELECTRIC VEHICLE RECHARGING EQUIPMENT.

~~(H) THE GOVERNING BODY MAY APPLY FOR A GRANT FROM THE ELECTRIC VEHICLE INFRASTRUCTURE MODERNIZATION GRANT PROGRAM ESTABLISHED UNDER § 14-129 OF THIS ARTICLE TO FACILITATE THE ELECTRICAL UPGRADE OF A PARKING STRUCTURE OWNED BY THE GOVERNING BODY IN ORDER TO ENCOURAGE THE INSTALLATION AND USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT BY LOT OWNERS IN THE HOMEOWNERS ASSOCIATION.~~

~~14-129.~~

~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.~~

~~(2) "ADMINISTRATION" MEANS THE MARYLAND ENERGY ADMINISTRATION.~~

~~(3) "FUND" MEANS THE STRATEGIC ENERGY INVESTMENT FUND UNDER § 9-20B-05 OF THE STATE GOVERNMENT ARTICLE.~~

~~(4) "PROGRAM" MEANS THE ELECTRIC VEHICLE INFRASTRUCTURE MODERNIZATION GRANT PROGRAM.~~

~~(B) THIS SECTION APPLIES TO:~~

~~(1) A CONDOMINIUM THAT IS SUBJECT TO TITLE 11 OF THIS ARTICLE;~~
~~AND~~

~~(2) A HOMEOWNERS ASSOCIATION THAT IS SUBJECT TO TITLE 11B OF THIS ARTICLE.~~

~~(C) THERE IS AN ELECTRIC VEHICLE INFRASTRUCTURE MODERNIZATION GRANT PROGRAM IN THE ADMINISTRATION.~~

~~(D) THE PURPOSE OF THE PROGRAM IS TO FACILITATE THE ELECTRICAL UPGRADE OF A PARKING STRUCTURE OWNED BY THE GOVERNING BODY OF A CONDOMINIUM OR HOMEOWNERS ASSOCIATION IN ORDER TO ENCOURAGE THE INSTALLATION AND USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT BY UNIT OWNERS IN THE CONDOMINIUM OR LOT OWNERS IN THE HOMEOWNERS ASSOCIATION.~~

~~(E) (1) THE ADMINISTRATION SHALL ADMINISTER THE PROGRAM.~~

~~(2) THE ADMINISTRATION SHALL PROVIDE GRANTS UNDER THIS PROGRAM FROM THE FUND.~~

~~(F) THE GOVERNING BODY OF A CONDOMINIUM OR A HOMEOWNERS ASSOCIATION MAY APPLY FOR A GRANT UNDER THIS SECTION IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE ADMINISTRATION.~~

~~(G) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO IMPLEMENT THE PROGRAM.~~

~~Article State Government~~

~~9-20B-05.~~

~~(a) There is a Maryland Strategic Energy Investment Fund.~~

~~(f) The Administration shall use the Fund:~~

~~(10) subject to subsections (f 2) and (f 3) of this section, to invest in pre-apprenticeship, youth apprenticeship, and registered apprenticeship programs to establish career paths in the clean energy industry under § 11-708.1 of the Labor and Employment Article, as follows:~~

~~(i) \$1,250,000 for grants to pre-apprenticeship jobs training programs under § 11-708.1(e)(3) of the Labor and Employment Article starting in fiscal year 2021 until all amounts are spent;~~

~~(ii) \$6,000,000 for grants to youth apprenticeship jobs training programs and registered apprenticeship jobs training programs under § 11-708.1(c)(5) of the Labor and Employment Article starting in fiscal year 2021 until all amounts are spent; and~~

~~(iii) \$750,000 for the recruitment of individuals, including veterans and formerly incarcerated individuals, to the pre-apprenticeship jobs training programs and the registered apprenticeship jobs training programs under § 11-708.1 of the Labor and Employment Article starting in fiscal year 2021 until all amounts are spent; [and]~~

~~(11) TO PROVIDE GRANTS UNDER THE ELECTRIC VEHICLE INFRASTRUCTURE MODERNIZATION GRANT PROGRAM UNDER § 14-129 OF THE REAL PROPERTY ARTICLE; AND~~

~~[(11)] (12) to pay the expenses of the Program.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2021.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 110 (Delegate Korman)
Environment and Transportation

Electric Vehicle Recharging Equipment for Multifamily Units Act

This bill establishes standards relating to the installation and use of electric vehicle recharging equipment in condominiums and homeowners associations (HOA). The bill establishes a grant program within the Maryland Energy Administration (MEA) and authorizes a condominium or HOA to apply for a grant to facilitate the electrical upgrade of a parking structure. MEA must adopt regulations to implement the program. The bill also expands the authorized uses of the Maryland Strategic Energy Investment Fund (SEIF) to provide grants under the program.

Fiscal Summary

State Effect: The bill largely reflects current MEA practice related to electric vehicle infrastructure grants but carves out a grant program exclusively for condominiums and HOAs. Special fund expenditure are not materially affected, as discussed below. No effect on revenues.

Local Effect: The bill's requirements are not anticipated to materially impact local finances or operations. Any increase in permit requests can likely be handled with existing resources.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: The bill defines "electric vehicle recharging equipment" as property in the State that is used for recharging motor vehicles propelled by electricity. Requirements for owners of condominium units or HOA lots and governing bodies are shown in **Exhibit 1**.

Exhibit 1
Installation of Electric Vehicle Recharging Equipment by Owners
In Condominiums and Homeowners Associations

	<u>Condo Owner</u>	<u>HOA Homeowner</u>	<u>Condo Board</u>	<u>HOA Board</u>
Bylaws, covenants, or other restrictions against recharging equipment are void			Yes	Yes
Must use process for approval of architectural modifications			Yes	Yes
Must provide approval or denial in writing			Yes	Yes
Must approve installation in a unit or lot owner's deeded or designated parking space if installation does not unreasonably impede normal use of the area or is not impossible <i>and</i> if owner agrees, in writing, to comply with specified restrictions and standards			Yes	Yes
May grant a license for up to three years, renewable at the discretion of the governing body, on any common element necessary for installation of equipment or supply of electricity			Yes	Yes
Request is deemed approved after 60 days unless reasonably delayed for additional information	Yes	Yes	Yes	Yes
Must agree, in writing, to comply with relevant building codes and with safety standards to maintain the safety of all users of the common area and architectural standards, engage a licensed contractor, and pay for separately metered electricity usage	Yes	Yes		
Must obtain necessary permits	Yes	Yes		
Must pay costs associated with installation, maintenance, damage, repair, replacement, removal, and electricity	Yes	Yes		
Must provide certificate of insurance naming association as an additional insured or reimburse association for cost of an increased insurance premium attributable to equipment	Yes	Yes		

HOA: homeowners association

Note: "Board" refers to the governing body of a condominium or homeowners association.

Source: Department of Legislative Services

Electric Vehicle Infrastructure Modernization Grant Program

The bill establishes the Electric Vehicle Infrastructure Modernization Grant Program in MEA, which is funded by SEIF. The governing body of a condominium or HOA may apply for a grant from the Electric Vehicle Infrastructure Modernization Grant Program to facilitate the electrical upgrade of a parking structure owned by the governing body in order to encourage the installation and use of electric vehicle recharging equipment by unit owners and lot owners.

Current Law: Chapters 127 and 128 of 2008 created the Maryland Strategic Energy Investment Program and the implementing SEIF to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. SEIF is primarily funded through the proceeds from the auction of carbon allowances to power plants under the Regional Greenhouse Gas Initiative. Statutory provisions set forth numerous permissible uses for SEIF, such as providing grants, loans, and other assistance as necessary and appropriate to implement the purposes of the program.

For more information on condominiums and HOAs, commonly known as common ownership communities, see the **Appendix – Common Ownership Communities**.

State Expenditures: MEA advises that HOAs and condominiums are already eligible for funding for the purposes specified in the bill under existing statutory authorization. Furthermore, the Governor’s proposed fiscal 2022 budget includes \$1.2 million for the Electric Vehicle Recharging Equipment (EVRE) Rebate program. MEA advises that those program guidelines specifically allow condominiums and HOAs to apply for grants to facilitate and encourage the installation and use of EVREs. It is, therefore, assumed that existing staff can implement and administer the new grant program specific to condominiums and HOAs as proposed by the bill.

Authorizing MEA to use funds from SEIF for an additional grant program does not affect overall SEIF expenditures, although individual programs currently funded by SEIF may receive less funding. It is also assumed that some condominiums and HOAs that apply for grants under the new grant program would also have applied for and potentially been awarded grants under the existing authority, thus offsetting any impact on overall SEIF-funded grant expenditures.

Additional Information

Prior Introductions: HB 111 of 2020, a similar bill, passed the House with amendments and was referred to the Senate Judicial Proceedings and Finance committees, but no further action was taken. Its cross file, SB 734 received a hearing in the Senate Judicial Proceedings Committee, but no further action was taken. HB 826 of 2019, a similar bill, passed the House with amendments and was referred to the Senate Judicial Proceedings Committee, but no further action was taken. Similar bills were also introduced in 2018, 2017, 2016, and 2015.

Designated Cross File: SB 144 (Senator Guzzone) - Judicial Proceedings.

Information Source(s): Maryland Energy Administration; Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - January 21, 2021
rh/jkb

Analysis by: Donavan A. Ham

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Appendix – Common Ownership Communities

When a person purchases a single-family home, condominium, or an interest in a cooperative housing corporation, he or she may also be required to join an association of owners, which is intended to act in the common interests of all the homeowners, condominium unit owners, or cooperative owners in the community. Collectively, these associations are often referred to as common ownership communities (COCs). In Maryland, a growing number of newly constructed or newly converted residences are located in some form of a COC.

The affairs of a condominium are governed by a council of unit owners, which comprises all unit owners. Among other powers, the council of unit owners has the power to impose assessments on the unit owners to pay common expenses. A council of unit owners may delegate its powers to a board of directors, officers, or a managing agent. Condominiums are governed under Title 11 of the Real Property Article.

Many new housing developments are subject to a homeowners association (HOA) that is created by a governing document and has the authority to impose mandatory fees on lots in the development in connection with the provision of services or for the benefit of the lots, the lot owners, or the common areas. HOAs are governed under Title 11B of the Real Property Article.

A cooperative housing corporation or “cooperative” is a corporation that owns real property. A resident of a cooperative does not own his or her unit; rather, the person owns an interest in the corporation, which leases the unit to the person for residential use. Cooperatives are governed by the laws in Title 5, Subtitle 6B of the Corporations and Associations Article.

Condominiums and HOAs may be authorized by their governing documents to impose liens on units or lots to collect unpaid assessments or fees. In a cooperative, the governing documents usually provide for the collection of delinquent fees, and evictions for unpaid fees are generally pursued by way of a landlord-tenant action.

Since registration of the various COCs is not required statewide, the exact number of COCs in Maryland is unknown. However, public offering statements for condominium regimes are required by law to be registered with the Secretary of State (SOS). SOS registration records show that, as of December 2020, 2,739 condominium regimes have been registered with the State. The State Department of Assessments and Taxation, which maintains assessment records based on class of property, reports that there are 221,999 condominium units in the State as of July 2020. The Foundation for Community Association Research

estimated that there were 6,785 community associations with an estimated 1 million residents in these associations in the State in 2019, the most recent information available.

Task Force on Common Ownership Communities

With a growing number of Marylanders residing in COCs, and evidence that some COCs had issues with governance, dispute resolution, and financial stability, the General Assembly created the Task Force on Common Ownership Communities in 2005 (Chapter 469 of 2005). The issues addressed by the task force included the education and training needs of COC boards and prospective buyers, availability of alternative dispute resolution services, special considerations of aging COCs, collection of assessments, and resale of homes within COCs. The task force met 10 times, held five public hearings, and submitted its final report in December 2006. The report's findings and recommendations have served, in subsequent years, as the basis for numerous pieces of legislation intended to improve the operation of COCs. This legislation, enacted from 2007 through 2020:

- authorized a group of three or more unit or lot owners in a condominium or HOA to petition a circuit court to appoint a receiver in specified situations frequently found in aging communities (Chapter 321 of 2007);
- gave the Consumer Protection Division within the Office of the Attorney General increased authority over violations of the Maryland Homeowners Association Act (Chapter 593 of 2007);
- eased restrictions on the ability of condominiums and HOAs to amend their governing documents (Chapters 144 and 145 of 2008 and Chapter 480 of 2017);
- strengthened the transition process from developer to the governing body of a condominium or HOA by allowing the governing body to terminate specified contracts and requiring the developer to provide specified documents (Chapters 95 and 96 of 2009);
- required the governing body of a COC to purchase fidelity insurance or a fidelity bond covering various acts of malfeasance by COC officers, directors, and other specified employees and agents (Chapters 77 and 78 of 2009 and Chapter 615 of 2010);
- granted priority to a specified portion of a lien of a condominium or HOA over the claim of a holder of a first mortgage or first deed of trust in the event of a foreclosure on a unit or lot (Chapter 387 of 2011);

- limited the amount of damages for which the governing body of a condominium or HOA may foreclose on a lien against a unit owner or lot owner (Chapters 448 and 449 of 2013);
- expanded the purposes for which a condominium's board of directors may hold a closed meeting, similar to the law for an HOA, by allowing a meeting to be closed to consider terms or conditions of a business transaction in the negotiation stage if disclosure could adversely affect the economic interests of the council of unit owners (Chapter 110 of 2013);
- established meeting standards and standards for late charges for delinquent payments, eviction restrictions, an auditing process for books and records, and a dispute settlement mechanism for cooperatives under specified circumstances (Chapter 567 of 2014);
- altered the contents of a required disclosure for the resale of a condominium unit, authorized the assessment of specified fees by a condominium council of unit owners or an HOA for providing specified information, and required the Department of Housing and Community Development to adjust the maximum authorized fees every two years (Chapter 735 of 2016 and Chapter 817 of 2017); and
- increased to \$10,000 the maximum amount of the council of unit owners' property insurance deductible for which a specific unit owner is responsible if the cause of any damage to or destruction of the common elements or units of a condominium originates from an event inside that owner's unit (Chapters 56 and 57 of 2020).

The task force's report also featured findings and recommendations relating to the creation of an ombudsman in local governments. Since the report's release, Prince George's County created its Common Ownership Communities Program in 2007 with the stated purpose of assisting governing bodies as well as owners and residents of HOAs, residential condominiums, and cooperative housing corporations with education, training, and alternative dispute resolution. Charles County and Montgomery County have offices dedicated to COCs that predate the task force.

Finally, findings and recommendations of the report that have not been codified in statute pertain to reserves of COCs and the uniformity of COC depository requirements.

SENATE BILL 144

N1, M5

(PRE-FILED)

11r0860
CF HB 110

By: **Senator Guzzone**

Requested: October 6, 2020

Introduced and read first time: January 13, 2021

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Vehicle Recharging Equipment for Multifamily Units Act**

3 FOR the purpose of providing that certain provisions of a recorded covenant or restriction,
4 a declaration, or the bylaws or rules of a condominium or homeowners association
5 are void and unenforceable; establishing certain requirements and procedures
6 relating to an application to the governing body of a condominium or homeowners
7 association to install or use electric vehicle recharging equipment; requiring certain
8 owners of electric vehicle recharging equipment to be responsible for certain costs
9 and disclosures; requiring a unit owner or lot owner to obtain certain permits or
10 approval required for electric vehicle recharging equipment; requiring the governing
11 body of a condominium or homeowners association to approve the installation of
12 electric vehicle recharging equipment in a certain parking space under certain
13 circumstances; authorizing the governing body of a condominium or homeowners
14 association to grant a certain license; requiring a unit owner or lot owner to obtain
15 certain insurance or cover certain costs; authorizing the governing body of a
16 condominium or homeowners association to apply for a certain grant under a certain
17 program; establishing the Electric Vehicle Infrastructure Modernization Grant
18 Program in the Maryland Energy Administration; providing for the purpose of the
19 Program; requiring the Administration to administer the Program; requiring the
20 Administration to provide grants under the Program from the Maryland Strategic
21 Energy Investment Fund; requiring the Administration to adopt certain regulations;
22 altering the purposes of the Fund; defining certain terms; and generally relating to
23 electric vehicle recharging equipment in condominiums and homeowners
24 associations.

25 BY adding to
26 Article – Real Property
27 Section 11–111.4, 11B–111.8, and 14–129
28 Annotated Code of Maryland
29 (2015 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY repealing and reenacting, without amendments,
Article – State Government
Section 9–20B–05(a)
Annotated Code of Maryland
(2014 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,
Article – State Government
Section 9–20B–05(f)(10) and (11)
Annotated Code of Maryland
(2014 Replacement Volume and 2020 Supplement)

BY adding to
Article – State Government
Section 9–20B–05(f)(11)
Annotated Code of Maryland
(2014 Replacement Volume and 2020 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Real Property

11–111.4.

(A) IN THIS SECTION, “ELECTRIC VEHICLE RECHARGING EQUIPMENT” MEANS PROPERTY IN THE STATE THAT IS USED FOR RECHARGING MOTOR VEHICLES PROPELLED BY ELECTRICITY.

(B) A RECORDED COVENANT OR RESTRICTION, A PROVISION IN A DECLARATION, OR A PROVISION IN THE BYLAWS OR RULES OF A CONDOMINIUM IS VOID AND UNENFORCEABLE IF THE COVENANT, RESTRICTION, OR PROVISION:

(1) IS IN CONFLICT WITH THE PROVISIONS OF THIS SECTION; OR

(2) EFFECTIVELY PROHIBITS OR UNREASONABLY RESTRICTS THE INSTALLATION OR USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A UNIT OWNER’S DEEDED PARKING SPACE OR A PARKING SPACE THAT IS SPECIFICALLY DESIGNATED FOR USE BY A PARTICULAR OWNER.

(C) (1) IF APPROVAL IS REQUIRED FOR THE INSTALLATION OR USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A CONDOMINIUM, THE GOVERNING BODY SHALL PROCESS AND REVIEW AN APPLICATION FOR APPROVAL IN THE SAME MANNER AS AN APPLICATION FOR APPROVAL OF AN ARCHITECTURAL MODIFICATION TO THE CONDOMINIUM.

1 **(2) THE GOVERNING BODY MAY NOT WILLFULLY AVOID OR DELAY**
2 **PROCESSING AND REVIEWING AN APPLICATION FOR APPROVAL.**

3 **(3) IF AN APPLICATION IS NOT DENIED IN WRITING WITHIN 60 DAYS**
4 **AFTER THE GOVERNING BODY RECEIVES THE APPLICATION, THE APPLICATION**
5 **SHALL BE DEEMED APPROVED, UNLESS THE DELAY IS THE RESULT OF A**
6 **REASONABLE REQUEST FOR ADDITIONAL INFORMATION.**

7 **(4) THE APPROVAL OR DENIAL OF AN APPLICATION SHALL BE IN**
8 **WRITING.**

9 **(D) (1) THE GOVERNING BODY SHALL APPROVE THE INSTALLATION OF**
10 **ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A UNIT OWNER'S DEEDED PARKING**
11 **SPACE OR A PARKING SPACE THAT IS SPECIFICALLY DESIGNATED FOR USE BY A**
12 **PARTICULAR OWNER IF:**

13 **(I) INSTALLATION:**

14 **1. DOES NOT UNREASONABLY IMPEDE THE NORMAL USE**
15 **OF AN AREA OUTSIDE THE UNIT OWNER'S PARKING SPACE; OR**

16 **2. IS NOT IMPOSSIBLE; AND**

17 **(II) THE UNIT OWNER AGREES IN WRITING TO:**

18 **1. COMPLY WITH:**

19 **A. ALL RELEVANT BUILDING CODES AND SAFETY**
20 **STANDARDS TO MAINTAIN THE SAFETY OF ALL USERS OF THE COMMON AREA; AND**

21 **B. THE CONDOMINIUM'S ARCHITECTURAL STANDARDS**
22 **FOR THE INSTALLATION OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT;**

23 **2. ENGAGE A LICENSED CONTRACTOR TO INSTALL THE**
24 **ELECTRIC VEHICLE RECHARGING EQUIPMENT; AND**

25 **3. PAY FOR THE ELECTRICITY USAGE ASSOCIATED WITH**
26 **THE SEPARATELY METERED ELECTRIC VEHICLE RECHARGING EQUIPMENT.**

27 **(2) THE OWNER AND EACH SUCCESSIVE OWNER OF THE ELECTRIC**
28 **VEHICLE RECHARGING EQUIPMENT SHALL BE RESPONSIBLE FOR:**

29 **(I) INSTALLATION COSTS FOR THE ELECTRIC VEHICLE**

1 RECHARGING EQUIPMENT;

2 (II) COSTS FOR DAMAGE TO THE ELECTRIC VEHICLE
3 RECHARGING EQUIPMENT, COMMON ELEMENT, OR LIMITED COMMON ELEMENT
4 RESULTING FROM THE INSTALLATION, MAINTENANCE, REPAIR, REMOVAL, OR
5 REPLACEMENT OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT;

6 (III) COSTS FOR THE MAINTENANCE, REPAIR, AND
7 REPLACEMENT OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT UP UNTIL THE
8 EQUIPMENT IS REMOVED;

9 (IV) IF THE OWNER DECIDES TO REMOVE THE ELECTRIC
10 VEHICLE RECHARGING EQUIPMENT, COSTS FOR THE REMOVAL AND FOR THE
11 RESTORATION OF THE COMMON ELEMENT OR LIMITED COMMON ELEMENT AFTER
12 REMOVAL; AND

13 (V) THE COST OF ELECTRICITY ASSOCIATED WITH THE
14 ELECTRIC VEHICLE RECHARGING EQUIPMENT.

15 (E) A UNIT OWNER SHALL OBTAIN ANY PERMIT OR APPROVAL FOR
16 ELECTRIC VEHICLE RECHARGING EQUIPMENT THAT IS REQUIRED BY THE COUNTY
17 OR MUNICIPAL CORPORATION IN WHICH THE CONDOMINIUM IS LOCATED.

18 (F) NOTWITHSTANDING THE PROVISIONS OF § 11–125 OF THIS TITLE, THE
19 GOVERNING BODY MAY GRANT A LICENSE FOR UP TO 3 YEARS, RENEWABLE AT THE
20 DISCRETION OF THE GOVERNING BODY, ON ANY COMMON ELEMENT NECESSARY FOR
21 THE INSTALLATION OF EQUIPMENT OR FOR THE SUPPLY OF ELECTRICITY TO ANY
22 ELECTRIC VEHICLE RECHARGING EQUIPMENT.

23 (G) A UNIT OWNER SHALL:

24 (1) PROVIDE A CERTIFICATE OF INSURANCE NAMING THE
25 CONDOMINIUM ASSOCIATION AS AN ADDITIONAL INSURED; OR

26 (2) REIMBURSE THE ASSOCIATION FOR THE COST OF AN INCREASED
27 INSURANCE PREMIUM ATTRIBUTABLE TO THE ELECTRIC VEHICLE RECHARGING
28 EQUIPMENT.

29 (H) THE GOVERNING BODY MAY APPLY FOR A GRANT FROM THE ELECTRIC
30 VEHICLE INFRASTRUCTURE MODERNIZATION GRANT PROGRAM ESTABLISHED
31 UNDER § 14–129 OF THIS ARTICLE TO FACILITATE THE ELECTRICAL UPGRADE OF A
32 PARKING STRUCTURE OWNED BY THE GOVERNING BODY IN ORDER TO ENCOURAGE
33 THE INSTALLATION AND USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT BY
34 UNIT OWNERS IN THE CONDOMINIUM.

