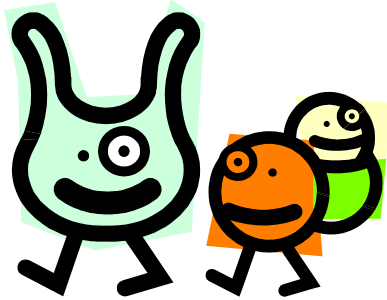


The New Board's First Step!



“New board and president make first move in Village – Decisions on search committee, treasurer draw concern”.

The Gazette's May 9th edition front page head line broadcasted “New board and president make first move in Village – Decisions on search committee, treasurer draw concern”. Staff writer Sebastian Montes wrote “The MVF new leadership is beginning to make its mark after appointing a search committee for a new EVP and naming a permanent treasurer”. In creating the search committee, President Robert Hydorn discarded an 8 member lineup previously rumored and approved a 5 member search committee including the 3 recently elected board members. Hydorn added the selection of a treasurer to the agenda at the meeting and in an unusual closed session the board voted recently elected board member Katherine Gray, treasurer. According to The Gazette's account Hydorn drew criticism for;

1. Adding the selection of a treasure to the agenda “at the last moment”,
2. Calling a closed session of the board during meeting to discuss the search committee make up and treasurer appointment.
3. Appointing a board member as treasurer as opposed to a non board member
4. Rejecting a previously recommended 8 member search committee structure and is proposed member composition

In discussing the search committee decision, Board President Robert Hydorn stated the newly elected board members who now control the voting majority are “looking at the new direction” mandated by the election results. In appointing Katherine Gray as treasurer the board purposely selected a person with extensive professional and educational background in business and finance.

Gazette staff reporter Sebastian Montes wrote, several HOA presidents in the Village disagree, and are alarmed by the board's actions. Patton Ridge Homes Corporation president Ed Brandt sees Hydorn and the new board members as having aligned into a “cabal” that is now making the kind of “surreptitious” moves that Hydorn, King, Johnson and Gray roundly criticized the previous foundation leadership for. The way this was done was by subterfuge and by ignoring protocol, ignoring 40-year history of the Village; this certainly is not the open administration they said it was going to be.” Board member John Silliman said he was disappointed in the way the search committee was changed at the last minute and without public discussion, and objected to the decision to appoint a

board member as treasurer. He cannot remember at any point in his time on the board in which the treasurer was someone who had no ties to the board. That independence is healthy”.

The Observer’s View



Aside disregarding tradition, protocol and history the actions current voting majority should come as no surprise. The decision of the board’s voting majority was driven by lack of positive board action on filling key positions 288 days after Zakian and Barber’s resignations. Remember the election mandate validated King, Johnson and Grey’s call for financial reform and to place in motion an effective action plan to staff senior staff vacancies with competent, qualified professionals. As published in the January 19, 2007 Village News MVF Election feature here are their statement of candidacy response to the questions “What do you consider as priority items to be addressed by the MVF Board of Directors’ and “What proposal do you have to assist in implementing your concerns?”.

Financial Reform



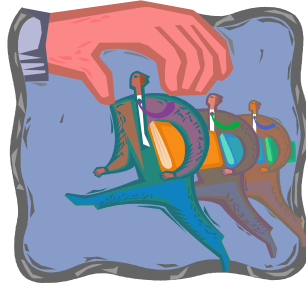
“My priorities include ascertaining the reasons for and correcting the MVF’s pattern of deficit spending; establish a clear and manageable business plan; creating cultures that ask ‘Does this make sense?’ I believe confidence in Village finances would best be restored through a one-time independent audit and creating strong job descriptions and search criteria for the executives we must hire. Once the audit is performed, the board can establish a sound business plan for managing Montgomery Village.” **Katherine Gray**

“We must address our serious financial situation. For the third consecutive year, the Board has approved a deficit budget. We must live within our means. The Board’s fiduciary responsibility to Village residents requires nothing less than their best effort at formulating a budget which provides for realistic estimates of income and expenditure and appropriate contributions to reserves. To address the