1 11B-111.8.

2 (A) IN THIS SECTION, "ELECTRIC VEHICLE RECHARGING EQUIPMENT" HAS
3 THE MEANING STATED IN § 11-111.4 OF THIS ARTICLE.

4 (B) A RECORDED COVENANT OR RESTRICTION, A PROVISION IN A
5 DECLARATION, OR A PROVISION IN THE BYLAWS OR RULES OF A HOMEOWNERS
6 ASSOCIATION IS VOID AND UNENFORCEABLE IF THE COVENANT, RESTRICTION, OR
7 PROVISION:

8 (1) IS IN CONFLICT WITH THE PROVISIONS OF THIS SECTION; OR

9 (2) EFFECTIVELY PROHIBITS OR UNREASONABLY RESTRICTS THE
10 INSTALLATION OR USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A LOT
11 OWNER'S DEEDED PARKING SPACE OR A PARKING SPACE THAT IS SPECIFICALLY
12 DESIGNATED FOR USE BY A PARTICULAR OWNER.

13 (C) (1) IF APPROVAL IS REQUIRED FOR THE INSTALLATION OR USE OF
14 ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A DEVELOPMENT, THE GOVERNING
15 BODY SHALL PROCESS AND REVIEW AN APPLICATION FOR APPROVAL IN THE SAME
16 MANNER AS AN APPLICATION FOR APPROVAL OF AN ARCHITECTURAL
17 MODIFICATION TO A DWELLING.

18 (2) THE GOVERNING BODY MAY NOT WILLFULLY AVOID OR DELAY
19 PROCESSING AND REVIEWING AN APPLICATION FOR APPROVAL.

20 (3) IF AN APPLICATION IS NOT DENIED IN WRITING WITHIN 60 DAYS
21 AFTER THE GOVERNING BODY RECEIVES THE APPLICATION, THE APPLICATION
22 SHALL BE DEEMED APPROVED, UNLESS THE DELAY IS THE RESULT OF A
23 REASONABLE REQUEST FOR ADDITIONAL INFORMATION.

24 (4) THE APPROVAL OR DENIAL OF AN APPLICATION SHALL BE IN
25 WRITING.

26 (D) (1) THE GOVERNING BODY SHALL APPROVE THE INSTALLATION OF
27 ELECTRIC VEHICLE RECHARGING EQUIPMENT IN A LOT OWNER'S DEEDED PARKING
28 SPACE OR A PARKING SPACE THAT IS SPECIFICALLY DESIGNATED FOR USE BY A
29 PARTICULAR OWNER IF:

30 (I) INSTALLATION:

31 1. DOES NOT UNREASONABLY IMPEDE THE NORMAL USE
32 OF AN AREA OUTSIDE THE LOT OWNER'S PARKING SPACE; OR

1 2. IS NOT IMPOSSIBLE; AND

2 (II) THE LOT OWNER AGREES IN WRITING TO:

3 1. COMPLY WITH:

4 A. ALL RELEVANT BUILDING CODES AND SAFETY
5 STANDARDS TO MAINTAIN THE SAFETY OF ALL USERS OF THE COMMON AREA; AND

6 B. THE DEVELOPMENT'S ARCHITECTURAL STANDARDS
7 FOR THE INSTALLATION OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT;

8 2. ENGAGE A LICENSED CONTRACTOR TO INSTALL THE
9 ELECTRIC VEHICLE RECHARGING EQUIPMENT; AND

10 3. PAY FOR THE ELECTRICITY USAGE ASSOCIATED WITH
11 THE SEPARATELY METERED ELECTRIC VEHICLE RECHARGING EQUIPMENT.

12 (2) THE LOT OWNER AND EACH SUCCESSIVE OWNER OF THE
13 ELECTRIC VEHICLE RECHARGING EQUIPMENT SHALL BE RESPONSIBLE FOR:

14 (I) INSTALLATION COSTS FOR THE ELECTRIC VEHICLE
15 RECHARGING EQUIPMENT;

16 (II) COSTS FOR DAMAGE TO THE ELECTRIC VEHICLE
17 RECHARGING EQUIPMENT OR COMMON AREA RESULTING FROM THE INSTALLATION,
18 MAINTENANCE, REPAIR, REMOVAL, OR REPLACEMENT OF THE ELECTRIC VEHICLE
19 RECHARGING EQUIPMENT;

20 (III) COSTS FOR THE MAINTENANCE, REPAIR, AND
21 REPLACEMENT OF THE ELECTRIC VEHICLE RECHARGING EQUIPMENT UP UNTIL THE
22 EQUIPMENT IS REMOVED;

23 (IV) IF THE LOT OWNER DECIDES TO REMOVE THE ELECTRIC
24 VEHICLE RECHARGING EQUIPMENT, COSTS FOR THE REMOVAL AND FOR THE
25 RESTORATION OF THE COMMON AREA AFTER REMOVAL; AND

26 (V) THE COST OF ELECTRICITY ASSOCIATED WITH THE
27 ELECTRIC VEHICLE RECHARGING EQUIPMENT.

28 (E) A LOT OWNER SHALL OBTAIN ANY PERMIT OR APPROVAL FOR ELECTRIC
29 VEHICLE RECHARGING EQUIPMENT THAT IS REQUIRED BY THE COUNTY OR
30 MUNICIPAL CORPORATION IN WHICH THE DEVELOPMENT IS LOCATED.

(F) THE GOVERNING BODY MAY GRANT A LICENSE FOR UP TO 3 YEARS, RENEWABLE AT THE DISCRETION OF THE GOVERNING BODY, ON ANY COMMON ELEMENT NECESSARY FOR THE INSTALLATION OF EQUIPMENT OR FOR THE SUPPLY OF ELECTRICITY TO ANY ELECTRIC VEHICLE RECHARGING EQUIPMENT.

(G) A LOT OWNER SHALL:

(1) PROVIDE A CERTIFICATE OF INSURANCE NAMING THE ASSOCIATION AS AN ADDITIONAL INSURED; OR

(2) REIMBURSE THE ASSOCIATION FOR THE COST OF AN INCREASED INSURANCE PREMIUM ATTRIBUTABLE TO THE ELECTRIC VEHICLE RECHARGING EQUIPMENT.

(H) THE GOVERNING BODY MAY APPLY FOR A GRANT FROM THE ELECTRIC VEHICLE INFRASTRUCTURE MODERNIZATION GRANT PROGRAM ESTABLISHED UNDER § 14-129 OF THIS ARTICLE TO FACILITATE THE ELECTRICAL UPGRADE OF A PARKING STRUCTURE OWNED BY THE GOVERNING BODY IN ORDER TO ENCOURAGE THE INSTALLATION AND USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT BY LOT OWNERS IN THE HOMEOWNERS ASSOCIATION.

14-129.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "ADMINISTRATION" MEANS THE MARYLAND ENERGY ADMINISTRATION.

(3) "FUND" MEANS THE STRATEGIC ENERGY INVESTMENT FUND UNDER § 9-20B-05 OF THE STATE GOVERNMENT ARTICLE.

(4) "PROGRAM" MEANS THE ELECTRIC VEHICLE INFRASTRUCTURE MODERNIZATION GRANT PROGRAM.

(B) THIS SECTION APPLIES TO:

(1) A CONDOMINIUM THAT IS SUBJECT TO TITLE 11 OF THIS ARTICLE;
AND

(2) A HOMEOWNERS ASSOCIATION THAT IS SUBJECT TO TITLE 11B OF THIS ARTICLE.

(C) THERE IS AN ELECTRIC VEHICLE INFRASTRUCTURE MODERNIZATION GRANT PROGRAM IN THE ADMINISTRATION.

(D) THE PURPOSE OF THE PROGRAM IS TO FACILITATE THE ELECTRICAL UPGRADE OF A PARKING STRUCTURE OWNED BY THE GOVERNING BODY OF A CONDOMINIUM OR HOMEOWNERS ASSOCIATION IN ORDER TO ENCOURAGE THE INSTALLATION AND USE OF ELECTRIC VEHICLE RECHARGING EQUIPMENT BY UNIT OWNERS IN THE CONDOMINIUM OR LOT OWNERS IN THE HOMEOWNERS ASSOCIATION.

(E) (1) THE ADMINISTRATION SHALL ADMINISTER THE PROGRAM.

(2) THE ADMINISTRATION SHALL PROVIDE GRANTS UNDER THIS PROGRAM FROM THE FUND.

(F) THE GOVERNING BODY OF A CONDOMINIUM OR A HOMEOWNERS ASSOCIATION MAY APPLY FOR A GRANT UNDER THIS SECTION IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE ADMINISTRATION.

(G) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO IMPLEMENT THE PROGRAM.

Article – State Government

9–20B–05.

(a) There is a Maryland Strategic Energy Investment Fund.

(f) The Administration shall use the Fund:

(10) subject to subsections (f–2) and (f–3) of this section, to invest in pre–apprenticeship, youth apprenticeship, and registered apprenticeship programs to establish career paths in the clean energy industry under § 11–708.1 of the Labor and Employment Article, as follows:

(i) \$1,250,000 for grants to pre–apprenticeship jobs training programs under § 11–708.1(c)(3) of the Labor and Employment Article starting in fiscal year 2021 until all amounts are spent;

(ii) \$6,000,000 for grants to youth apprenticeship jobs training programs and registered apprenticeship jobs training programs under § 11–708.1(c)(5) of the Labor and Employment Article starting in fiscal year 2021 until all amounts are spent; and

(iii) \$750,000 for the recruitment of individuals, including veterans and formerly incarcerated individuals, to the pre–apprenticeship jobs training programs

1 and the registered apprenticeship jobs training programs under § 11–708.1 of the Labor
2 and Employment Article starting in fiscal year 2021 until all amounts are spent; [and]

3 **(11) TO PROVIDE GRANTS UNDER THE ELECTRIC VEHICLE**
4 **INFRASTRUCTURE MODERNIZATION GRANT PROGRAM UNDER § 14–129 OF THE**
5 **REAL PROPERTY ARTICLE; AND**

6 **[(11)] (12)** to pay the expenses of the Program.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2021.

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 144

(Senator Guzzone)

Judicial Proceedings

Electric Vehicle Recharging Equipment for Multifamily Units Act

This bill establishes standards relating to the installation and use of electric vehicle recharging equipment in condominiums and homeowners associations (HOA). The bill establishes a grant program within the Maryland Energy Administration (MEA) and authorizes a condominium or HOA to apply for a grant to facilitate the electrical upgrade of a parking structure. MEA must adopt regulations to implement the program. The bill also expands the authorized uses of the Maryland Strategic Energy Investment Fund (SEIF) to provide grants under the program.

Fiscal Summary

State Effect: The bill largely reflects current MEA practice related to electric vehicle infrastructure grants but carves out a grant program exclusively for condominiums and HOAs. Special fund expenditure are not materially affected, as discussed below. No effect on revenues.

Local Effect: The bill's requirements are not anticipated to materially impact local finances or operations. Any increase in permit requests can likely be handled with existing resources.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: The bill defines "electric vehicle recharging equipment" as property in the State that is used for recharging motor vehicles propelled by electricity. Requirements for owners of condominium units or HOA lots and governing bodies are shown in **Exhibit 1**.

Exhibit 1
Installation of Electric Vehicle Recharging Equipment by Owners
In Condominiums and Homeowners Associations

	<u>Condo Owner</u>	<u>HOA Homeowner</u>	<u>Condo Board</u>	<u>HOA Board</u>
Bylaws, covenants, or other restrictions against recharging equipment are void			Yes	Yes
Must use process for approval of architectural modifications			Yes	Yes
Must provide approval or denial in writing			Yes	Yes
Must approve installation in a unit or lot owner's deeded or designated parking space if installation does not unreasonably impede normal use of the area or is not impossible <i>and</i> if owner agrees, in writing, to comply with specified restrictions and standards			Yes	Yes
May grant a license for up to three years, renewable at the discretion of the governing body, on any common element necessary for installation of equipment or supply of electricity			Yes	Yes
Request is deemed approved after 60 days unless reasonably delayed for additional information	Yes	Yes	Yes	Yes
Must agree, in writing, to comply with relevant building codes and with safety standards to maintain the safety of all users of the common area and architectural standards, engage a licensed contractor, and pay for separately metered electricity usage	Yes	Yes		
Must obtain necessary permits	Yes	Yes		
Must pay costs associated with installation, maintenance, damage, repair, replacement, removal, and electricity	Yes	Yes		
Must provide certificate of insurance naming association as an additional insured or reimburse association for cost of an increased insurance premium attributable to equipment	Yes	Yes		

HOA: homeowners association

Note: "Board" refers to the governing body of a condominium or homeowners association.

Source: Department of Legislative Services

Electric Vehicle Infrastructure Modernization Grant Program

The bill establishes the Electric Vehicle Infrastructure Modernization Grant Program in MEA, which is funded by SEIF. The governing body of a condominium or HOA may apply for a grant from the Electric Vehicle Infrastructure Modernization Grant Program to facilitate the electrical upgrade of a parking structure owned by the governing body in order to encourage the installation and use of electric vehicle recharging equipment by unit owners and lot owners.

Current Law: Chapters 127 and 128 of 2008 created the Maryland Strategic Energy Investment Program and the implementing SEIF to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. SEIF is primarily funded through the proceeds from the auction of carbon allowances to power plants under the Regional Greenhouse Gas Initiative. Statutory provisions set forth numerous permissible uses for SEIF, such as providing grants, loans, and other assistance as necessary and appropriate to implement the purposes of the program.

For more information on condominiums and HOAs, commonly known as common ownership communities, see the **Appendix – Common Ownership Communities**.

State Expenditures: MEA advises that HOAs and condominiums are already eligible for funding for the purposes specified in the bill under existing statutory authorization. Furthermore, the Governor’s proposed fiscal 2022 budget includes \$1.2 million for the Electric Vehicle Recharging Equipment (EVRE) Rebate program. MEA advises that those program guidelines specifically allow condominiums and HOAs to apply for grants to facilitate and encourage the installation and use of EVREs. It is, therefore, assumed that existing staff can implement and administer the new grant program specific to condominiums and HOAs as proposed by the bill.

Authorizing MEA to use funds from SEIF for an additional grant program does not affect overall SEIF expenditures, although individual programs currently funded by SEIF may receive less funding. It is also assumed that some condominiums and HOAs that apply for grants under the new grant program would also have applied for and potentially been awarded grants under the existing authority, thus offsetting any impact on overall SEIF-funded grant expenditures.

Additional Information

Prior Introductions: HB 111 of 2020, a similar bill, passed the House with amendments and was referred to the Senate Judicial Proceedings and Finance committees, but no further action was taken. Its cross file, SB 734 received a hearing in the Senate Judicial Proceedings Committee, but no further action was taken. HB 826 of 2019, a similar bill, passed the House with amendments and was referred to the Senate Judicial Proceedings Committee, but no further action was taken. Similar bills were also introduced in 2018, 2017, 2016, and 2015.

Designated Cross File: HB 110 (Delegate Korman) - Environment and Transportation.

Information Source(s): Maryland Energy Administration; Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - January 22, 2021
an/jkb

Analysis by: Donavan A. Ham

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Appendix – Common Ownership Communities

When a person purchases a single-family home, condominium, or an interest in a cooperative housing corporation, he or she may also be required to join an association of owners, which is intended to act in the common interests of all the homeowners, condominium unit owners, or cooperative owners in the community. Collectively, these associations are often referred to as common ownership communities (COCs). In Maryland, a growing number of newly constructed or newly converted residences are located in some form of a COC.

The affairs of a condominium are governed by a council of unit owners, which comprises all unit owners. Among other powers, the council of unit owners has the power to impose assessments on the unit owners to pay common expenses. A council of unit owners may delegate its powers to a board of directors, officers, or a managing agent. Condominiums are governed under Title 11 of the Real Property Article.

Many new housing developments are subject to a homeowners association (HOA) that is created by a governing document and has the authority to impose mandatory fees on lots in the development in connection with the provision of services or for the benefit of the lots, the lot owners, or the common areas. HOAs are governed under Title 11B of the Real Property Article.

A cooperative housing corporation or “cooperative” is a corporation that owns real property. A resident of a cooperative does not own his or her unit; rather, the person owns an interest in the corporation, which leases the unit to the person for residential use. Cooperatives are governed by the laws in Title 5, Subtitle 6B of the Corporations and Associations Article.

Condominiums and HOAs may be authorized by their governing documents to impose liens on units or lots to collect unpaid assessments or fees. In a cooperative, the governing documents usually provide for the collection of delinquent fees, and evictions for unpaid fees are generally pursued by way of a landlord-tenant action.

Since registration of the various COCs is not required statewide, the exact number of COCs in Maryland is unknown. However, public offering statements for condominium regimes are required by law to be registered with the Secretary of State (SOS). SOS registration records show that, as of December 2020, 2,739 condominium regimes have been registered with the State. The State Department of Assessments and Taxation, which maintains assessment records based on class of property, reports that there are 221,999 condominium units in the State as of July 2020. The Foundation for Community Association Research

estimated that there were 6,785 community associations with an estimated 1 million residents in these associations in the State in 2019, the most recent information available.

Task Force on Common Ownership Communities

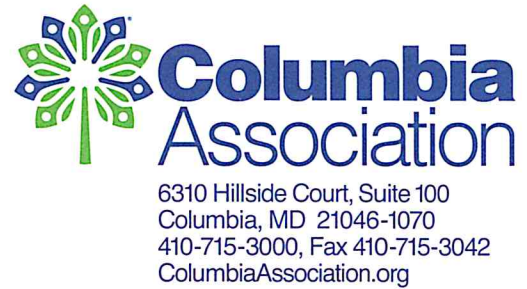
With a growing number of Marylanders residing in COCs, and evidence that some COCs had issues with governance, dispute resolution, and financial stability, the General Assembly created the Task Force on Common Ownership Communities in 2005 (Chapter 469 of 2005). The issues addressed by the task force included the education and training needs of COC boards and prospective buyers, availability of alternative dispute resolution services, special considerations of aging COCs, collection of assessments, and resale of homes within COCs. The task force met 10 times, held five public hearings, and submitted its final report in December 2006. The report's findings and recommendations have served, in subsequent years, as the basis for numerous pieces of legislation intended to improve the operation of COCs. This legislation, enacted from 2007 through 2020:

- authorized a group of three or more unit or lot owners in a condominium or HOA to petition a circuit court to appoint a receiver in specified situations frequently found in aging communities (Chapter 321 of 2007);
- gave the Consumer Protection Division within the Office of the Attorney General increased authority over violations of the Maryland Homeowners Association Act (Chapter 593 of 2007);
- eased restrictions on the ability of condominiums and HOAs to amend their governing documents (Chapters 144 and 145 of 2008 and Chapter 480 of 2017);
- strengthened the transition process from developer to the governing body of a condominium or HOA by allowing the governing body to terminate specified contracts and requiring the developer to provide specified documents (Chapters 95 and 96 of 2009);
- required the governing body of a COC to purchase fidelity insurance or a fidelity bond covering various acts of malfeasance by COC officers, directors, and other specified employees and agents (Chapters 77 and 78 of 2009 and Chapter 615 of 2010);
- granted priority to a specified portion of a lien of a condominium or HOA over the claim of a holder of a first mortgage or first deed of trust in the event of a foreclosure on a unit or lot (Chapter 387 of 2011);

- limited the amount of damages for which the governing body of a condominium or HOA may foreclose on a lien against a unit owner or lot owner (Chapters 448 and 449 of 2013);
- expanded the purposes for which a condominium's board of directors may hold a closed meeting, similar to the law for an HOA, by allowing a meeting to be closed to consider terms or conditions of a business transaction in the negotiation stage if disclosure could adversely affect the economic interests of the council of unit owners (Chapter 110 of 2013);
- established meeting standards and standards for late charges for delinquent payments, eviction restrictions, an auditing process for books and records, and a dispute settlement mechanism for cooperatives under specified circumstances (Chapter 567 of 2014);
- altered the contents of a required disclosure for the resale of a condominium unit, authorized the assessment of specified fees by a condominium council of unit owners or an HOA for providing specified information, and required the Department of Housing and Community Development to adjust the maximum authorized fees every two years (Chapter 735 of 2016 and Chapter 817 of 2017); and
- increased to \$10,000 the maximum amount of the council of unit owners' property insurance deductible for which a specific unit owner is responsible if the cause of any damage to or destruction of the common elements or units of a condominium originates from an event inside that owner's unit (Chapters 56 and 57 of 2020).

The task force's report also featured findings and recommendations relating to the creation of an ombudsman in local governments. Since the report's release, Prince George's County created its Common Ownership Communities Program in 2007 with the stated purpose of assisting governing bodies as well as owners and residents of HOAs, residential condominiums, and cooperative housing corporations with education, training, and alternative dispute resolution. Charles County and Montgomery County have offices dedicated to COCs that predate the task force.

Finally, findings and recommendations of the report that have not been codified in statute pertain to reserves of COCs and the uniformity of COC depository requirements.



26 March 2021

The Honorable Calvin Ball
Howard County Executive
George Howard Building
3430 Court House Drive
Ellicott City, MD 21043

RE: Fiscal Year 2022 County Budget Testimony

Dear Dr. Ball:

I am writing to express support from Columbia Association, Inc. (CA) for the grant application made by the Inner Arbor Trust, Inc. ("Trust") for funding for two projects in Symphony Woods Park that form portions of the 2021 Concept Plan – *Symphony Woods: A Community Vision*. An abbreviated version of the respective scope of each project is provided below. The Trust's grant application to Howard County for funding for the two projects will be complemented by assistance from CA, as well as grant applications to other sources presently known to the Trust and those still being researched and explored as viable options.

Park Edging: Conservation Landscaping and Recreational Area

This project will plant the northern and eastern edges of Symphony Woods Park with approximately 24,000 square feet of raingardens, tiered conservation plantings, vegetative strips, and trees. This conservation landscaping will contain and treat runoff from adjacent roadways and other properties that flow into Symphony Woods Park. The project emphasizes the use of biochar as a soil amendment, resulting in an initial benefit of improving the quality of the soil, which presents the opportunities for greater efficacy of the plantings, more resistance to flooding, and reducing runoff into the Little Patuxent River composed of elements, such as nutrients, toxins, and bacteria. Additionally, interpretive signage will be installed to educate visitors about the plantings and, in general, the watershed.

To accommodate the many visitors who will frequent this much improved setting, benches and other site furnishings will be included to allow individuals to enjoy the aesthetic and recreational benefits of this conservation landscaping.

Looking at the "Big Picture", CA and the Trust believe this project will benefit the entirety of Howard County by preserving the watershed; controlling runoff, which is a benefit adjacent and other properties in Downtown Columbia area; and improve Symphony Woods Park, truly an "oasis" of remaining green space in Downtown Columbia.

26 March 2021

Dr. Calvin Ball
Fiscal Year 2022 County Budget Testimony
Page 2

This project is planned in partnership with Howard EcoWorks, which will generate the additional benefit of providing green jobs and workforce development in Howard County.

The Trust's grant application to Howard County for this project requests \$230,000 in funding.

Bend-in-the-Creek Playground: Stream Restoration and Playspace

The second project will include the design phase and initial stream restoration associated with an ecological, all abilities boardwalk installation and playground. The realignment of Symphony Woods Road, along with other changes in the general area, have hastened the degradation of a stream on the eastern side of Symphony Woods Park. The Trust seeks to restore the stream and create an ecological play space, including a series of towers and boardwalks, for future protection for the stream, while simultaneously creating a unique educational opportunity for the entire community. The towers envisioned in the ecological playspace will allow visitors of all ages and all abilities the opportunity to experience the stream and the trees at various elevations.

The Trust's grant application to Howard County for this project requests \$600,000 in funding.

CA Investment in Improvements to Symphony Woods Park and Commitment to Projects

I believe Symphony Woods Park, inclusive of its existing and future amenities, is just one example of a collaborative and close relationship between CA and Howard County. In 2020 and into 2021, the greater Howard County community came together to update the concept plan for Symphony Woods Park. All of us at CA greatly appreciate the participation of Howard County Government through the County Executive's Office and the Department of Recreation and Parks in creating this community-driven plan.

To further highlight an earlier point in this letter, CA is committed to working "shoulder to shoulder" with the Trust on these two and future projects in Symphony Woods Park. CA will provide assistance with project management, landscape design, and technical assistance to complete these projects. Both projects for which the Trust has requested funding primarily are watershed management projects; an area of focus of CA and very much in line with a Strategic Priority of CA: *Environmental Sustainability*.

I thank you in advance for your consideration of the Trust's request for grant funding for these two important projects.

Sincerely,

Milton W. Matthews
President/CEO



March 22, 2021

To: Columbia Association Board of Directors
Milton W. Matthews, President/CEO

From: Susan Krabbe, Vice President and CFO

Cc: Lynn Schwartz, Director of Finance/Treasurer
Jackie Tuma, Director of Audit and Advisory Services
James Young, Chair, Audit Committee
Timothy Redmond, Member, Audit Committee

Re: Draft Financial Reserve Model, Policy and Implementation Guidance

As part of the fiscal year (FY) 2022 budget process, the CA Board of Directors approved the establishment of a \$2 million cash reserve, the beginning of a reserve fund for CA that would be built upon going forward. A condition of the Board's decision was to charge CA staff with the development of a full reserve policy and program, including funding sources and timeline, withdrawal and replenishment directions, to be submitted for Board evaluation, analysis and approval by April 30, 2021.

Background, Approach and Methodology

Staff researched reserve fund guidance for nonprofit organizations and found that the general response is that it depends on the nature of the organization and its risk factors. The last formal nonprofit "best practice" is from 2008, with the formation of an entity entitled the Nonprofit Operating Reserve Initiative (NORI). NORI published a white paper and developed a reserve policy toolkit and suggested that, while there is no general formula, three months' (25%) of operating expenses was a good baseline cash reserve. (See: <https://www.nonprofitaccountingbasics.org/nonprofit-reserves>)

Since 2008, there has been an increase in understanding and application of enterprise risk management (ERM) concepts by nonprofits. Risk is generally defined as the chance of something happening, measured in terms of probability, and any impact that may adversely or positively affect the achievement of an organization's long-term business objectives. It is considered neutral - something that can come out of extremely negative and catastrophic occurrences like a pandemic or something positive like a period of intense organizational growth and activity. ERM is about establishing the oversight, control, and discipline to drive continuous improvement of an entity's risk management capabilities in a constantly changing operating environment.

We learned that nonprofit organizations are rethinking their financial reserves in the context of risk management. Rather than saying, “three months of expenses sounds about right,” organizations started to define, quantify and translate their risks into activity-based reserve targets.

CA staff initiated an effort to begin to build a more data-driven, risk-based cash reserves approach toward establishing and maintaining reserves for CA. Expanding upon and further formalizing this approach could be used going forward to evaluate the adequacy of the reserves on an ongoing basis. Staff’s reserves risk matrix is in this chart:

	Identified	Maximum Potential	Impact	Likelihood	Time	Minimum Reserves	Target Reserves	Target Reserves
Description	Risk	Exposure	%	%	Horizon	at 4/30/2022	at 4/30/2024	at 4/30/2025
Operations	60 days cash on hand	\$8,263,000			FY 2022	\$4,132,000	\$4,132,000	\$8,263,000
Annual charge revenue	Declining property values	\$5,000,000	50%	75%	FY 2023	\$0	\$1,875,000	\$1,875,000
Line of credit	Nonrenewal of the line of credit	\$20,000,000	40%	5%	FY 2024	\$0	\$400,000	\$400,000
Legal	Uninsurable legal expenses	\$19,500,000	90%	10%	FY 2025	\$878,000	\$878,000	\$1,755,000
					TOTAL	\$5,010,000	\$7,285,000	\$12,293,000

The assumptions are:

- The 60 days cash on hand is based on FY 2022 budgeted total expenses less depreciation.
- The annual charge revenue risk is based on a maximum potential 10% decrease in valuations, the impact of which is estimated at 50% and the likelihood is 75%.
- The existing commercial line of credit expires in June 2023.
- The maximum potential exposure for uninsurable legal expenses is based on benchmarked insurance coverage for several risk exposures.

These target reserves would be in addition to the \$3 million cash reserve required by our lender for the 2020 term loan financing.

We tested this risk-based approach against the older, NORI model of 25% of cash expenses. The chart below includes that information, as well as the data for the village community associations (VCA) for context.

	FY 2019 Actual	FY 2020 Actual	FY 2021 Q3 Estimate	FY 2022 Budget
CA’s cash expenses (total expenses less depreciation)	\$57,966,000	\$57,118,000	\$40,521,000	\$50,268,000
20% of CA’s cash expenses	\$11,593,000	\$11,424,000	\$8,104,000	\$10,054,000
25% (3 months) of CA’s cash expenses, a common nonprofit benchmark	\$14,492,000	\$14,280,000	\$10,130,000	\$12,567,000
AVERAGE of VCA cash expenses	\$533,389	\$536,559	\$358,739	NA
AVERAGE of VCA uncommitted cash	\$111,312	\$139,612	\$194,179	NA
AVERAGE % of VCA cash expenses	21%	26%	54%	

Research indicates that funding sources vary, with some entities setting aside a portion of their ongoing annual revenue and others designating less routine sources, such as funds from legal settlements, growth in annual revenue, special or additional taxes, etc. Regardless of the source, those funds are not used for current operating expenses, and have various restrictions over their withdrawal and usage, as well as their replenishment.

Recommendations and Implementation Considerations for CA's Reserve Level

1. Staff recommends that CA adopt an initial cash reserve level of **\$5 million** to protect against disruption to CA's program and organizational continuity due to significant, immediate unforeseen changes in circumstances.
2. Staff also recommends that CA adopt a financial reserves policy. The attached draft policy language reflects our recommendations about which key elements should be included in such a policy.
3. CA senior management should review the reserve model annually, in conjunction with our budgeting process, to understand the reserve requirements and impacts on reserve levels for planned and budgeted activities.
4. CA senior management should also conduct a detailed review and update of the reserves model at least every three years, and recommend to the Board of Directors adjustments to target reserve level ranges based on changes in CA's strategies, business activities and risk profile.
5. Any actual use of reserves should be considered by the CA Board and senior management on a case-by-case basis, with the commercial line of credit and other tools or mitigation strategies to be used before, or in lieu of, financial reserves.

Draft Policy Language

Columbia Association Inc.

Reserve Policy

I. Purpose

The purpose of this Fund (“the Fund”) reserve policy is to build and maintain an adequate level of reserves to help ensure the long-term financial stability of Columbia Association (CA) and to position CA to respond to varying economic conditions and changes affecting CA’s financial position and its ability to continuously carry out its mission for the community.

CA will maintain the Fund to achieve the following objectives:

- > To maintain day-to-day operations in the event of unforeseen, immediate and otherwise unsurmountable shortfalls. The Fund is not intended to replace a permanent loss of revenue or subsidize an ongoing budget gap.
- > To promote community confidence in the long-term sustainability of CA by preventing catastrophic cash flow crises that could diminish its reputation and force its leaders to make expensive, short-term crisis-based decisions.

This policy will be implemented in conjunction with CA’s other financial policies and is intended to support the goals and strategies contained in those related policies and in strategic and operational plans and budgets.

II. Definition and Goals

The Fund is defined as the designated cash set aside by action of CA’s Board of Directors, at the recommendation of CA staff.

A lower and upper Fund reserves level range shall be proposed by CA senior management to the CA Board of Directors for consideration and approval in conjunction with the adoption of CA’s budget. CA senior management will conduct a detailed review of the Fund at least once every three years.

III. Accounting for the Fund

The Fund will be recorded in CA’s accounting system and financial statements as board-designated cash reserves. The Fund will be maintained and invested in accordance with CA’s Board-approved investment policy. It is not required that the Fund assets be physically segregated in a separate bank account although CA senior management may decide to do so.

IV. Funding of the Fund

The Fund will be established initially by cash generated from operations and financing activities in FY 2021. The CA Board of Directors may, from time to time, direct that a specific source of revenue be set aside for the Fund. Examples may include one-time grants, proceeds from the sale of assets or a portion of greater than anticipated revenue.

V. Authority to use the Fund

The President/CEO has authority to access and use the Fund so long as that use is consistent with the purpose outlined in this policy, and provided that any uses and replenishments result in fiscal year-end reserve level at the Board-approved level.

A draw-down from the Fund that will not or cannot be replaced with operating funds within the fiscal year must be approved in advance by a 2/3 majority of the Board of Directors.

VI. Reporting and Monitoring

The President/CEO is responsible for ensuring that the Fund is maintained and used only as described in this Policy. The CA Audit Committee and Board of Directors will monitor the status of the actual Fund as a part of CA's fiscal year-end reporting package.

The President/CEO will maintain records of the Fund will provide regular reports to the Audit Committee and the CA Board of Directors of progress to get the Fund to, and then continue to restore the Fund to, the target minimum amount.

Changes to the Fund reserve level may be proposed by the President/CEO to the CA Board of Directors for their deliberation. Reductions to the Fund reserve level must be approved by a 2/3 majority of the Board of Directors.

VII. Review of Policy

This policy will be reviewed by senior management every three years at minimum, or sooner if warranted by internal or external events or changes. Changes to the policy will be recommended by CA senior management to the Board of Directors and approved by a 2/3 majority of the Board of Directors.

Approved by the Columbia Association Board of Directors _____ (date)



TO: COLUMBIA ASSOCIATION BOARD OF DIRECTORS
FROM: SHERI FANAROFF
RE: 2021 LEGISLATIVE SESSION – MEMO 6
DATE: MARCH 19, 2021

The bill filing deadlines for the 2021 session of the Maryland General Assembly have now passed. No additional bills of concern to the Columbia Association (CA) have been filed since my last memo to the board regarding proposed legislation. The “crossover” date, when bills approved by the House of Delegates move to the Senate for review and vice versa, is March 22, 2021.

Pursuant to the Board’s request at its March 11th work session, a letter has been drafted to the General Assembly in support of SB 144/HB 110, *Electric Vehicle Recharging Equipment for Multifamily Units Act*. That letter, as well as the text of the bills and the fiscal notes, is included in the backup materials for the Board’s March 25th meeting, at which the board is scheduled to vote on approval of the letter.

As in my prior memos, the hearing schedule for the bills we are tracking is set forth below.

Hearing Schedule

Hearing Date – Time	Bill Number	Title	Cross-filed Bill
N/A - Withdrawn	Ho.Co. 13-21	Howard County – Homeowners Association Commission – Alternative Dispute Resolution Authority	---
2/9 – 1:00 p.m.	SB 73	State Real Estate Commission - Property Managers - Registration	HB 239
2/26 – 2:00 p.m.	SB 144	Electric Vehicle Recharging Equipment for Multifamily Units Act	HB 110
1/27 – 1:00 p.m.	SB 174	Property Tax Assessments – 5–Year Assessment Cycle	---
1/26 – 1:00 p.m.	SB 210	COVID-19 Claim - Civil Immunity	HB 508
1/28 – 1:00 p.m.	SB 211	Labor and Employment - Family and Medical Leave Insurance Program - Establishment (Time to Care Act of 2021)	HB 375
2/3 – 1:00 p.m.	SB 254	Public Safety - Maryland Swimming Pool and Spa Standards - Adoption	HB 109
1/14 – 11:00 a.m.	SB 323	Maryland Arts Capital Grant Program	HB 310
2/11 – 1:00 p.m.	SB 486	Labor and Employment - Employment Standards During an Emergency (Maryland Essential Workers' Protection Act)	HB 581
2/9 – 1:30 p.m.	SB 496	Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act	HB 612
3/9 – 1:00 p.m.	SB 535	Condominiums and Homeowners Associations - Meeting Requirements	HB 593
2/24 – 1:00 p.m.	SB 686	Real Property - Condominiums, Homeowners Associations, and Cooperative Housing Corporations - Virtual Meetings	HB 1023

Hearing Date – Time	Bill Number	Title	Cross-filed Bill
1/26 – 1:30 p.m.	HB 109	Public Safety – Maryland Swimming Pool and Spa Standards – Adoption	SB 254
1/26 – 1:30 p.m.	HB 110	Electric Vehicle Recharging Equipment for Multifamily Units Act	SB 144
1/19 – 1:30 p.m.	HB 239	State Real Estate Commission - Property Managers - Registration	SB 73
3/23 – 1:00 p.m.	HB 248	Condominiums and Homeowners Associations - Rights and Restrictions - Composting	---
1/20 – 1:30 p.m.	HB 310	Maryland Arts Capital Grant Program	SB 323
1/26 – 1:30 p.m.	HB 313	Cooperative Housing Corporations, Condominiums, and Homeowners Associations - Reserve Studies - Statewide	---
3/17 – 12:30 p.m.	HB 322	Real Property - Restrictions on Use - Low-Impact Landscaping	---
3/17 – 12:30 p.m.	HB 352	Real Property – Condominiums and Homeowners Associations – Governing Bodies and Annual Meetings	---
1/26 – 1:30 p.m.	HB 361	Real Property - Governing Bodies of Common Ownership Communities - Member Training	---
3/17 – 12:30 p.m.	HB 367	Real Property - Regulation of Common Ownership Community Managers	---
2/16 – 1:30 p.m.	HB 375	Labor and Employment - Family and Medical Leave Insurance Program - Establishment (Time to Care Act of 2021)	SB 211
2/3 – 1:30 p.m.	HB 508	COVID-19 Claim - Civil Immunity	SB 210
2/5 – 11:00 a.m.	HB 581	Labor and Employment - Employment Standards During an Emergency (Maryland Essential Workers' Protection Act)	SB 486
2/9 – 1:30 p.m.	HB 593	Condominiums and Homeowners Associations - Meeting Requirements	SB 535
2/4 – 1:30 p.m.	HB 612	Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act	SB 496
3/23 – 1:00 p.m.	HB 826	Real Property – Condominiums and Homeowners Associations – Dispute Settlement	---
2/23 – 1:30 p.m.	HB 1023	Real Property – Condominiums, Homeowners Associations, and Cooperative Housing Corporations – Virtual Meetings	SB 686
2/23 – 1:30 p.m.	HB 1079	Admissions and Amusement Tax - Exemption - Activities That Promote Health and Physical Well-Being	---
3/11 – 1:30 p.m.	HB 1347	Real Property - Impermissible Restrictions on Use - Portable Basketball Apparatuses	---
2/16 – 7:00 p.m.	CB13-2021	Re: Sale of Single Use Plastic Items	---

March 19, 2021

Chair's Remarks March 25, 2021 CA Board Meeting

<u>Date</u>	<u>Activity</u>	<u>Time</u>
Mar 23, 2021	Audit Committee meeting (Virtual)	7:00 PM
Mar 23, 2021	Red Cross Blood Drive (Harper's Choice; see HC website)	11:00 AM
Mar 23, 2021	Raising Monarch Butterflies (Virtual; Kings Contrivance; see KC website)	7:00 PM RR
Mar 24, 2021	Howard County Zoning Board Hickory Ridge Village Center redevelopment case continuation (Virtual)	6:00 PM
Mar 24, 2021	Solar Coop Information Session (Virtual; see CA website)	6:30 PM RR
Mar 25, 2021	Weed Warrior Training Session 2 (Virtual; see CA website for details)	1:00 PM RR
Mar 25, 2021	CA Board meeting (Virtual)	7:00 PM
Apr 6, 2021	Red Cross Blood Drive (Harper's Choice; see HC website)	11:00 AM
Apr 8, 2021	CA Board work session (Virtual)	7:00 PM
Apr 12, 2021	Master Gardener's Series: Gardening in Deer Country (Virtual; River Hill; see RH website)	7:00 PM RR
Apr 13, 2021	CA Climate & Sustainability Advisory Committee meeting (Virtual)	7:00 PM

RR = Registration Required or there is a Cost associated with this Activity

CA Board regularly scheduled work sessions and meetings are now live-streamed on YouTube. Please see www.columbiaassociation.org/about-us/leadership/board-of-directors/live-recorded-ca-board-meeting-videos/ .
If you wish to speak at one of the CA Board's meetings, please see <https://www.columbiaassociation.org/about-us/leadership/board-of-directors/resident-speakout/> .



SENIOR
LEADERSHIP
TEAM

Milton W. Matthews
President/
Chief Executive
Officer

Susan Krabbe
Vice President/
Chief Financial Officer

Dan Burns
Director of
Sport and Fitness

Sheri Fanaroff
General Counsel

Janet Loughran
Executive Assistant
to the President/CEO

Dennis Matthey
Director of Open Space
and Facility Services

Monica McMellon-Ajayi
Director of
Human Resources

Michelle Miller
Director of
Community Services

Tim Pinel
Chief Marketing
Officer

Kristin Russell
Director of Planning
and Community Affairs

Chuck Thompson
Chief Information Offi-
cer

Jackie Tuma
Director of Audit and
Advisory Services

March 2021

Office of the President/CEO

The Howard County Spending Affordability Advisory Committee presented its findings in a report issued on 1 March. The report found that Howard County is at a “crossroads,” and will need to make hard financial decisions not only in FY 2022, but also for the rest of the decade. Presentations of the report are being made upon request, and the President/CEO will participate in a presentation to the Downtown Columbia Housing Corporation Board of Directors on 23 March.

The President/CEO was asked by Howard Community College (HCC) to participate in an accreditation meeting with Middle States Examiners, the accreditation team for HCC, regarding his experience with the “Commission on the Future,” a gathering of community members, college trustees, faculty, staff, and students convened every five years to discuss the future and how it will impact HCC. The President/CEO, who served as a member of the 2017-2018 Commission and chaired its Sustainability Task Force, provided his insights into the work of the Commission, its impact upon HCC, and the longstanding relationship between CA and HCC.

The Downtown Columbia Partnership and Columbia Association are hosting “[BikeAround Downtown Columbia](#)” on 15 and 16 May. This year’s event includes an eight-mile course that begins and ends in ColorBurst Park in the Merriweather District and moves along the paths in Downtown Columbia and the Village of Oakland Mills. Registration for the event is available [here](#).

In honor of Women’s History Month, the Howard County Library will feature a virtual presentation by Dr. Richard Bell, Professor of History at the University of Maryland, on Harriet Tubman and Harriet Beecher Stowe on 23 March beginning at 7:00 p.m. More information and registration for the on-line presentation is available [here](#).

The Charmery, a locally owned ice cream shop, opened its store on the ground floor of the Juniper apartments in March. The Charmery features unique, seasonal ice cream flavors, specialty sundaes, and milkshakes. To honor its newest location, The Charmery is selling pints of Cake Kittamacookie ice cream.

WalletHub, a personal finance website, named Columbia the 8th happiest city in the country. WalletHub compared 182 of the largest cities, including the 150 most populated U. S. cities, plus at least two of the most populated cities in each state, across three key dimensions: (i) emotional and physical well-being; (ii) income and employment; and (iii) community and environment. Fremont, California was named the happiest city.

MISSION Engage our diverse community, cultivate a unique sense of place and enhance quality of life.

VISION CA creates and supports solutions to meet the evolving needs of a dynamic and inclusive community.

Department of Administrative Services

Highlights

Accounting/Finance/Payroll

The entire team is beginning work on the FY 2021 financial statements audit and the 2020 401(k) plan audit, as well as producing the financial report and statements for the 3rd Quarter of FY 2021.

The team conducted the annual 401(k) plan refresher training for the village managers and village board chairs. This training is intended to help the village managers and their board chairs to increasingly grow their knowledge about regulatory developments, plan changes and any compliance issues identified by the external auditors, and to better understand and fulfill their fiduciary duties.

The Finance team submitted the annual commercial insurance renewal package to CA's brokers for the FY 2022 renewal process. As is understandable, especially given the pandemic and the volume of cyber incidents, the information requests were greater in volume and complexity than previous years.

Human Resources

The Human Resources ("HR") team has been very active with multiple initiatives in addition to their daily support of CA managers and team members. Some of these initiatives are:

- Initial meetings of CA's first diversity, equity and inclusion ("DE&I") committee, as they begin to identify and prioritize initiatives for this important effort.
- Supported and responded to a post-implementation review of Dayforce, CA's HRIS launched in June 2019.
- Continued to support the CA Board in the search process for the new President/CEO.

HR also updated CA's "Vacation & Travel Policy" to align with state and local restrictions, as a result of the ongoing COVID-19 pandemic.

Information Technology

Information Technology ("IT") is in the process of planning the migration to new storage devices as the next component of transition from the old data center to the new center at Howard County IT.

IT is testing the equipment and systems for use at the outdoor pools this summer. No issues have been identified to date.

Purchasing

To facilitate operations for the start of FY 2022, the Purchasing team is updating contracts and purchase orders for the new fiscal year to ensure that all essential materials, supplies and services have favorable pricing and other terms through approved contracts.

The team continues to support the President/CEO search process.

The Director of Purchasing participated in a meeting of the Maryland Horse Industry Board to discuss the Columbia Horse Center and the new operators.

Challenges

Staff reductions and vacancies continue to stress the capacity of existing team members. Also, staff anticipates substantial increases in commercial insurance premiums for FY 2022, precipitated by less favorable terms and higher required retention.

Department of Sport and Fitness

Highlights

Dan Burns, Director, Sport and Fitness, was invited by Club Industry to participate in their “Future of Fitness” national virtual conference on 9 and 10 March. Dan was part of a three person panel, who discussed what nonprofits had learned from the pandemic and what the future looks like for such industry representatives moving forward, as well as sharing what for profit facilities could learn from the nonprofit organizations.

Fitness Clubs

The fitness clubs continue to safely reopen amenities. In March, hot tubs and saunas reopened with updated COVID safety guidelines. The racquetball/squash courts at Athletic Club and Supreme Sports Club are now available for single match play. Reservations and face masks are required.

The basketball hoops at Columbia Gym and Supreme Sports Club are now available for one-on-one play. Reservations and face masks are required.

Group Fitness continues to post classes on a regular basis on the new CA at Home Group Fitness Facebook member page.

Supreme Sports Club

Kidspace at Supreme Sports Club hosted Adventure Day on Friday, 12 February. The program hosted 11 young people and featured CDC-friendly activities, such as roller skating, games, and art/crafts.

Columbia Gym

Columbia Gym hosted its first movie night in more than a year, with 11 families/young people participating in CDC-friendly activities, such as a movie, games, and arts/crafts.

Our Hip Hop Dance party was a big success. We aimed a laser light show (a professional nightclub light that moves to the music) on the ceiling. Twelve members attended and were very impressed as they came in.

Haven on the Lake

During February, Haven on the Lake had 169 virtual engagements with members and non-members via our online class offerings, which is the most for online classes to date. Given the success of these virtual programs, we have many more scheduled for March and April.

Tennis

Winter/Spring Junior and Adult Programming (25 January – 4 April 2021) continues at the Long Reach Tennis Club and Athletic Club Indoor Tennis. More than with 380 participants are enrolled, following strict safety guidelines and protocols. Participation in our instructional programming has grown from 250 in September 2020 to 381 in February/March 2021, an increase of 52.5%.

The USTA Mixed 18 & Over League continues with 420 players competing weekly on Friday, Saturday and Sunday at the Long Reach Tennis Club and Athletic Club Indoor Tennis.

Private and Semi-Private Lessons with CA coaches continue to grow in demand. The team delivered 372 lessons from 16 February – 17 March 2021.

Based on community feedback, the outdoor tennis and pickleball courts at the Owen Brown Tennis Club will remain open, weather permitting, for member use on the weekends. The courts opened for community use on 8 March on a Monday-Friday schedule, from 10:00 a.m. – 5:00 p.m. as part of our early spring soft opening.

Challenges

Our current challenge dominating our focus is staffing the 15 outdoor pools for the upcoming season. Staff is exploring numerous options and the gap is closing, but there are still vacancies to be filled.

Opportunities

With the increased vaccine rollout, we have the opportunity to begin welcoming back more of our former and frozen members and intensifying efforts to bring in more new members. The membership advocates are working hard to get them enrolled.

Department of Open Space and Facility Services

Highlights

Watershed/Community Engagement

- Streamwaders, a joint program between CA, MD Department of Natural Resources, and the Howard County Watershed Stewards Academy, began volunteer sampling in streams in Columbia on 11 March in the Village of Oakland Mills. Sampling in the Village of Kings Contrivance and the Village of Owen Brown will be completed by the end of March, weather permitting.
- Weed Warriors training begins 18 March, with the largest class to-date.
- Weed Warrior Pull and Plants begins on 20 March in the Village of Long Reach and on 28 March in the Village of Kings Contrivance.
- CA staff completed supplemental seeding in the SHA/ECOTONE stream restoration project area on 12 March. ECOTONE and CA supplemental shrub and tree planting is scheduled for the end of March/early April, weather permitting.

Facilities

The following projects were completed in March:

- Fairway Hills Maintenance facility sprinkler replacement

- Dickinson Pool fencing
- Jeffers Hill Neighborhood Center playground fence replacement
- Teen Center water main break repair and restoration
- Claret Hall restroom renovations and repairs
- Family Life Center fire alarm panel replacement
- Hobbit's Glen tennis patio retaining walls and steps
- Hobbit's Glen tennis pathway connections

The following projects are underway in March:

- Reconstruction of Hobbit's Glen tennis courts - #4 through #6
- Restoration of water damage to Rose Price House
- Assistance by CA maintenance crew to the Aquatics Division in preparing for the opening of the outdoor pools
- Spring preparations to open outdoor tennis clubs
- Amherst House sprinkler design and permitting
- Roof replacement design and permitting for the Owen Brown Community Center
- Roof replacement design for the Maintenance Facility

Real Estate Services

- Initiated the steps to dedicate the Stevens Forest pond to Howard County
- Several easement requests for utility repair access and access for replacement of the Columbia area wooden guardrails are in process

Open Space

The following projects were completed or are now underway:

- The Open Space Operations team on-boarded Level Green Landscapes, a new grounds and landscape contractor, which involved multiple site visits and review of the scope of work
- Spring clean-up of landscape beds community-wide, including Symphony Woods Park, is underway
- Tot lot mulch replenishment is continuing throughout March
- Complete replacement of tot lot mulch at Phelps Luck, Besthold Garth, and Grey Rock is underway
- Trash removal is continuing three times per day, which is more than usual due to increased usage of the pathways and lakefronts
- Pressure washing and painting of select neighborhood and village signs

Capital Improvements

The following projects are underway or will be completed in March:

- Several small tot lot repairs to address issues found during the annual tot lot inspections
- Several neighborhood and village entry sign repairs to address issues found during the annual sign inspections
- Howard County Lake Elkhorn path improvements from Swan Point to Angelina Circle will be completed by the end of March
- LRBR48 and ORBR07 Bridge approaches were paved and backfilled

Energy Management

- Planning continues for HVAC replacement work at the Columbia Gym, with work expected to commence at the end of March
- LED lighting was installed at the Bryant Woods Neighborhood Center and the Jeffers Hill Neighborhood Center
- Annual energy data reporting was completed as part of the ENERGY STAR and Better Buildings programs, in collaboration with the U.S. Department of Energy and U.S. Environmental Protection Agency

Opportunities

- On Saturday, 24 April 24, 10 am until noon, several Boy Scout troops and CA staff will be planting 300 native trees purchased using grant funds from the Chesapeake Bay Trust and Howard County. The trees will be planted just north of the Park and Ride lot on Snowden River Parkway.
- CA will work with staff from several community village associations to purchase trees, enlist volunteers, and provide instructions on how to plant the trees.

Department of Community Services

Highlights

The Columbia Art Center is hosting a theme exhibit entitled “Visionary Women”, scheduled to run from 8 March to 26 March 2021. The show, which is the first exhibit the Columbia Art Center has showcased in a year, features two-dimensional art by 19 local female artists. Visitors have the opportunity to view the show in-person by reservation or enjoy various exhibit features and artist interviews on social media.

The Youth and Teen Center will assist the Howard County Department of Planning and Zoning in identifying three to eight teens to participate in a focus group to be held on 31 March. The County is seeking community input for its General Plan Update and wants to ensure that the values, needs, and priorities of the historically under-represented populations are heard.

Parent Huddles 2021 are back. Youth and Teen Center parents will attend a free on-line Financial Stability Series hosted by The Jacaranda Center for Family and Youth Development, beginning 16 March. Seven sessions will be offered on topics ranging from budgeting basics to home buying basics.

School Age Services (SAS) has successfully transitioned our current programs at Clemens Crossing, Northfield, and Jeffers Hill Elementary Schools to accommodate the Howard County Public School System (HCPSS) Hybrid Model, which started on 1 March.

Challenges

Due to the current COVID restrictions for licensed child care programs and limited capacity inside of school buildings to accommodate phased return to in-person learning for students, we continue to operate only three out of our twenty licensed sites. HCPSS has continued to provide space to SAS to run our programs at the start of the Hybrid Model through the end of the school year at Clemens Crossing, Northfield, and Jeffers Hill Elementary Schools (this group transitioned from Cradlerock Elementary School on 1 March). HCPSS is aware that many

families have reached out to CA (and other care providers) in frustration with the lack of opportunities for care at CA's seventeen other school sites.

Opportunities

In an effort to continue operations until there is a return a "normal" school schedule and programming, SAS has applied for additional funding through the Maryland State Department of Education's Child Care Pandemic Relief Fund Grant. The funds, which are being made available through the Consolidated Appropriations Act of 2021, provide \$10 billion in much-needed direct pandemic-related relief for the child care sector. These funds can be used to support providers facing reduced enrollment and increased costs of serving children safely; reduce family co-payments; pay staff salaries; provide care for the children of essential workers, regardless of income; support costs related to reopening; and more. These grant funds would be in addition to the recent and related grant CA received from Howard County.

Department of Communications and Marketing

Highlights

We are experiencing performance gains in lead generation for fitness memberships from digital advertising efforts. While digital leads do not account for all sales, the leads produced through digital marketing represent the majority of inquiries, and gains in the marketing impact and efficiency were contributors to the organization's attainment of February sales goals.

A focus on Fitness leads has been necessary over the winter months, as interest in Golf memberships remain healthy and continuing the trend from the past year. The Marketing team is currently transitioning to a broader focus, which will roll out during March and April, on promoted sales of Play memberships, as well as an expanded focus on non-dues revenue (NDR) sales. Future reports will introduce similar tracking data for performance around those revenue-generating activities.

The Communications team facilitated a virtual information session for potential CA Board candidates on 20 February, which had an attendance of approximately 30 people over the course of the 90 minute event, with an additional 62 views on the YouTube stream made available afterwards. We are in close communication with the village community associations to support as much turnout as possible during the elections in April, which includes managing information about the elections on the CA website, as well as pointing visitors to the village websites where further detailed information is available.

Ensuring that our community is aware of what to expect this outdoor pool season remains one of our key focus areas. Registration protocols are being set up, with clear training and reference information under development to ensure that members and guests can book pool use as easily and equitably as possible. Additional upgrades to the pools section of the website have been published, and further improvements to the content, design and navigation continue.

The Communications team provided a rapid and detailed update to the public on the Board-approved Fiscal Year 2022 budget, with most summary content made available through blog and social media channels within hours of the final vote.

Challenges

The marketing challenges associated with engaging with an audience that is undergoing rapid change, with respect to vaccinations and (therefore) willingness to consider membership options are significant. We have limited methods of identifying and targeting prospects on the basis of vaccination status, while at the same time recognizing that for many, this factor will be the key determinant.

We recently published a response to misstatements and mischaracterizations contained in a widely distributed mailer. We anticipate further similar content to be distributed, especially in the lead-up to village elections. CA Communications must continuously calibrate the extent to which there is value in engaging such content directly against the downside of giving it further relevance in the community.

Opportunities

Vaccine rollout, better weather and improvements in COVID metrics generally are making membership sales less of an uphill battle, and we are seeing those outcomes in the numbers of inquiries leads that we're getting.

Several events being planned in the community in the spring and summer are providing us with new opportunities to engage with the community. In particular, we are working closely with the Downtown Columbia Partnership to prepare for running and biking events as well as future arts and culture events in the downtown area.

Office of Planning and Community Affairs

Highlights

The Millennial Advisory Committee met to discuss CA's new Communications & Marketing Strategy, along with ways to promote participation in village elections. Additionally, the Office of Planning and Community Affairs (OPCA) facilitated the engagement of members of the Committee with a DPZ focus-group on Millennials and the General Plan Update.

Opportunities

OPCA continues to participate in the Planning Advisory Committee for the "HoCo By Design" General Plan Update. With the completion of CA's New Town Planning & Visioning Guide, we can continue to engage with the County with the confidence that the Board's sentiments are being accurately shared based on the contents of that resource document, especially as we anticipate the upcoming "New Town Charrettes" to be held by Howard County.

Thought of the Month

"You can't change yesterday.
You can't count on tomorrow.
But you can choose what you do today."

John C. Maxwell
American Author and Speaker

Inner Arbor Trust Report

The Inner Arbor Trust is pleased to report that it is planning a full 2021 Chrysalis season as well as events elsewhere in Symphony Woods. The Trust is also working towards funding the concept plan and making it a reality.

2021 Chrysalis Season

The 2021 season has started! In addition to rentals for arts rehearsals, recitals, and business meetings, the Trust is working to produce a full season of socially distanced, safe outdoor events that engage the entire community. To date, the schedule includes:

- May 8 - Candlelight Concerts presents Mount Vernon Virtuosi
- May 9 - Misako Ballet
- May 22 - Columbia Orchestra Family Concert
- June 12 - Columbia Jazz Band
- June 26 - Columbia Orchestra Symphonic Pops
- 3 anticipated community concerts after July 15
- 3 anticipated children's and family concerts after July 15

The Trust is partnering with CA to offer CA yoga classes at the Chrysalis on select Sunday mornings.

2021 First Thursdays

The Trust is hosting community events on the northwest side of Symphony Woods the first Thursday of each month (beginning in May) from 5 p.m. to 7 p.m. with performances, food trucks, and concessions. The Trust is seeking strategic partners from the local business community to encourage people in Downtown Columbia to venture into Symphony Woods after work, and to attract young adults to Symphony Woods.

Howard County Executive Budget Request

The Trust applied for two projects that form portions of the 2021 Concept Plan (Symphony Woods: A Community Vision): (1) park edging with a funding request of \$230,000 and (2) stream restoration and ecological all abilities playground design with a funding request of \$600,000.

Park Edging: Conservation Landscaping and Recreational area

This project will install conservation landscaping, using green streets methodology, to better

manage stormwater, improve the watershed, reduce the risk of flooding, and provide community amenities in the form of attractive plantings, educational signage, and site furnishings. The park edging project requires a final planting plan, with an estimated cost of \$5,000, but requires no grading or other permits, and is essentially shovel-ready.

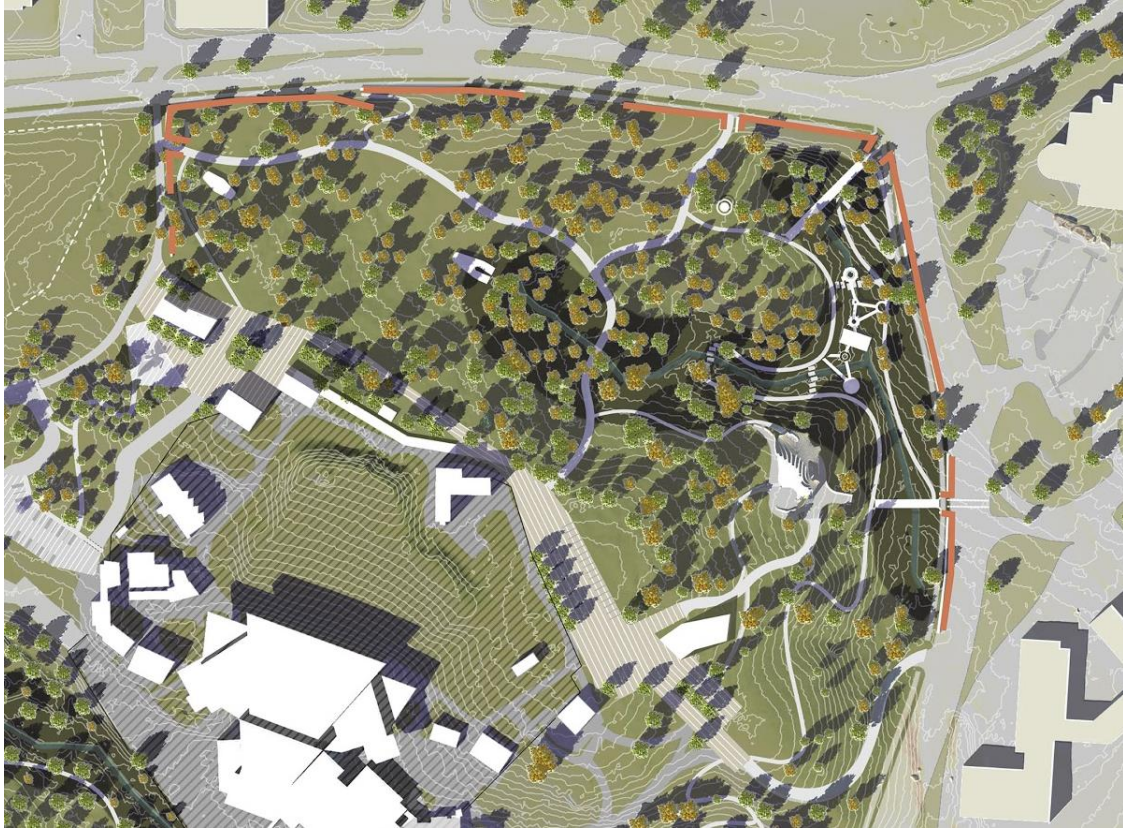
The northern and eastern boundaries of Symphony Woods will be planted with approximately 24,000 square feet of raingardens, tiered conservation plantings, vegetative strips, and trees. This project will contain and treat runoff from adjacent roadways and properties that flow into Symphony Woods. This project plans to use biochar as a soil amendment to improve the quality of the soil and therefore the efficacy of the plantings, improve resistance to flooding, and reduce nutrients, toxics, and bacteria in runoff that flows to the Little Patuxent River. In addition, interpretive signage will be installed to educate visitors about these plantings, and about the watershed in general. Finally, benches and other site furnishings will be included to allow visitors to enjoy the aesthetic and recreational benefits of this conservation landscaping.

Notably, these stormwater management plantings will improve the experience in Symphony Woods for all, as well as improve the watershed. The areas targeted historically have had concerns based on runoff from the adjacent impervious surfaces and high-traffic surfaces. Though some of the new surfaces in Downtown Columbia are pervious, the clay in the local soil, as well as the adjacent impervious surface, results in drainage and stormwater issues, both for Symphony Woods and for the adjacent properties that are downhill. This project will benefit the entire County by benefitting the watershed, will benefit adjacent properties in Downtown Columbia by managing runoff, and will improve a public park.

The Trust, on its own and in partnership with Howard EcoWorks, is also applying for funding for this project from other private and Federal sources, some of which require matches. This project is a great opportunity to improve the watershed, leverage Federal funding for Howard County, and provide ecological education through informational signage.

Project timeline if funded:

- July 10, 2021 - final planting plan completed
- July 30, 2021 - materials procurement
- August 2, 2021 - installation begins
- March 15, 2022 - any additional installation required
- May 2022 - project complete





Bend-in-the-Creek Playground: Stream Restoration and Playspace

The Trust is requesting funding for the design phase and initial stream restoration associated with an ecological, all abilities boardwalk installation and playground. The stream on the eastern side of Symphony Woods has severely degraded, with its reduction in quality hastened by neighboring development, including the realignment of Symphony Woods Road. This degradation has increased mosquitos in the area, making the space less enjoyable and creating potential health concerns. In restoring the stream, the Trust is seeking to create an ecological play space and series of towers and boardwalks to protect the restored stream while also creating a unique educational opportunity for the entire community.

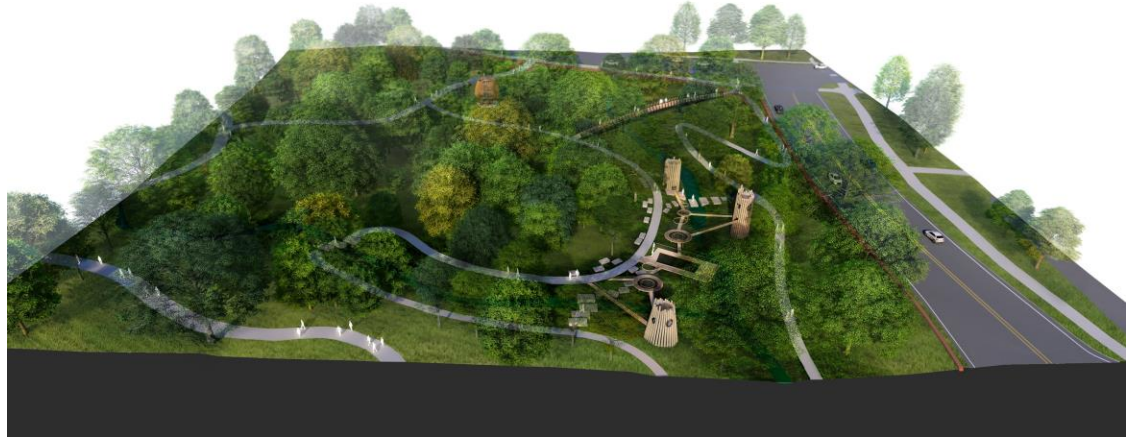
This overall project is two to three years long, with the first year dedicated to design and stream restoration. The towers envisioned in the ecological playspace will allow visitors of all ages and all abilities the chance to experience the stream and the trees at a variety of elevations.

Project timeline if funded:

August 2021 - design begins

March 2022 - restoration on the stream begins if sufficiently funded

June 2022 - design phase and initial stream restoration complete



Park Improvement Priorities FY 2022

The Trust's priorities for park improvements in 2022 are as follows:

- East/west pathway
- Site furnishings (benches, bike racks, bollards, picnic tables, etc.)
- Conservation plantings
- Tree plantings

Concept Plan Element Prioritization After FY 2022

The Trust has prioritized the following elements as it works towards funding after FY 2022:

- Stream restoration / Bend in the Creek Playground
- Colonnade
- Gazebo / playground adjacent site furnishings



March 19, 2021

To: Members of the Columbia Association Board of Directors
Milton W. Matthews, President/CEO

From: Susan Krabbe, Vice President and CFO

cc: Jackie Tuma, Director of Audit and Advisory Services

Subject: Third Quarter FY 2021 Financial Report

The Audit Committee will review the FY21 Third Quarter Financial Report during their March 23, 2021 meeting. We anticipate that the committee members will vote to recommend that the Board of Directors be presented with the FY21 Third Quarter Financial Report at that meeting. The link to the Financial Report has been posted as back-up material to the March 25, 2021 Board meeting. To access the report online, go to <https://www.columbiaassociation.org/about-us/financials/financial-reports/>; then scroll toward the bottom of the page, select "Financial Reports to the Board," then select "FY21 Third Quarter" from the list of financial reports posted.

If you have any questions, please let me know.

Columbia Association, Inc.

Financial Statements

January 31, 2021 and 2020

Columbia Association, Inc.

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Columbia Association, Inc.

**Statement of Financial Position
January 31, 2021 and 2020
(in Thousands)**

	<u>Assets</u>	
	2021	2020
Cash and cash equivalents	\$ 27,117	\$ 72
Accounts receivable, net	2,377	3,120
Prepaid expenses and other assets	630	1,603
Risk management fund	3,624	6,577
Workers' compensation fund	3,601	3,599
Property, facilities and equipment, net	134,382	140,270
Intangible assets, net	298	319
	<hr/>	<hr/>
Total assets	\$ 172,029	\$ 155,560
	<hr/>	<hr/>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Line of credit	\$ -	\$ 3,982
Accounts payable and accrued expenses	11,261	12,719
Deferred revenue	3,897	4,597
	<hr/>	<hr/>
	15,158	21,298
	<hr/>	<hr/>
Term debt		
Term loans, net of deferred financing costs	37,491	20,803
Capital lease obligations	779	78
	<hr/>	<hr/>
Total term debt	38,270	20,881
	<hr/>	<hr/>
Total liabilities	53,428	42,179
Net assets		
Net assets without donor restrictions	118,601	113,381
	<hr/>	<hr/>
Total net assets	118,601	113,381
	<hr/>	<hr/>
Total liabilities and net assets	\$ 172,029	\$ 155,560
	<hr/>	<hr/>

Columbia Association, Inc.

**Statements of Activities
January 31, 2021 and 2020
(in Thousands)**

	<u>2021</u>	<u>2020</u>
Revenue		
Annual charge	\$ 43,513	\$ 42,097
Sport and fitness	10,395	20,999
Community services	210	3,406
Communications and marketing	182	121
Open space and facility services	296	161
Village community associations	(33)	5
Interest income and other	76	280
Unrealized (loss) gain on marketable securities	<u>(30)</u>	<u>(29)</u>
Total revenue	<u>54,609</u>	<u>67,040</u>
Expenses		
Program services:		
Sport and fitness	16,099	23,462
Community services	1,337	5,535
Communications and marketing	920	1,623
Open space and facility services	8,353	11,309
Village community associations	<u>4,232</u>	<u>3,480</u>
Total program services	30,941	45,409
Supporting services:		
Administrative	<u>5,983</u>	<u>7,456</u>
Total expenses	<u>36,924</u>	<u>52,865</u>
Increase in net assets without donor restrictions	17,685	14,175
Net assets without donor restrictions, beginning	<u>100,916</u>	<u>99,206</u>
Net assets without donor restrictions, ending	<u><u>\$ 118,601</u></u>	<u><u>\$ 113,381</u></u>

Columbia Association, Inc.

**Statements of Functional Expenses
January 31, 2021
(in Thousands)**

	Sport and Fitness	Community Services	Communications and Marketing	Open Space and Facility Services	Village Community Associations	Total Program	Administrative	Total
Salary, Wages and Contract Labor	\$ 4,868	\$ 601	\$ 737	\$ 2,227	\$ -	\$ 8,433	\$ 2,764	\$ 11,196
Annual Performance Incentives	-	-	-	-	-	-	-	-
Payroll Taxes	397	49	56	175	-	677	195	872
Employee Benefits	650	189	133	523	-	1,495	446	1,941
Operating Supplies/Expenses	378	5	156	192	8	739	59	797
Technology Supplies/Expenses	24	5	36	19	-	84	854	938
Collection and Treasury Expenses	93	7	186	1	-	287	52	340
Fees	216	22	74	1,096	127	1,535	735	2,270
Comm. Assoc. Annual Charge Share Grant	-	-	-	-	3,103	3,103	-	3,103
Temporary Funding & Grants Expense	-	45	-	-	-	45	-	45
Rentals	855	121	173	58	-	1,207	327	1,535
Utilities	767	45	8	75	6	901	211	1,112
Insurance & Taxes	641	27	4	206	41	919	140	1,058
Repairs & Maintenance	1,198	42	12	650	107	2,009	4	2,014
Depreciation	4,858	152	39	2,818	777	8,644	169	8,812
Allocations	1,154	27	(694)	313	63	863	27	890
Total functional expenses	\$ 16,099	\$ 1,337	\$ 920	\$ 8,353	\$ 4,232	\$ 30,941	\$ 5,983	\$ 36,924

Columbia Association, Inc.

**Statements of Functional Expenses
January 31, 2020
(in Thousands)**

	Sport and Fitness	Community Services	Communications and Marketing	Open Space and Facility Services	Village Community Associations	Total Program	Administrative	Total
Salary, Wages and Contract Labor	\$ 9,780	\$ 2,794	\$ 1,055	\$ 3,461	\$ -	\$ 17,090	\$ 3,903	\$ 20,993
Annual Performance Incentives	3	2	1	1	-	7	18	26
Payroll Taxes	826	227	80	263	-	1,396	269	1,665
Employee Benefits	993	305	188	697	-	2,183	614	2,797
Operating Supplies/Expenses	1,164	331	413	395	4	2,307	222	2,528
Technology Supplies/Expenses	28	9	45	14	-	96	896	992
Collection and Treasury Expenses	129	71	299	(3)	-	496	101	596
Fees	459	244	208	1,923	131	2,965	567	3,531
Comm. Assoc. Annual Charge Share Grant	-	-	-	-	2,407	2,407	-	2,407
Temporary Funding & Grants Expense	-	927	-	-	-	927	-	927
Rentals	937	173	182	112	-	1,404	286	1,690
Utilities	1,071	59	11	72	9	1,222	270	1,492
Insurance & Taxes	603	29	3	185	35	855	121	975
Repairs & Maintenance	1,750	100	5	1,172	138	3,165	6	3,171
Depreciation	4,571	120	35	2,763	706	8,195	161	8,357
Allocations	1,148	144	(902)	254	50	694	22	718
Total functional expenses	\$ 23,462	\$ 5,535	\$ 1,623	\$ 11,309	\$ 3,480	\$ 45,409	\$ 7,456	\$ 52,865

Columbia Association, Inc.

Statements of Cash Flows
January 31, 2021 and 2020
(in Thousands)

	2021	2020
Cash flows from operating activities		
Increase in unrestricted net assets	\$ 17,685	\$ 14,175
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities		
Depreciation expense and amortization	8,812	8,357
Bad debt expense	101	102
Amortization of deferred financing costs	37	9
Loss (gain) on disposal of fixed assets	74	332
Unrealized loss (gain) on marketable securities	30	29
Changes in operating assets and liabilities		
Accounts receivable	(456)	(278)
Prepaid expenses and other assets	(136)	104
Accounts payable and accrued expenses	(3,013)	(1,072)
Deferred revenue	199	131
Net cash provided by operating activities	<u>23,333</u>	<u>21,889</u>
Cash flows from investing activities		
Purchases of investments held by trustees	(4,854)	(12,664)
Proceeds from maturities of investments held by trustees	4,805	12,599
Purchase of property, facilities and equipment	(4,391)	(13,418)
Proceeds from the sale of equipment	14	59
Proceeds from the sale of intangible assets	21	-
Net cash used in investing activities	<u>(4,405)</u>	<u>(13,424)</u>
Cash flows from financing activities		
Net borrowings (repayments) under line of credit	(9,746)	(7,019)
Net new lease/principal payments on capital lease obligations	725	(117)
Term loan proceeds	20,000	-
Term loan issuance/financing costs	(136)	
Term loan principal payments	(2,714)	(1,356)
Net cash provided by (used in) financing activities	<u>8,129</u>	<u>(8,492)</u>
Net (decrease) increase in cash and cash equivalents	27,057	(27)
Cash and cash equivalents, beginning	<u>60</u>	<u>99</u>
Cash and cash equivalents, ending	<u>\$ 27,117</u>	<u>\$ 72</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 891</u>	<u>\$ 718</u>

Columbia Association, Inc.

**Notes to Financial Statements
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Note 1 - Organization and summary of significant accounting policies

Organization

Columbia Association, Inc. (the "Association") is a nonprofit membership corporation, incorporated under Maryland law. It develops and operates recreation and community facilities; provides community programs and assistance; and maintains and develops park land and open space in Columbia, Maryland. The Association is governed by an eleven-member Board of Directors comprised of the Association's President and ten members elected by residents of each of the ten villages.

Use of estimates in preparing financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Association defines cash equivalents as all highly liquid investments with maturities of ninety days or less when acquired, except when such investments are held by trustees for the risk management and workers' compensation funds.

Accounts receivable

Accounts receivable consist principally of membership fees receivable, which are uncollateralized and generally have a term of one year. Accounts receivable also include annual charge balances, which are collateralized by the related property.

The carrying amount of accounts receivable is reduced by a valuation allowance. The reserve for abatements and allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts and the amount of abatements property owners will receive on their property assessment.

Risk management fund

Under the Association's risk management program, self-insured claims for general liability risks are accrued based on the best estimate of the ultimate cost of both asserted claims and unasserted claims from reported incidents and estimated losses from unreported incidents. Such estimates are reviewed by counsel. The Association is funding the risk management program under a trust fund arrangement, which currently provides for funding as actuarially determined by independent actuaries.

Columbia Association, Inc.

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Workers' compensation fund

The Association has a self-insurance program for workers' compensation. Under this program, the Association has a workers' compensation fund for its estimate of the ultimate cost of both asserted and unasserted claims from reported workers' compensation incidents and estimated losses from unreported incidents. Claims and fund expenses are paid directly out of the workers' compensation fund. The program includes a trust deposit escrow account in the name of Maryland Workers' Compensation Commission for the benefit of the Association. The investment level of the fund is periodically reviewed by the State of Maryland Workers' Compensation Commission and by independent actuaries.

Investments held by trustees

Investments held by trustees consisting of money market funds and U.S. Government mortgage bonds and treasuries are stated at fair value and are reflected in the risk management fund and workers' compensation fund on the statements of financial position.

Property, facilities and equipment, net

Land includes approximately 3,600 acres of land that has been contributed to the Association since the establishment of the community of Columbia and is recorded at zero value. The contributed land is subject to a zoning ordinance limiting its usage to public or community usage. Costs of parks, lakes and related permanent land improvements are accounted for as land and are not depreciated because they have an indefinite useful life. Facilities, equipment and land improvements that have a limited life are stated at cost and are depreciated using the straight-line method.

<u>Assets</u>	<u>Estimated useful lives</u>
Building and recreational facilities	10 to 40 years
Land improvements	20 to 25 years
Furniture, equipment and other	3 to 10 years

Expenditures are capitalized if the expenditure results in a new asset with a useful life of at least two years and meets the monetary threshold or represents an addition to an existing asset that materially improves or extends the asset beyond its original intended function or increases the useful life by at least two years. The monetary threshold is defined as \$2.5 for a single item except for certain equipment or livestock, which should be capitalized if a single item costs at least \$1.5. This includes an expenditure that is for a group of identical or coordinating items with a total cost of at least \$2.5 that are purchased together and replaced at the same time.

Accounting for the Impairment or Disposal of Long-Lived Assets, requires that an impairment loss be recognized only if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and that the measurement of any impairment loss be the difference between the carrying amount and the fair value of the asset. There were no impairment losses recognized during the periods ended January 31, 2021 and 2020, respectively.

Columbia Association, Inc.

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Intangible assets

Goodwill relates to the purchase of land. The annual charge resulting from this transaction exceeds the carrying amount of the goodwill and therefore no adjustment to carrying value is deemed necessary.

Deferred financing costs

Expenses related to the term loans are being amortized using the effective interest method over the term of the respective debt. Accumulated amortization as of January 31, 2021 and 2020 was \$122 and \$82, respectively. Amortization expense for the periods ended January 31, 2021 and 2020 was \$37 and \$9, respectively. Estimated future amortization expense is as follows:

Year ending April 30,	Amortization expense
2021	\$ 17
2022	46
2023	40
2024	33
2025	26
2026 and thereafter	37
	<u>\$ 199</u>

Revenue recognition

Annual charge

Annual charge revenue consists of annual charges for which future services are not required and are recognized as revenue when the annual charges are levied and due. The annual charge is based on \$0.68 per \$100 of assessed value. The Association's annual charge is billed annually on or about July 1, and the payment is due within 30 days. Annual charge revenue is recognized when billed.

Columbia Association, Inc.

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Sport and Fitness

Sport and Fitness revenue is primarily comprised of memberships, fees, and sales.

Membership - Memberships are recognized as revenue on a pro rata basis during the membership period with unearned fees recorded as deferred revenue. Memberships are generally one year, starting on an agreed upon date, or month to month.

Fees - This category contains income from daily admission and guest passes to various facilities and programs. Fees for tournaments, leagues, driving range use and lessons are also included. The Association recognizes revenue when services are provided.

Sales - The majority of this category is comprised of sales of merchandise at the Association's facilities, such as the pro shops at the golf courses, tennis clubs, athletic clubs, etc. The Association recognizes revenue at the time of sale.

Community Services

Community Services revenue is primarily comprised of tuition and enrollment, fees and sales from School Age Services and Camps.

School Age Services - The School Age Services (SAS) Programs are offered in certain elementary schools and middle schools. Tuition payments are received for 10 months from September through June and revenues are recognized ratably as services are provided. Unearned tuition payments are reflected as deferred revenue on the statement of financial position. Services during the period ended January 31, 2021, were limited due to the pandemic.

Camps - Camps are normally held during the months of June through August. Camp registration fees are recognized as income when received. Camp program fees are recognized ratably over the camp duration. Unearned revenue is reflected as deferred revenue on the statement of financial position. No camps were held during the period ended January 31, 2021, due to the pandemic.

Deferred Revenue

Deferred revenue is comprised of the following as of January 31:

	2021	2020
Membership fees	\$ 2,432	\$ 2,851
School Age Services	604	680
Camps	-	97
Other	861	969
Total Deferred Income	<u>\$ 3,897</u>	<u>\$ 4,597</u>

Columbia Association, Inc.

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Rental expense

Rental expense is recognized over the lease terms as it becomes payable according to the provisions of the respective leases. However, if the rental expense varies from a straight-line basis, future rental expense including scheduled and specific rent increase and/or rent concession are recognized on a straight-line basis over the lease terms.

Advertising

The Association uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. Advertising and promotion costs totaled \$116 and \$370 for the periods ended January 31, 2021 and 2020, respectively.

Income taxes

The Association is exempt under Section 501(c) (4) of the Internal Revenue Code. However, the Association is subject to federal and state taxes on unrelated business income, if any. Net unrelated business income was \$0 for the periods ended January 31, 2021 and 2020.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, costs have been allocated among the programs and supporting services that benefit from those costs. The expenses that are allocated include interest expense which is allocated proportionally based on property and equipment. Costs that can be identified with particular programs or support functions are charged directly to the program or function including salaries and related expenses which are charged based on time and effort.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on previously reported change in net assets or net asset amounts.

Subsequent events

The Association evaluated subsequent events through March 17, 2021, the date the financial statements were available to be issued.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB issued several ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

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The Association's financial statements reflect the application of ASC 606 guidance beginning in 2020. No cumulative-effect adjustment in net assets was recorded because adoption of ASU 2014- 09 did not significantly impact the Association's reported historical revenue.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This is a clarifying ASU as mentioned above, that distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. Additionally, once a transaction is deemed to be a contribution, this ASU assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for limited purpose or timing. No cumulative-effect adjustment in net assets was recorded because adoption of ASU 2018- 08 did not significantly impact the Association's reported historical revenue.

Note 2 - Accounts receivable

Accounts receivable are comprised of the following as of January 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Membership fees	\$ 1,769	\$ 2,586
Annual charges	1,068	945
Other	<u>453</u>	<u>517</u>
Total accounts receivable	3,290	4,048
Less reserves for abatements and allowance for doubtful accounts	<u>913</u>	<u>928</u>
	<u><u>\$ 2,377</u></u>	<u><u>\$ 3,120</u></u>

Note 3 - Investments and other assets

Risk management fund

Investments included in the risk management fund are held by a Trustee and are combined in a portfolio, which consists of the following as of January 31:

Columbia Association, Inc.

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(in Thousands)**

	2021		2020	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	\$ 38	\$ 38	\$ 39	\$ 39
Government debt securities	3,556	3,569	6,476	6,499
Accrued interest	17	17	39	39
	<u>\$ 3,611</u>	<u>\$ 3,624</u>	<u>\$ 6,554</u>	<u>\$ 6,577</u>

Workers' compensation fund

Investments included in the workers' compensation fund are held by a Trustee in a portfolio, which consists of the following as of January 31:

	2021		2020	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	\$ 2,101	\$ 2,101	\$ 166	\$ 166
Government debt securities	1,500	1,500	3,420	3,423
Accrued interest	-	-	10	10
	<u>\$ 3,601</u>	<u>\$ 3,601</u>	<u>\$ 3,596</u>	<u>\$ 3,599</u>

Note 4 - Fair value measurements

In determining fair value, the Association uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Professional guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The levels within the hierarchy based on the reliability of inputs are as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Columbia Association, Inc.

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- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Debt securities

Debt securities consisting of government agency debt obligations are generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type.

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of January 31, 2021:

	<u>Fair value measurements using</u>		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total
Government debt securities*	\$ -	\$ 5,069	\$ 5,069

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of January 31, 2020:

	<u>Fair value measurements using</u>		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total
Government debt securities*	\$ -	\$ 9,922	\$ 9,922

*Government debt securities are included in the risk management fund and workers' compensation fund as discussed in Note 3.

Columbia Association, Inc.

Notes to Financial Statements
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(in Thousands)

Note 5 – Liquidity

Columbia Association, Inc. financial assets available within one year of the statement of financial position date for general expenditures are as follows as of January 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total assets at quarter end	\$ 172,029	\$ 155,560
Less:		
Prepaid expenses and other assets	630	1,603
Risk management fund	3,624	6,577
Workers' compensation fund	3,601	3,599
Property, facilities and equipment, net	134,382	140,270
Intangible assets, net	<u>298</u>	<u>319</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 29,494</u>	<u>\$ 3,192</u>

Columbia Association has \$29,494 and \$3,192 of financial assets available within one year as of January 31, 2021 and 2020, respectively, on the statement of financial position date to meet cash needs for general expenditures. This consists of cash of \$27,117 and \$72 and net accounts receivable of \$2,377 and \$3,120 as of January 31, 2021 and 2020, respectively. Accounts receivable consist of annual charge balances, which are collateralized by the related property. Accounts receivable also include membership fees receivable, which are uncollateralized and generally have a term of one year. None of the financial assets are subject to any contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

In addition, in the event of unanticipated liquidity needs, the Association has a line of credit in the amount of \$20,000 of which \$-0- was committed as of January 31, 2021. This line of credit is used to meet liquidity needs. See Note 8.

The Association's operating activity generates positive cash flow of approximately \$15,264 based on a five year average of cash provided by operating activities. The cash is used to fund capital projects and debt service. Any additional funds needed for approved expenditures are obtained from line of credit borrowings.

Columbia Association, Inc.

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Note 6 - Property, facilities and equipment, net

Property, facilities and equipment consist of the following as of January 31, 2021:

	<u>Cost basis</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Land	\$ 6,533	\$ -	\$ 6,533
Parks, lakes & related improvements	98,903	49,807	49,096
Buildings	138,219	72,140	66,079
Leasehold Improvements	5,572	2,966	2,606
Equipment and Vehicles	29,685	23,070	6,615
Other	3,480	27	3,453
Property, facilities and equipment	<u>\$ 282,392</u>	<u>\$ 148,010</u>	<u>\$ 134,382</u>

Property, facilities and equipment consist of the following as of January 31, 2020:

	<u>Cost basis</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Land	\$ 6,533	\$ -	\$ 6,533
Parks, lakes & related improvements	97,741	46,285	51,456
Buildings	135,846	67,871	67,975
Leasehold Improvements	5,578	2,421	3,157
Equipment and Vehicles	29,033	22,136	6,897
Other	4,277	25	4,252
Property, facilities and equipment	<u>\$ 279,008</u>	<u>\$ 138,738</u>	<u>\$ 140,270</u>

Note 7 - Annual charge

The principal source of the Association's revenue is an annual charge, based on a rate (68 cents per \$100 of assessed valuation in both fiscal years 2021 and 2020) established annually by the Board of Directors, on all of Columbia's assessable real property. The Association's net assessed value is 50% of the State's assessed phased-in cash value subject to a 10% annual increase cap; however, the Board of Directors capped the increase at 3.5% for fiscal years 2021 and 2020.

Columbia Association, Inc.

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The net assessed value for assessment years beginning July 1 was as follows:

2021	\$	12,838,389
2020	\$	12,409,853

Note 8 - Line of credit

The Association entered into a revolving line of credit with a bank on June 25, 2020, which, under the loan agreement, is limited to borrowings of \$20,000 beginning September 15, 2020 with the condition that the Association maintains a \$3,000 cash balance. The outstanding note bears interest at LIBOR plus 1.15%. Interest only on the outstanding principal balance shall be payable monthly beginning August 1, 2020. The line of credit matures on June 1, 2023. Additionally, the Association shall pay a quarterly unused commitment fee equal to 25 basis points of the principal amount of the line of credit that was unused.

During fiscal year 2020, the Association had available an unsecured line of credit with a bank under a loan agreement, with varying monthly caps ranging from \$0 to \$30,000 designated by the Association based on forecasted borrowing requirements. The outstanding note bore interest at the lower of the bank's prime rate or LIBOR plus 55 basis points and was due on demand. Additionally, the note bore an unused commitment fee of 10 basis points on any difference between the preauthorized schedule of the projected outstanding balance and the amount of the credit actually used.

The Association had \$-0- and \$3,982 outstanding under the lines of credit as of January 31, 2021 and 2020.

Note 9 - Term debt

Term loans

On June 26, 2014, the Association entered into a 15-year fixed rate bank loan with a bank in the amount of \$30,000. The loan's interest rate is 3.63% and it matures in fiscal year 2030. The Association began making monthly principal and interest payments in August 2014 for the term of the loan. The funds were used to refinance certain interim indebtedness incurred to finance capital improvements.

As a result of the COVID-19 outbreak, the Association entered into an agreement for a term loan on June 25, 2020 in the amount of \$20,000. The loan's interest rate is 2.5% and it matures in fiscal year 2028. The Association began making monthly principal and interest payments in August 2020. The proceeds from this loan were used to pay off the line of credit in Note 8.

Columbia Association, Inc.

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As of January 31, 2021, the future loan principal payments by fiscal year are as follows:

2021	\$	1,144
2022		4,656
2023		4,798
2024		4,942
2025		5,094
2026 and thereafter		<u>17,056</u>
Total term loan		37,690
Less deferred financing costs, net		<u>(199)</u>
Term loan, net	\$	<u><u>37,491</u></u>

Capital lease obligation

The cost and accumulated amortization of equipment under capital leases were \$867 and \$61, respectively, as of January 31, 2021, and \$574 and \$521, respectively, as of January 31, 2020. As of January 31, 2021, the future minimum annual payments under capital leases are as follows:

2021	\$	24
2022		143
2023		143
2024		143
2025		143
2026 and thereafter		205
Total minimum lease payments		<u>801</u>
Less amount representing interest		<u>(22)</u>
Present value of net minimum lease payments	\$	<u><u>779</u></u>

Columbia Association, Inc.

Notes to Financial Statements
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Note 10 - Retirement benefit plan

Substantially all full-time and eligible part-time employees are covered by a defined contribution retirement benefit plan. Contributions through April 12, 2020, were based on 6% of eligible employees' salaries. Employees became fully vested after six years of service. However; effective April 13, 2020, due to the financial pressures from COVID-19, employer contributions were reduced to 3% and vest immediately. Expenses under this plan were \$281 and \$975 for the periods ended January 31, 2021 and 2020, respectively.

Note 11 - Commitments

The Association leases certain facilities and equipment under operating leases. Rental expense exclusive of these costs, was \$1,440 and \$1,582 for the periods ended January 31, 2021 and 2020, respectively.

The Association records rent expense using the straight-line method over the life of the lease terms, which differs from the amount of rent due under the terms of the leases, resulting in a deferred rent payable, of \$536 and \$518, which was included in accounts payable and accrued expenses as of January 31, 2021 and 2020, respectively.

As of January 31, 2021, the Association's total commitment for minimum annual rentals, exclusive of maintenance and other occupancy costs, under non-cancellable operating leases is:

2021	\$	404
2022		1,642
2023		1,675
2024		1,708
2025		1,743
2026 and thereafter		<u>2,836</u>
Total	\$	<u>10,008</u>

The lease for the headquarters building located on Hillside Court includes a rent abatement for the period September 1, 2015 to October 31, 2016 which is valued at \$460. Accrued abatements of \$263 and \$300 were included in accounts payable and accrued expenses as of January 31, 2021 and 2020, respectively.

Columbia Association, Inc.

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The lease for Haven on the Lake includes a rent abatement for the period September 1, 2014 to August 31, 2015 valued at \$386. Accrued abatements of \$161 and \$196 were included in accounts payable and accrued expenses as of January 31, 2021 and 2020, respectively. The lease also includes a tenant improvement allowance of \$1,378. Accrued allowances of \$798 and \$863 were included in accounts payable as of January 31, 2021 and 2020, respectively. The abatements and allowances are amortized over the life of the lease and are reflected as a reduction of rent expense as reported in the statements of activities.

Note 12 - Postretirement health care

The Association sponsors a defined postretirement medical benefit plan that covers both salaried and nonsalaried full-time employees and their spouses or surviving spouses. The postretirement health care plan is contributory. The Association will provide a maximum contribution of \$2.5 to retired employees and their spouses for employees who have 20 or more years of full-time service with the Association and have passed their 60th birthday. This contribution will decrease to a maximum of \$1.5 when the retiree reaches age 65. This benefit terminates on the 10th anniversary of the benefit commencement date. The employee contributes the remainder of the health care cost.

The following table sets forth the funded status of the Association's postretirement health care benefit plan reconciled to the accrued postretirement benefits cost recognized by the Association as of April 30:

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	<u>2020</u>	<u>2019</u>
Reconciliation of benefit obligations		
Obligation at beginning of year	\$ 729	\$ 705
Service cost	28	32
Interest cost	28	29
Actuarial loss	4	-
Plan amendments	56	-
Amortization of net loss	-	(5)
Amortization of unrecognized past service cos	-	(15)
Benefit payments	<u>(16)</u>	<u>(17)</u>
Obligation at end of year	<u>\$ 829</u>	<u>\$ 729</u>
Amount not yet recognized in net periodic postretirement benefit costs		
Unrecognized prior service cost (credit)	\$ 50	\$ -
Unrecognized loss (gain)	<u>(140)</u>	<u>112</u>
Total amount not yet recognized in net periodic postretirement benefit costs	<u>\$ (90)</u>	<u>\$ 112</u>
Net periodic postretirement benefit costs include		
Service cost	\$ 28	\$ 32
Interest cost	28	29
Amortization of net gain from prior periods service cost	<u>(19)</u> <u>6</u>	<u>-</u> <u>15</u>
Net periodic postretirement benefit costs	<u>\$ 43</u>	<u>\$ 76</u>

The discount rate was 2.8% and 4.45% as of April 30, 2020 and 2019. The gross trend rate for health care coverage is 4.45% for all years.

Columbia Association, Inc.

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Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percent change in assumed health care cost trend rates would have the following effects as of April 30, 2020:

	<u>1% increase</u>	<u>1% decrease</u>
Effect on total service and interest cost components of net periodic postretirement health care benefit cost	\$ 8	\$ (6)
Effect on the health care component of the accumulated postretirement benefit obligation	90	(79)

The following is a projection of benefit costs under the plan:

2021	\$ 30
2022	34
2023	46
2024	51
2025	62
2026 - 2030	345
	<u>\$ 568</u>

Note 13 - Significant estimates

Reserve for general liability self-insurance

Under its general liability self-insurance plan, the Association accrues the estimated expense of general liability claims based on claims filed subsequent to year-end and an additional amount for incurred, but not yet reported claims based on prior experience. Accruals for such costs of \$1,128 and \$1,208 are included in accrued expenses as of January 31, 2021 and 2020. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

Columbia Association, Inc.

**Notes to Financial Statements
January 31, 2021 and 2020
(in Thousands)**

Reserve for workers' compensation self-insurance

Under its workers' compensation self-insurance plan, the Association accrues the estimated expense of workers' compensation claims based on claims filed subsequent to year-end and an additional amount for incurred, but not yet reported claims based on prior experience.

Accruals for such costs of \$1,805 and \$1,966 are included in accrued expenses as of January 31, 2021 and 2020, respectively. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

Note 14 - Concentration of credit risk

The Association maintains its cash balance in several accounts in various banks. At times, these balances may exceed the federal insurance limits; however, the Association has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of January 31, 2021.

Note 15 - Contingencies

The Association is periodically a party to various lawsuits, claims and investigations, both actual and potential arising in the normal course of business. Based on internal review and advice of legal counsel, management believes the ultimate outcome of these matters, individually and in the aggregate, will not have a material adverse effect on the Association's financial position or results of operations.

Note 16 - Subsequent events

On March 11, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Association, COVID-19 may continue to impact various parts of its operations and financial results, including sport and fitness, community services, open space and facility services. Management believes the Association is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

On February 25, 2021, the Association's Board of Directors voted to approve the FY 2022 operating and capital budgets. Incorporated in the FY 2022 operating budget is the closure of Have on the Lake. Assets not fully depreciated will be written off as of April 30, 2021, as they are taken out of service due to the facility closure. Management estimates the loss due to the write off to be approximately \$2,700, and has determined that there is no material adverse effect on the Association's debt covenants.

Columbia Association, Inc.

**Notes to Financial Statements
January 31, 2021 and 2020
(in Thousands)**

On March 9, 2021, management entered into an amendment to the deed of lease for headquarters office space that provided for a 50% abatement of the base rent due under the lease for the months of January through December 2021 and extended the lease for a period of two years. The lease termination date will be April 30, 2030. The gross amount of the rent abatement is \$378.



March 19, 2021

To: Columbia Association Board of Directors
Milton W. Matthews, President/CEO

From: Susan Krabbe, Vice President and Chief Financial Officer

Cc: Dan Burns, Director; Department of Sport and Fitness
Tim Pinel, Chief Marketing Officer
Lynn Schwartz, Director of Finance/Treasurer

Re: Dashboard Metrics

The dashboard for the third quarter of FY 2021 is attached. The table below describes the metrics, and notes the data source and date of the measurement.

In January, instead of the previous format of Clarabridge surveys, we conducted a wellbeing survey of current, former and frozen members. Included is a copy of the survey and results.

	Metric	Description/Purpose	Data Source	Date of Measurement
1	Past Due Membership Accounts	To monitor collections by tracking the trend in actual past due membership accounts	Spectrum NG reports	As of January 31, 2021
2	Net Membership Changes	To monitor member retention/growth by major membership category over time	Spectrum NG reports and sales data collected by the Customer and Member Service Center	Data as of January 31, 2021. This is provided with the FY 21 Q3 financial reports.
3	CA People Productivity = personnel costs divided by non-annual charge revenue	To monitor the revenue production from CA's investment in the work force	Infor (Lawson) reports	Actual data through January 31, 2021
4	Free Cash Flow	To monitor liquidity by tracking cash flow from operations less debt principal payments less paid capital expenditures	Infor (Lawson) reports	Actual data through January 31, 2021
5	Net Assets to Debt Service (should be greater than 1.25:1.00)	To monitor CA's financial condition, in accordance with the terms of existing financing	Infor (Lawson) reports	Actual audited data through April 30, 2020

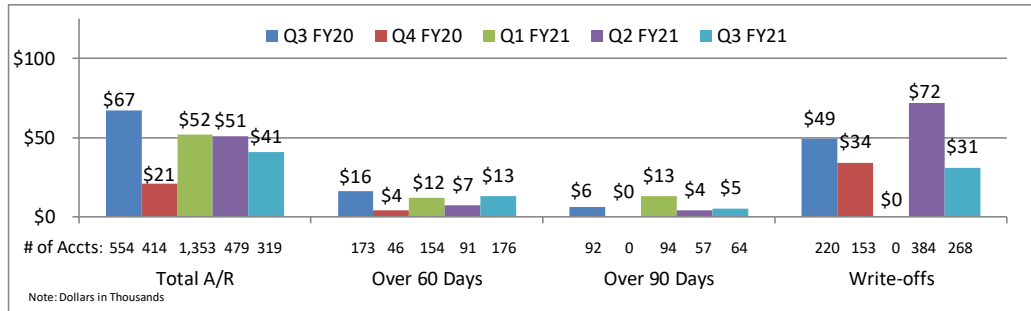
	Metric	Description/Purpose	Data Source	Date of Measurement
6	Total Liabilities to Total Net Assets (should be less than 1.30:1.00)	To monitor CA's financial condition, in accordance with the terms of existing financing	Infor (Lawson) reports	Actual audited data through April 30, 2020
7	Return on Investment – Buildings, Major Amenities	To measure and monitor the cost of maintaining CA's major facilities by comparing annual repairs and maintenance costs to revenue and square footage	Infor (Lawson) reports	Actual data through January 31, 2021
8	Market share for memberships and Columbia Cards	Per Board request – to track memberships per housing unit	Spectrum NG reports and Howard County data	Actual membership data through January 31, 2021. Housing data updated annually by Howard County.
9	Marketing Cost per Membership	To monitor marketing effectiveness	Spectrum reports and marketing expenditure data tracked by staff	Actual data as of January 31, 2021
10	Multiple attributes	Indicates the wellbeing of current, former and frozen members	Clarabridge survey	January 2021

Dashboard - Metrics 1, 3-7

As of January 31, 2021 (\$'000)

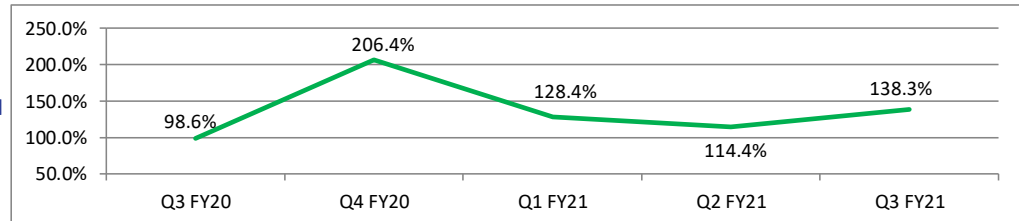
METRIC 1

Membership A/R Balance



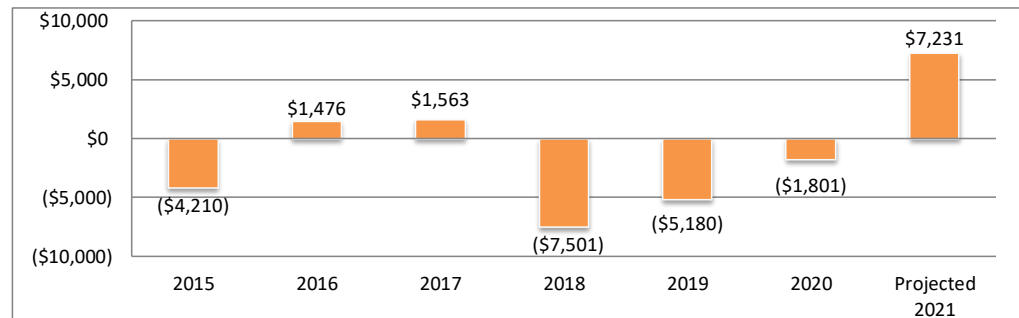
METRIC 3

People Productivity (personnel costs divided by non-annual charge revenue)



METRIC 4

Free Cash Flow (cash flow from operations less debt repayments and capital expenditures)



Note: Projected 2021 excludes \$3M bank required reserve.

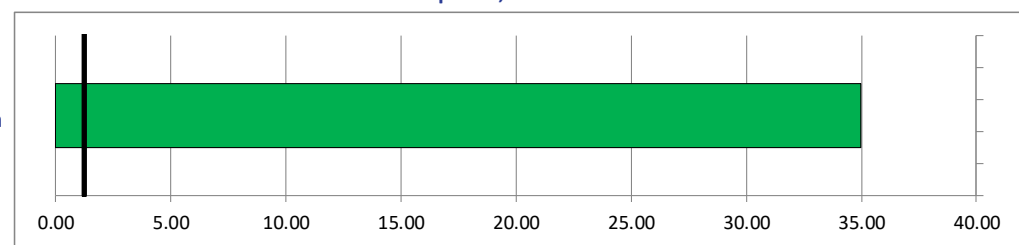
METRIC 5

Net Assets to Debt Service (debt service equals principal payments on long-term debt plus interest expense)

\$100,916/\$2,887

Actual 34.96

Audited - As of April 30, 2020



Should be greater than 1.25 to 1.00 on an annual basis

Dashboard - Metrics 1, 3-7

As of January 31, 2021 (\$'000)

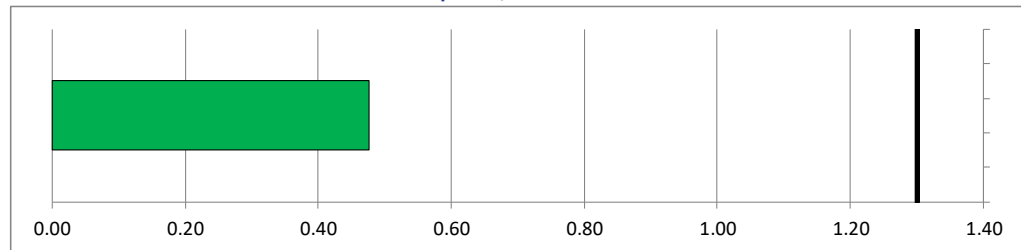
METRIC 6

Audited - As of April 30, 2020

Total Liabilities to Total
Net Assets

\$48,076/\$100,916

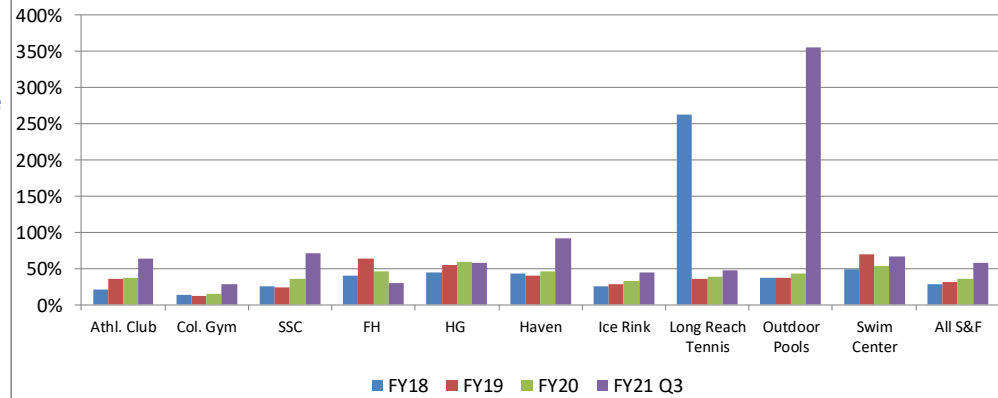
Actual .48



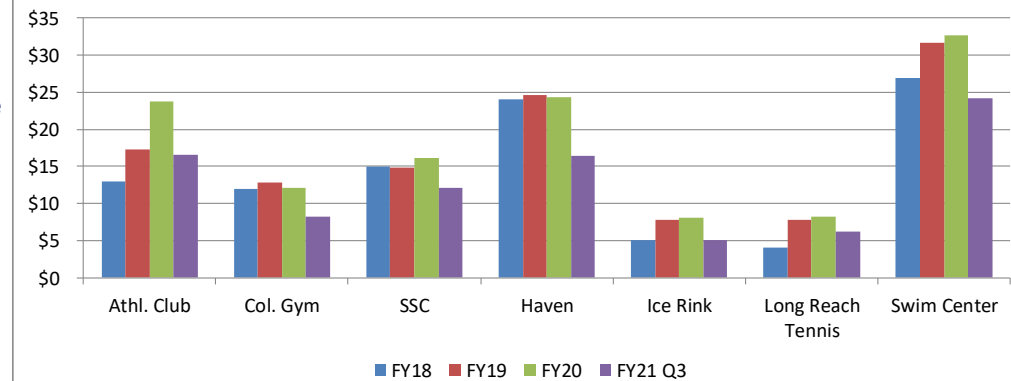
Should be less than 1.30 to 1.00 on an annual basis

METRIC 7

Depreciation and
Repairs &
Maintenance Expense
as a % of Revenue



Depreciation and
Repairs &
Maintenance Expense
per Square Foot



Advertising Effectiveness Report *FY19–FY21*

New Membership Acquisition

Goal: \$150-\$250 marketing cost per new membership

	FY19	FY20	FY21 Q1	FY21 Q2	FY21 Q3
Total Investment ¹	\$509,118	\$97,316	\$10,693	\$37,813	\$65,989
Total Lead Page Views: ³ (Membership related)	145,937	27,820	22,752	39,313	95,144
Unique Form Submissions ⁵	1,108	406	426	494	1,116
New Memberships					
CA Fit&Play	335	91	52	78	89
Other Memberships ⁶	851	308	195	363	346
Total New Memberships	1,186	339	247	441	435
Cost of New Membership Acquisition					
100%	\$429	\$244	\$43	\$86	\$152
90%	\$477	\$271	\$48	\$95	\$169
80%	\$537	\$305	\$54	\$107	\$190
70%	\$613	\$348	\$62	\$122	\$217
60%	\$715	\$406	\$72	\$143	\$253
Average Cost of New Membership Acquisition	FY19	FY20			FY21 Q3
100%	\$158	\$104			\$127
90%	\$176	\$131			\$141
80%	\$198	\$148			\$158
70%	\$226	\$169			\$181
60%	\$265	\$197			\$211

¹Investment was updated for all quarters to include Haven membership advertising costs.

²In FY19 Q4, a media agency started working with us and our combined efforts caused the investment and page views to increase.

³Total page views numbers were adjusted to include Haven.

⁴Page views decline because CA team members are removed from counts.

⁵Unique form submissions were updated to include Haven's submissions.

⁶Other membership numbers were updated to include Haven memberships and add-ons.

FY20-FY21 Q3 investment, page views, form submissions and new memberships decreased significantly from the prior year due to facility closures for the COVID-19 pandemic.

Membership Market Share (CA residents only)

FY21

Fiscal Year	Columbia Cards A	Columbia Resident Membership B	CA Residential Units C	Market Share (Including Columbia Cards) D=(A+B)/C	Market Share (Excluding Columbia Cards) E=B/C
FY2021 Q1	4,405	10,214	37,006	39.5%	27.6%
FY2021 Q2	4,383	8,226	37,006	34.1%	22.2%
FY2021 Q3	4,386	7,397	37,006	31.8%	20.0%

- "Columbia Resident Membership" (column B) assumes only one membership per household.
- Market share percentages use Columbia housing units as the unit of measure, including housing units of employees. This information is updated by the Howard County Department of Planning and Zoning.
- "Columbia Resident Membership" (column B) does not include employee memberships.

Advertising Tactics

Tactics completed in FY21

Email Broadcasts

- Purchased lists to specifically geo-targeted audiences

Social Media

- Paid advertising on Facebook, Twitter and Instagram

Online/Digital

- Pay-per-click ads (*paid search*)
- Digital banner ads through Google Display Network



COLUMBIA ASSOCIATION Wellbeing

14 Screens



elisatalens
e.



Max M.



César L.



Clara R.



Iván I.



Rubén R.



Santiago
G.



Savannah
R.



We're all working to come back from a trying 2020. Our physical and mental health is more important than ever – and we at Columbia Association need to do everything we can to support that.

I'm incredibly grateful that you're taking the time to share your thoughts.

Share your experiences



Dan Burns



**"I recently read that 53% of
Americans are more stressed
than ever – I know that feeling!"**

We're all paying attention to our stress levels
right now. How are yours these days?

1- Honestly, I'm struggling 5 - I feel great

A horizontal progress slider with a blue circular handle in the center. The handle contains white double arrows pointing left and right. The slider is positioned at the 50% mark, corresponding to the "5 - I feel great" end of the scale.









Dan Burns

A set of three navigation controls: a blue-outlined button with a left-pointing arrow, a thin horizontal progress bar with a small grey segment on the left, and a solid blue button with a right-pointing arrow.



“We have all had to find new ways to relax over the last year. I’ve been reading more than ever, learning to cook new things and doing more solo bike rides.”

What would you least like to give up?
Please rank the following activities in order of how important they are to you.

- 1  Play video games
- 2  Go for a run or walk around the lakes and pathways
- 3  Apple TV, Netflix, etc.
- 4  Workout or exercise
- 5  Play golf
- 6  Have video chats (Zoom etc.) with family and friends
- 7  Enjoy a cocktail or glass of wine
- 8  Garden, home projects or crafts/hobbies





“Community is more important now than ever before. Whether it’s virtual or in person, we need to remain connected.”

1

Two quick questions: First, how big a part of your social life is Columbia Association?

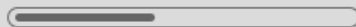


1 - Not much

5 - Huge



2





“Community is more important now than ever before. Whether it’s virtual or in person, we need to remain connected.”

1

Okay... now, how about before the pandemic?



1 - Not much

5 - Huge



2





“We know this was a hard year. It was so hard on all our staff and leadership when we couldn’t offer a lot of the activities we love. I missed taking classes at the Art Center, yoga classes and seeing all of the regulars when I was at Supreme Sports Club to workout.”

What did you and your household miss out on this year?

Tell us here...

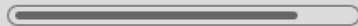
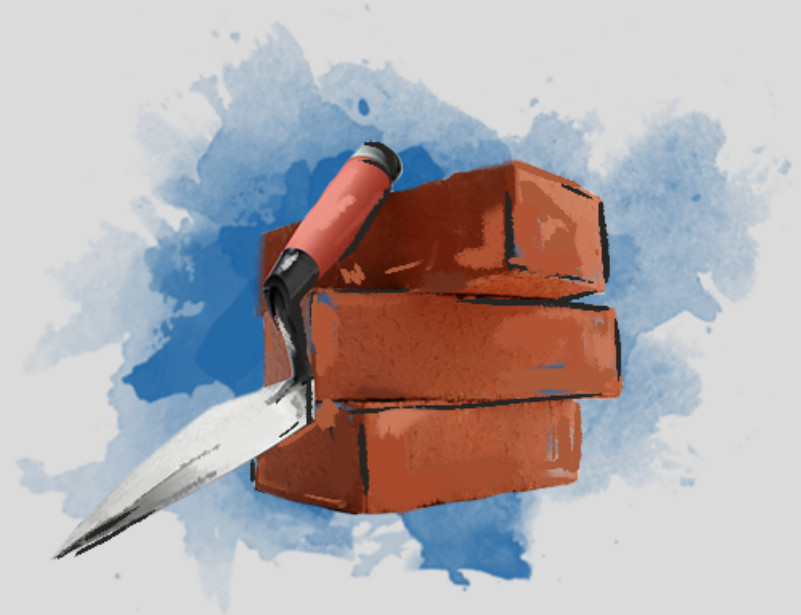




“We feel like we’re preparing for a completely new Columbia Association – of coming back out of our shells.”

What can we do now to make your life easier for 2021?

Tell us here...

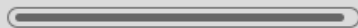




“We have all had to give up activities we enjoy over the last year. I know I'm looking forward to the upcoming race season and competing against my friends again.”

What are you looking forward to most when it is safe to gather in large groups again?

- ☐ Watching sports
- ☐ Playing sports
- ☐ Concerts and shows
- ☐ Going out to eat
- ☐ Weddings and birthday parties
- ☐ Going back to my office or workplace
- ☐ Something else





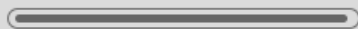
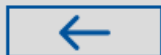
**“Your recommendation matters
now more than ever.”**

Based on your experience so far, how likely
are you to recommend the Columbia Association
to your family and friends?



0

10



Dan Burns



**“Our staff members are struggling too.
Your recognition really help to lift
their spirits.”**

Is there an employee you would like to
recognize for exceeding your expectations?

- ☐ Yes, and I would like to recognize them by name!
- ☐ Yes, but I don't remember their name.
- ☐ No one stands out.





**Thank you for taking a few minutes to check in with us about your wellbeing.
We are actively working to make Columbia Association better
and safer than ever, your feedback will help us get there.**

Subject: The -lastName- family, Columbia, and wellbeing...

Preheader:

Hello -firstname-,

This has been a hard year. A hard year to connect with friends and family. A hard year financially. A hard year to stay fit.

-text1-

2021 will be a rebuilding year in so many ways – your help in guiding us is much appreciated!

[Click here for your wellbeing check-in](#)

Dan Burns,
Director, Sport and Fitness
Columbia Association



Dan Burns
Director, Sport and Fitness



Michelle Miller
Director of Community Services



Milton Matthews
President/CEO,
Columbia Association



Dennis Matney
Director of Open Space
and Facilities Services

Columbia Association • 6310 Hillside Court • Columbia, MD 21046

If you wish to unsubscribe from receiving future surveys from Columbia Association, please click [here](#).

powered by *customerville*

Subject: Checking back in – How are you doing?

Hello -firstName-,

Just moving this back to top of inbox. Monday, I sent you an email asking about your wellbeing and how Columbia Association can support your physical and mental health.

We've received an unprecedented number of comments – and we're reading every single one. Many are incredibly moving. We want to ensure we can provide what you need to feel safe, healthy and happy. I hope you will take time to share your thoughts too.

Thanks in advance for your feedback.

[Click here for your wellbeing check-in](#)

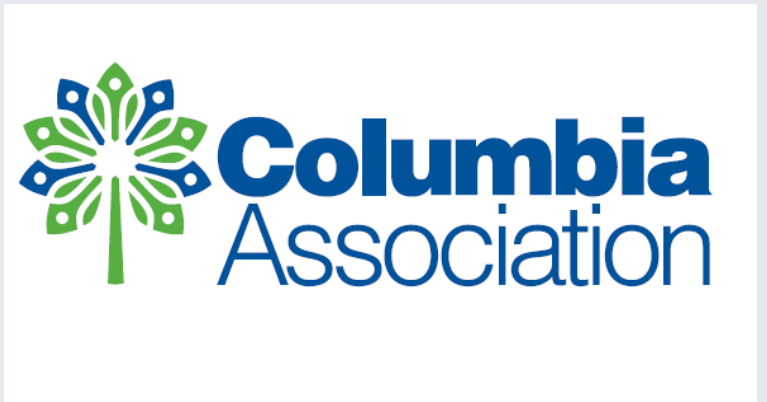
Dan Burns,
Director, Sport and Fitness
Columbia Association



Columbia Association • 6310 Hillside Court • Columbia, MD 21046
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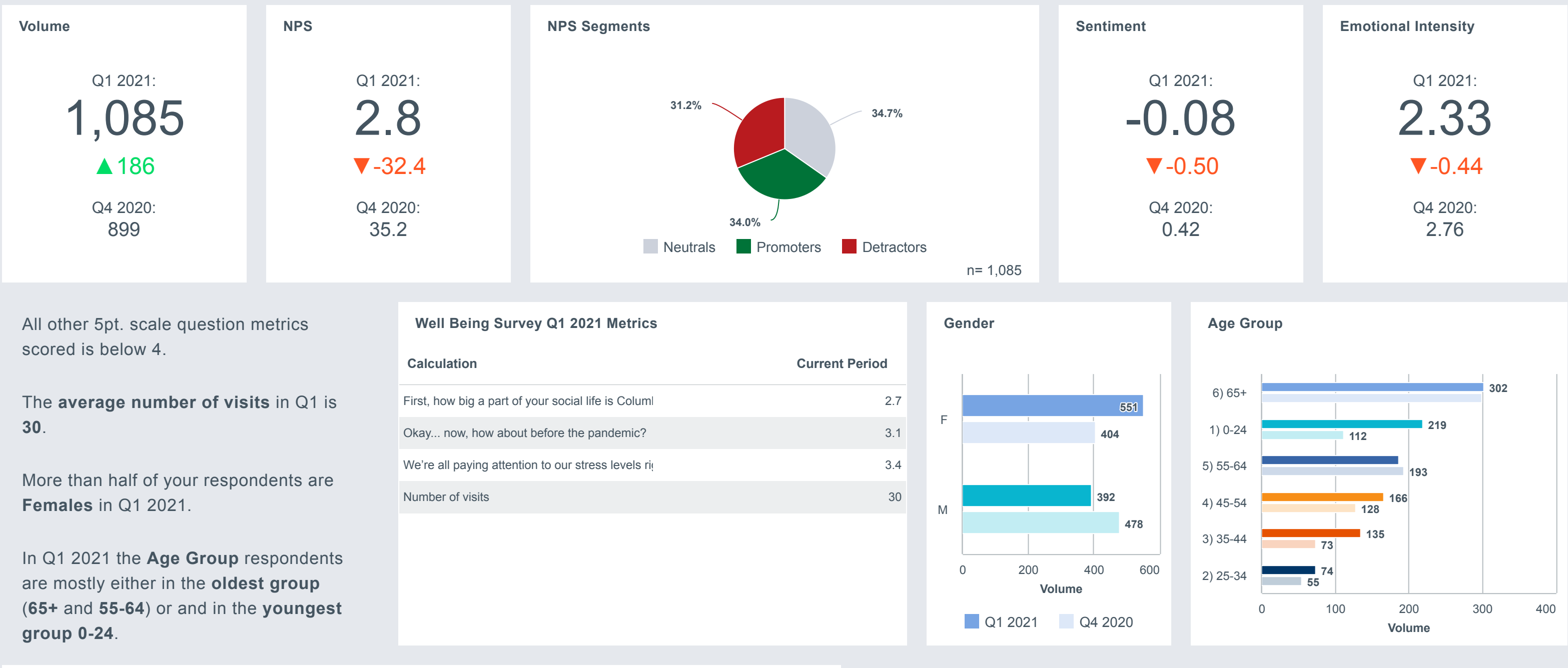


Customer Insights Dashboard

CA Survey Feedback

Period: January 1 - February 7, 2021 (Q1 2021 Well Being Survey Results)
Comparison Period: October 11 - October 31, 2020 (Q4 2020 Survey Results)

Overview



What are you looking forward to mos...	Volume	% Total	NPS Score (2.0)	Emotional Intensity
Going Out To Eat	394	36.3%	-1	2.43
Concerts And Shows	204	18.8%	7	2.09
Something Else	187	17.2%	-8	2.38
Playing Sports	133	12.3%	2	2.24
Weddings And Birthday Parties	97	8.9%	16	2.33
Going Back To My Office Or Workplace	44	4.1%	11	2.29
Watching Sports	26	2.4%	38	2.06

Members are looking forward to **Going Out to Eat** the most followed by going to **Concerts and Shows**.

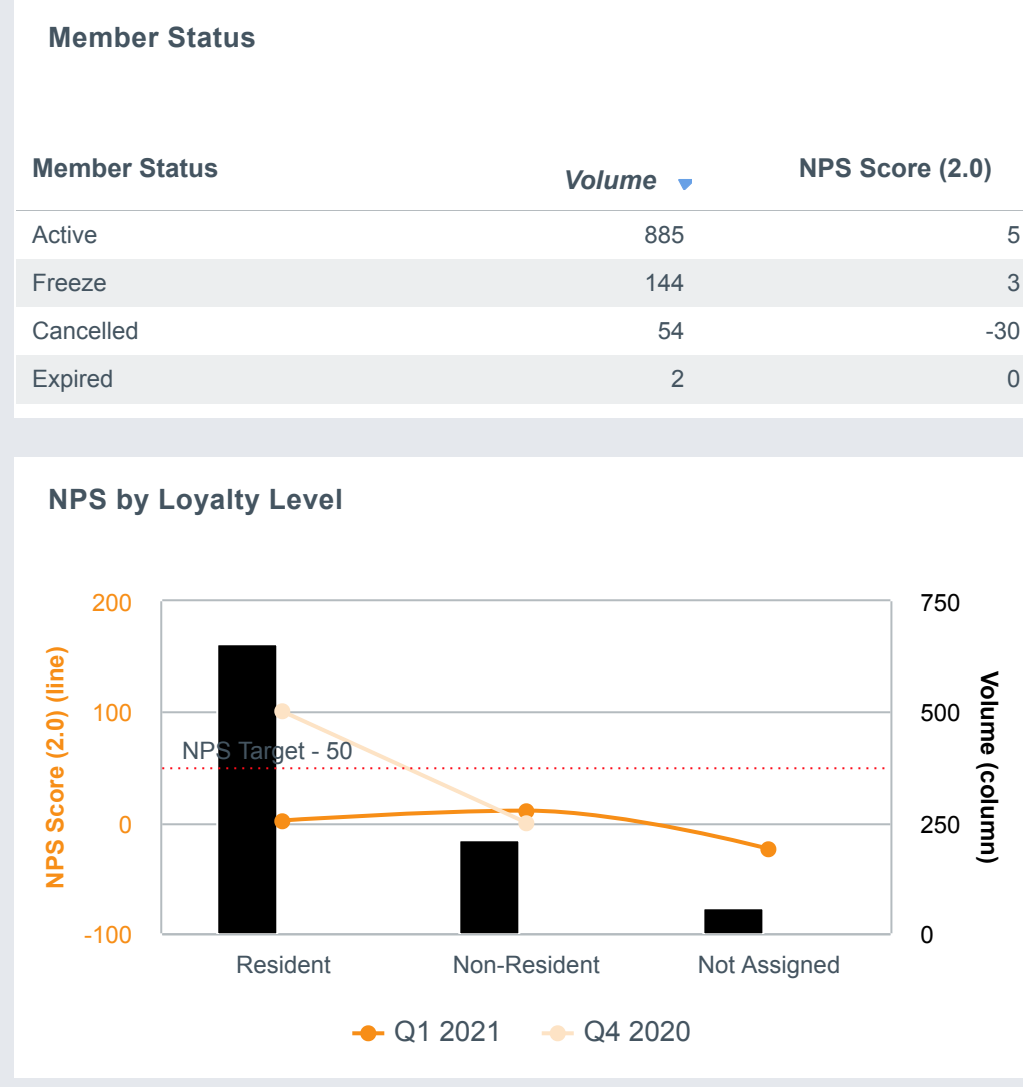
82% of **Active** members took the survey and have the highest **NPS** score of **4**, followed by members who **Freeze** their membership.

All Loyalty level NPS is below the target score of 50. The **Not Assigned** loyalty level has the **lowest NPS** score of **-24**.

The **Part Time Team Member Non Residents** gave the **highest NPS score of 31** with a 29 low volume.

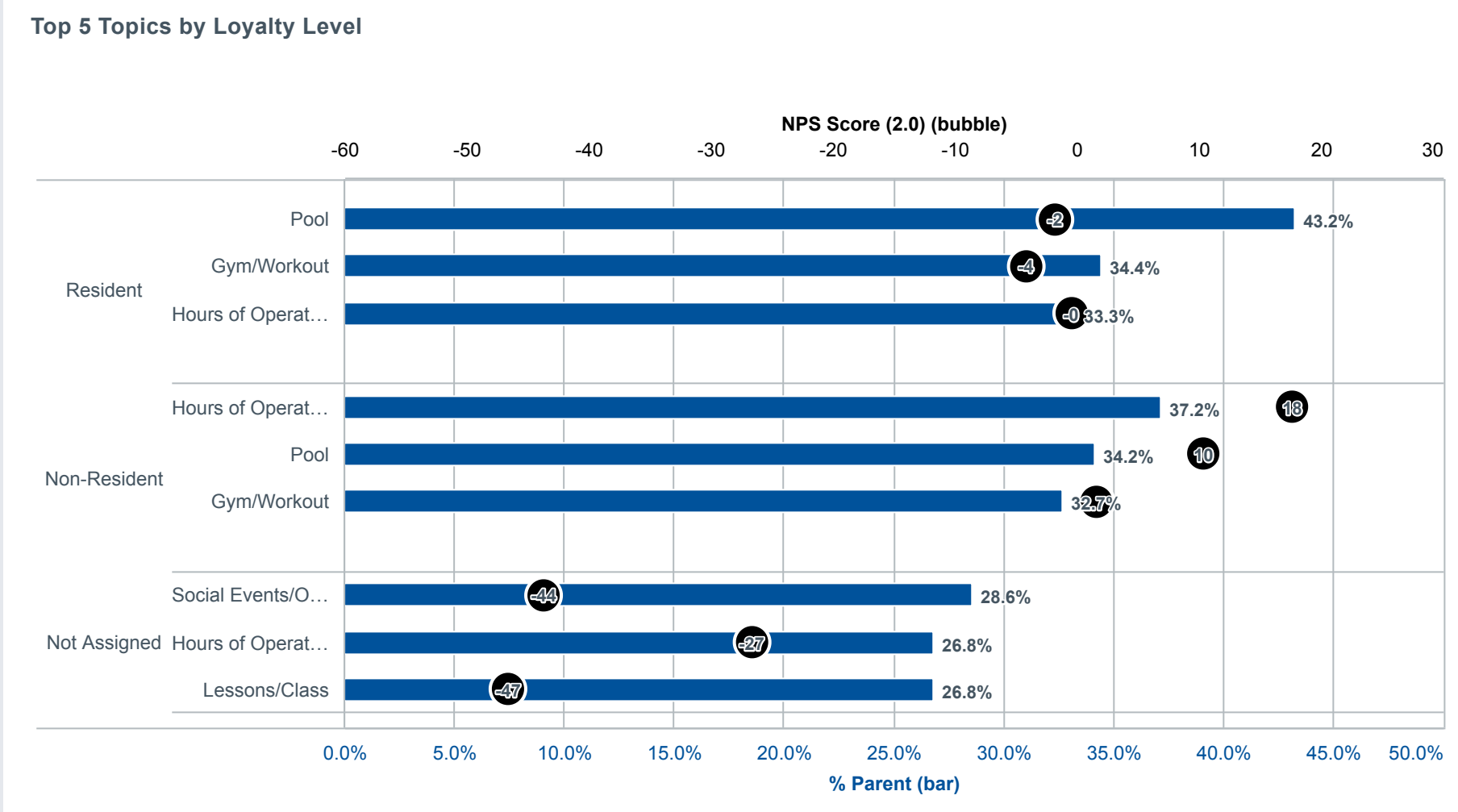
CA Fit&Play Residents have the highest volume with low **NPS** score of 1.

SSC Single Gym Membership Residents, Not Assigned, Play Residents and Play Non Resident have a **negative NPS score**.



Membership	Volume	NPS Score (2.0)
Total	1,085	3
Sec Single Gym Membership Resident	32	-22
Not Assigned	26	-19
Play Resident	89	-18
Play Non Resident	47	-9
Ca Fit&Play Resident	192	1
Ac Single Gym Membership Resident	29	3
Ca Fit&Play Non Resident	87	5
Pp Ca Fit&Play Resident	73	16
Part Time Team Member Ca Fit&Play Resident	28	25
Part Time Team Member Non Resident Ca Fit&Play	29	31

Top Topics by Loyalty Level (Volume & NPS)



High Volume with Low NPS Topic(s)

Resident: Pool (-2 NPS) - Members miss the pool. They would like to open the pool especially the outdoor pools.

Non-Residents: Gym/Workout (-4 NPS) - They miss going to the gym, especially Columbia gym.

Not Assigned: Social Events/Others (-44 NPS) - They miss socializing with family members.

Not Assigned: Lessons/Class (-47 NPS) - Members generally miss going or taking lessons/classes.

Top Topics by Units (Volume & NPS)

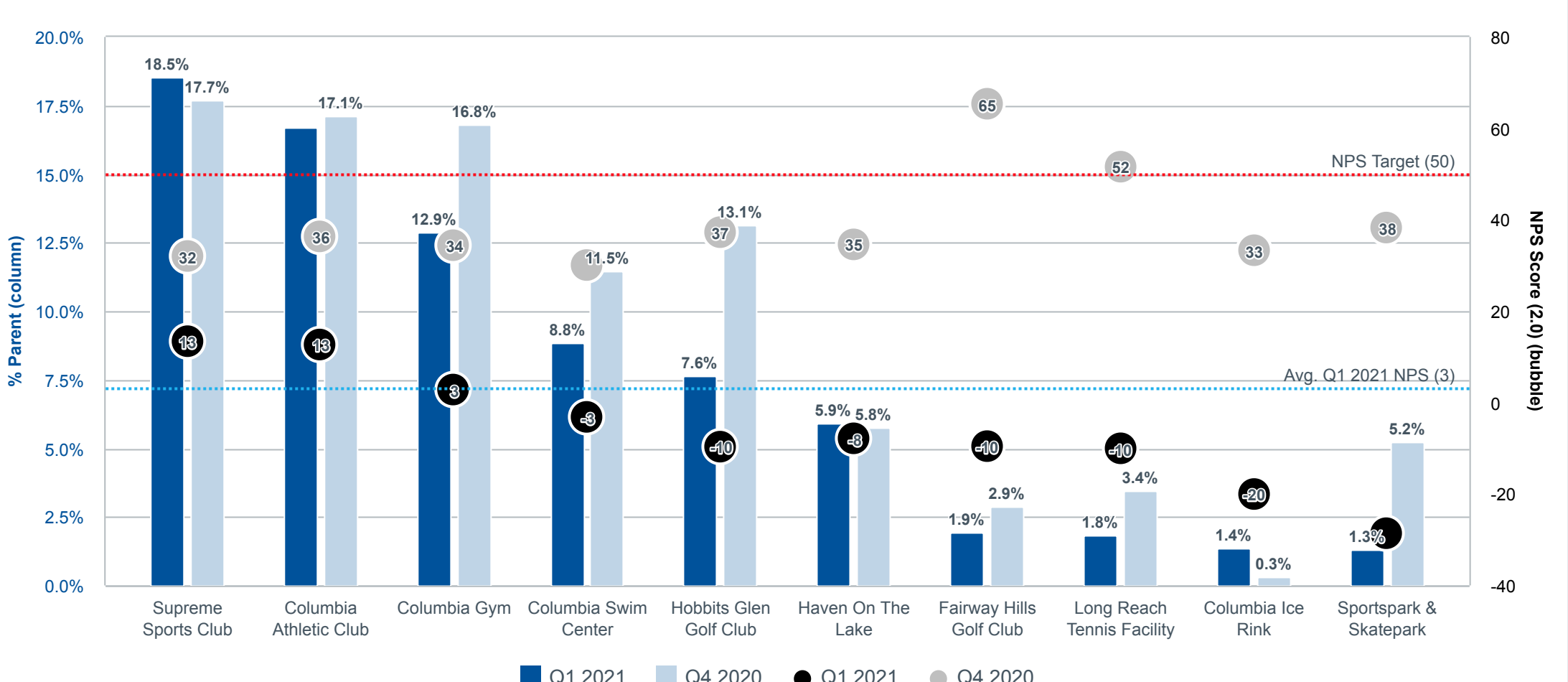
Supreme Sports Club and **Haven On The Lake** are the only two units where volume increased.

Both **Supreme Sports Club** and **Columbia Athletic Club** have the highest NPS of 13 which is **above the Q1 average NPS of 3** but **below the NPS target score of 50**.

Units below Q1 average NPS of 3.

- Columbia Swim Center
- Hobbits Glen Golf Club
- Haven On The Lake
- Fairway Hills Golf Club
- Long Reach Tennis Facility
- Columbia Ice Rink
- Sportspark & Skatepark (**lowest NPS of -29**)

Unit by NPS



Drivers of NPS for High Volume Units

Supreme Sports, Columbia Athletic Club, and Hobbits Glen Golf Club

Members mentioned that they miss going to the gym and working out.

"I miss being able to work out every day."

Columbia Swim Center

Members miss the pool. They would like it to be open, especially outdoors and in the summer.

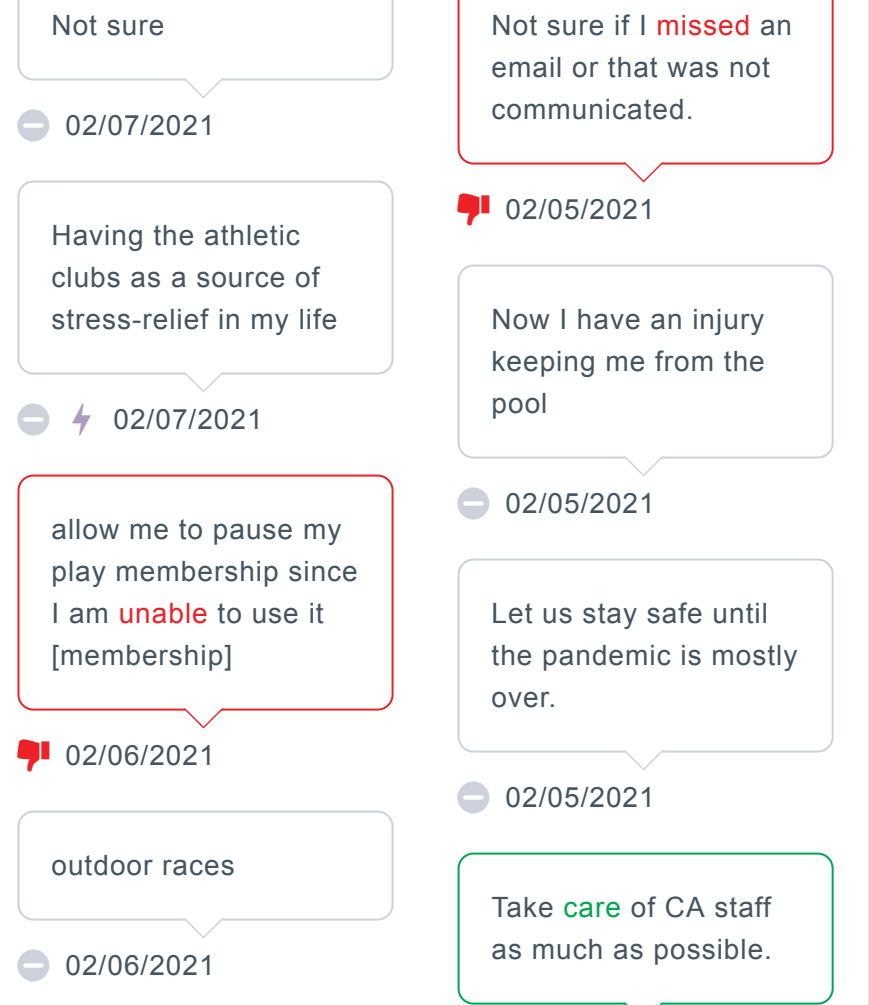
"We really missed out on the outdoor pools - that is a huge part of our family's lives."

"Open the summer pools please!"

Changes in Conversation Among Top Units

Unit Name	Customer Experienc...	Q1 20...	Δ Volume	Q1 2021 NPS S...	Δ NPS Score (...)
Total		1,030		2	(21) ▼
Supreme Sports Club		192	139 ▲	15	(36) ▼
Supreme Sports Club	Gym/Workout	73	62 ▲	8	(55) ▼
Supreme Sports Club	Pool	68	63 ▲	15	(45) ▼
Supreme Sports Club	Lessons/Class	59	48 ▲	17	(47) ▼
Columbia Athletic Club		168	104 ▲	12	(35) ▼
Columbia Athletic Club	Gym/Workout	63	47 ▲	-13	(50) ▼
Columbia Athletic Club	Facility Safety/Rules	56	36 ▲	-2	(42) ▼
Columbia Athletic Club	Social Events/Others - Fami	52	47 ▲	15	(45) ▼
Columbia Gym		130	70 ▲	3	(49) ▼
Columbia Gym	Gym/Workout	60	48 ▲	12	(38) ▼
Columbia Gym	Pool	51	42 ▲	14	(31) ▼
Columbia Gym	Social Events/Others - Fami	49	48 ▲	4	(96) ▼
Columbia Swim Center		94	55 ▲	-4	(66) ▼
Columbia Swim Center	Pool	69	57 ▲	6	(44) ▼
Columbia Swim Center	Hours of Operation	49	43 ▲	0	(67) ▼
Columbia Swim Center	General Comments	22	4 ▲	14	(64) ▼
Hobbits Glen Golf Club		78	33 ▲	-12	(63) ▼
Hobbits Glen Golf Club	Gym/Workout	33	26 ▲	-24	New
Hobbits Glen Golf Club	Social Events/Others - Fami	23	18 ▲	-17	(97) ▼
Hobbits Glen Golf Club	Pool	22	12 ▲	-14	(84) ▼

Feedback



What are your members looking forward the most when it is safe to gather in large groups again?

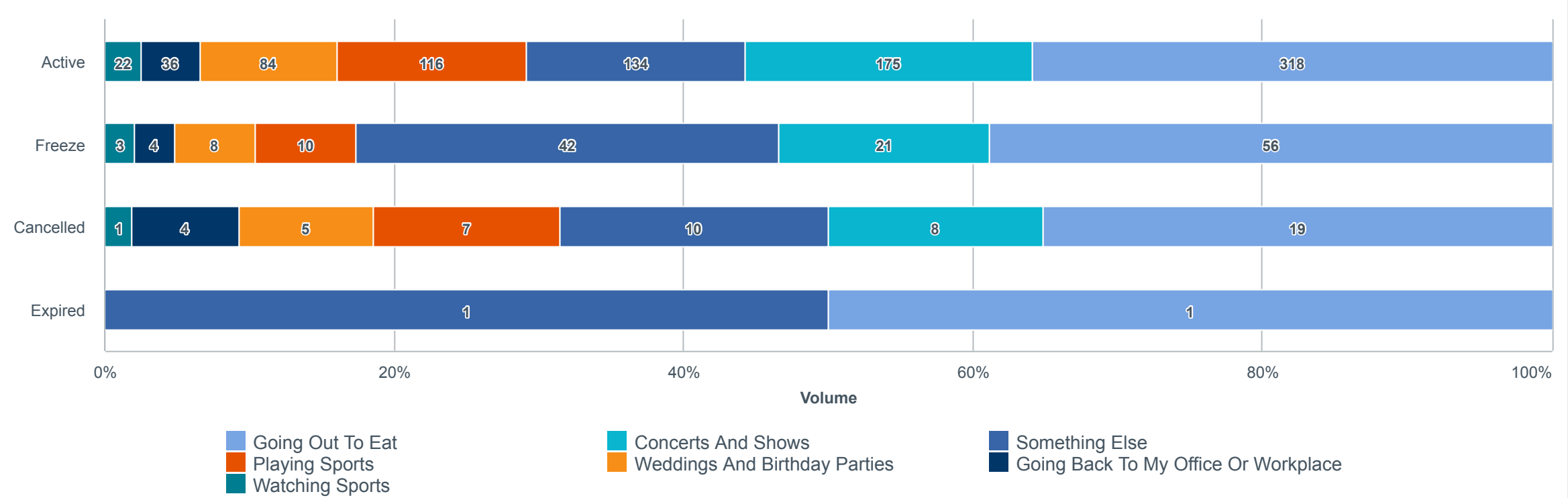
Overall, **Going Out To Eat** followed by **Concerts and Shows** are what members looking forward to the most.

Active - **Going Out To Eat** has the highest volume followed by **Concerts and Shows**.

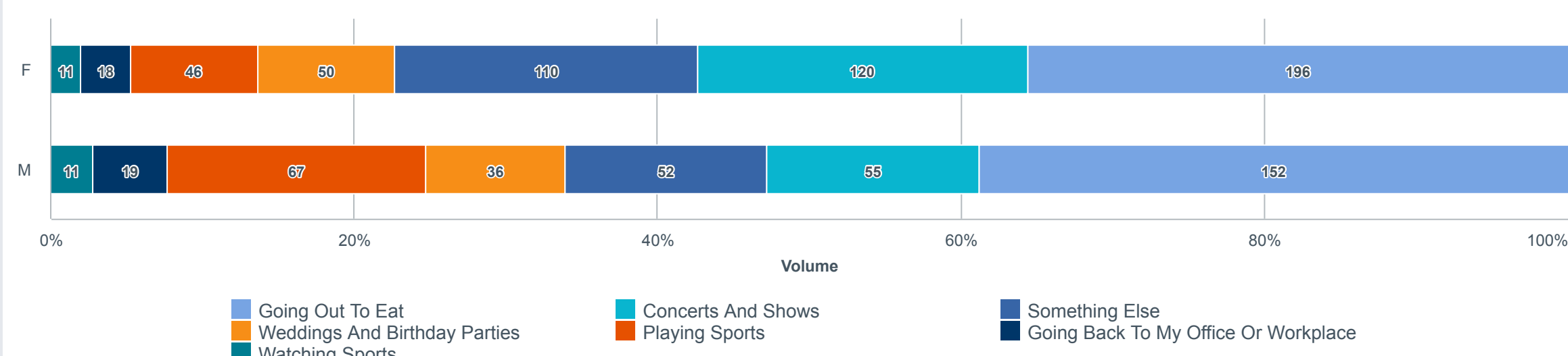
Freeze and Cancelled - Both have the same response that **Going Out To Eat** is what they most looking forward to the most, followed by **Something Else**.

Expired - Has only 2 responses which are for **Going Out To Eat** and **Something Else**.

By Member Status (Member Status is sorted by descending in Volume)



By Gender (Gender is sorted by descending in Volume)



Female - **Going Out To Eat** has the highest volume followed by **Concerts and Shows**.

Male - **Going Out To Eat** is what they most looking forward to, followed by **Playing Sports**.

All **Age Group** top response is **Going Out To Eat**.

Top 3 things that members most looking forward to the most: (The list starts from the highest volume.)

0-24 - **Going Out To Eat, Concert and Shows, Something Else**

25-34 - Have the lowest responses. **Going Out To Eat, Concert and Shows, Wedding And Birthday Parties**

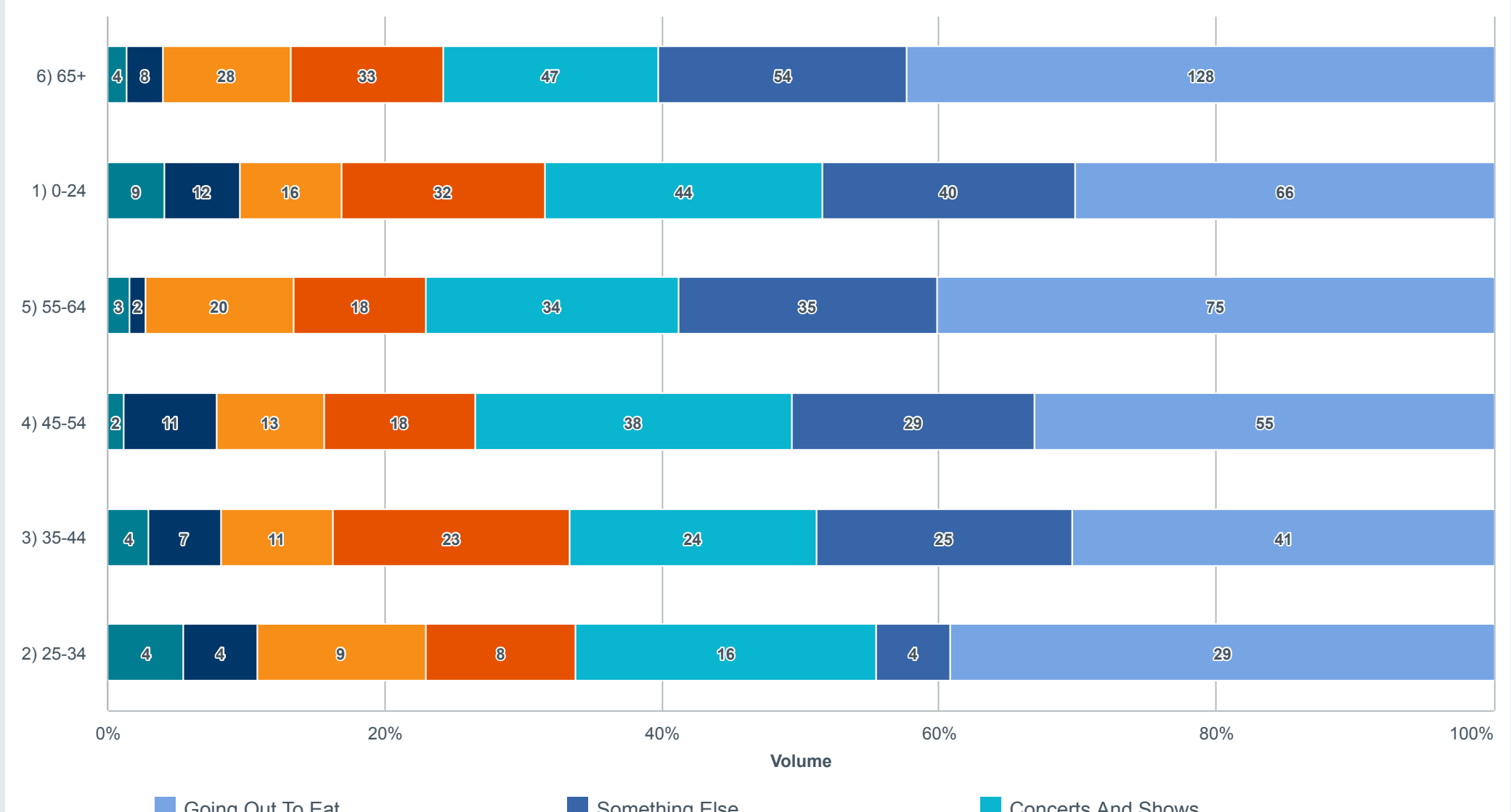
35-44 - **Going Out To Eat, Something Else, Concert and Shows**

45-54 - **Going Out To Eat, Concert and Shows, Something Else**

55-64 - **Going Out To Eat, Something Else, Concert and Shows**

65+ - Have the most responses. **Going Out To Eat, Something Else, Concert and Shows**

By Age Group (Age Group is sorted by descending in Volume)





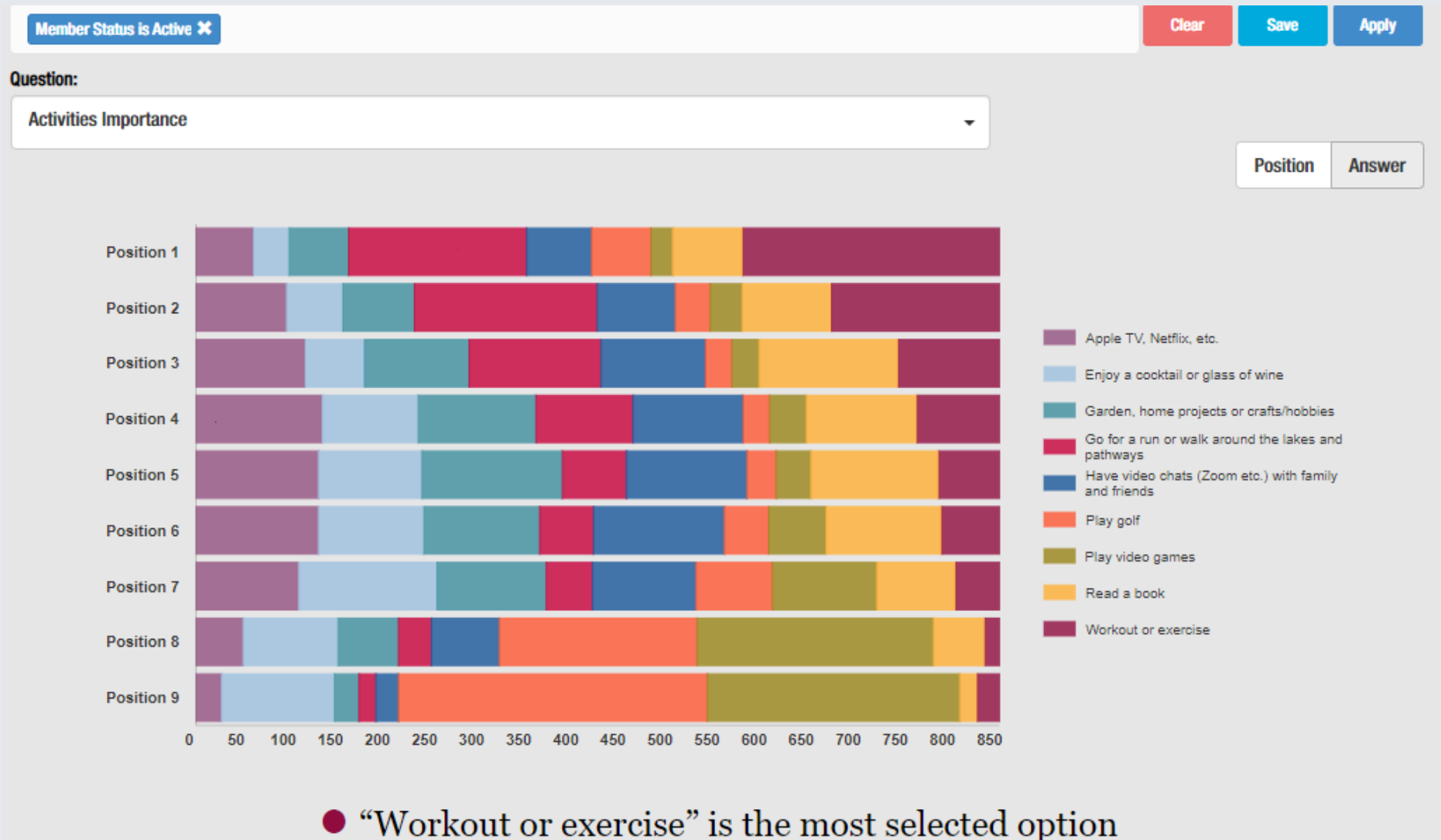
Activities Importance

Q1 2021

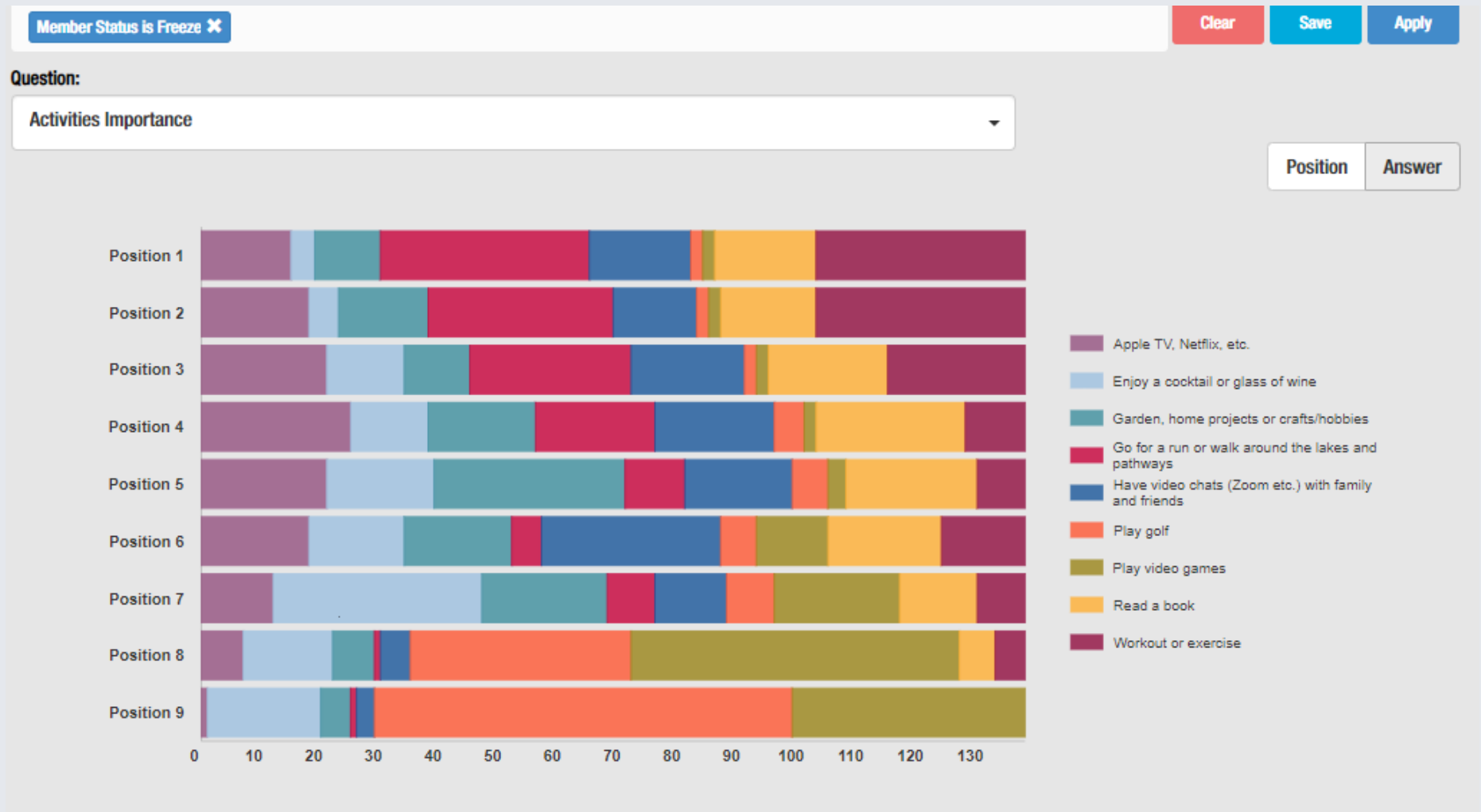
EXECUTIVE SUMMARY

Active, **Freeze**, and **Canceled** membership status: All of their top selection as their important activity is “**Workout or exercise**.”

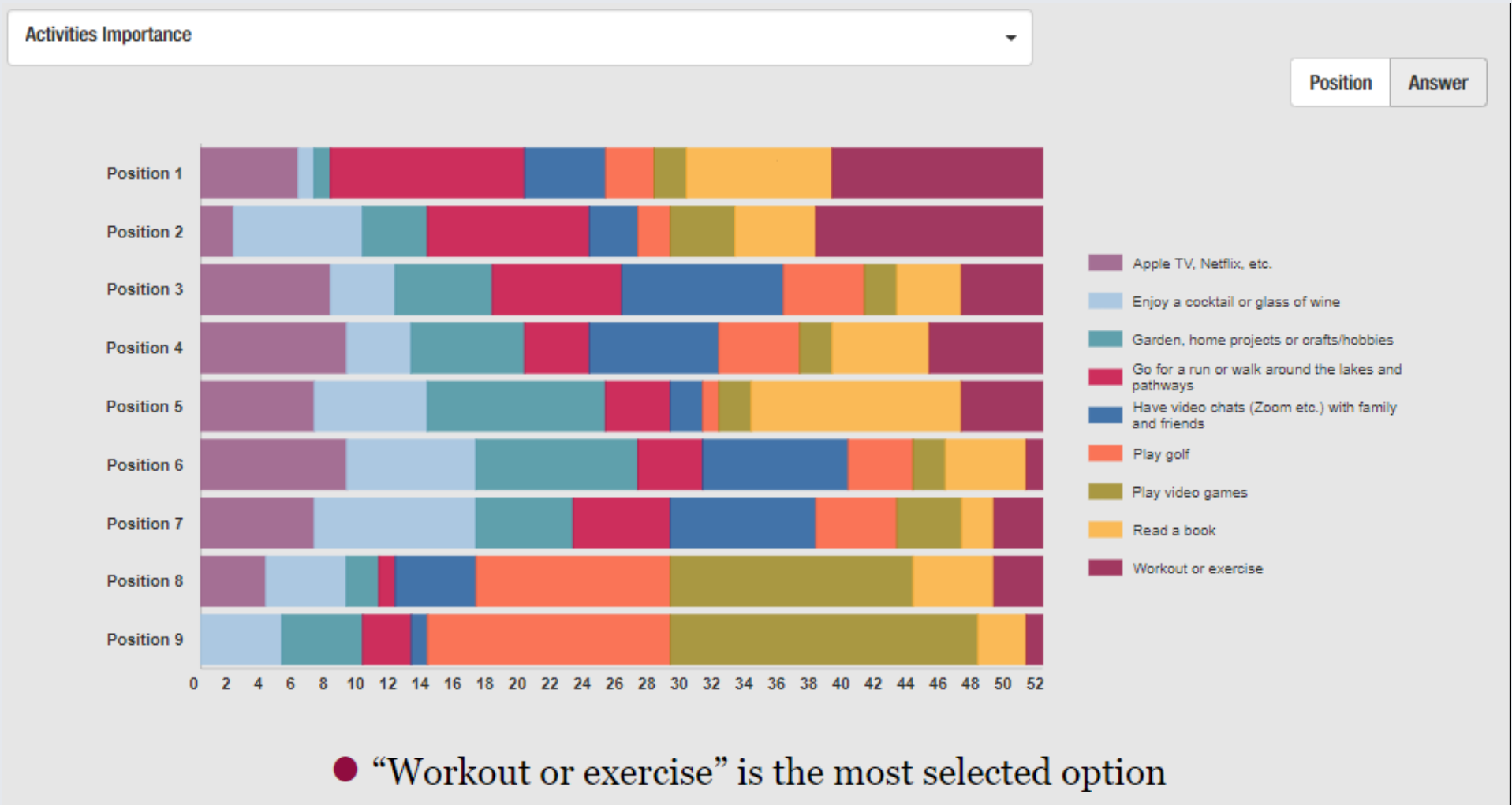
Member Status: ACTIVE



Member Status: FREEZE



Member Status: CANCELED



Board Request Tracking Log
FY 2021
As of March 19, 2021

	A	B	C	D	E	F
1	<u>Originator</u>	<u>Issue/Task Description</u>	<u>Origination Date</u>	<u>Assigned To (Department)</u>	<u>Due Date</u>	<u>Resolution</u>
2	Nancy McCord	Communications to the Community	5/28/2020	BOD; Communications and Marketing	On-going	The BOD is working on a draft overall communications strategy to ensure that a consistent message is given to the community. Communications and Marketing is using the website and social media to inform the community of CA's reopening plans.
3	Nancy McCord	Members wish to pay dues and help CA's financial situation in hopes of using the facilities sooner	5/28/2020	Accounting	On-going	Membership billing to be sent on 6/19/2020. CA is a 501(c)(4) organization and cannot accept donations.
4	Alan Klein	What was the process used to have tot lot removed recently?	11/12/2020	Open Space and Facility Services	12/11/2020	Email sent to BOD

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5	Dick Boulton	Would like a review of the easement between Columbia Association and the Inner Arbor Trust	1/28/2021	President's Office	4/15/2021	
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Resident Request Tracking Log
FY 21
As of March 19, 2021

	A	B	C	D	E	F
1	<u>Originator</u>	<u>Issue/Task Description</u>	<u>Origination Date</u>	<u>Assigned To (Department)</u>	<u>Due Date</u>	<u>Resolution</u>
2	Rosalind Danner	What are the reasons for the increases in FY 2020 Insurance and Taxes expense and Technology Supplies/Expenses, as compared to FY 2019?	7/23/2020	VP/CFO	8/23/2020	E-mail sent on 7/30/2020
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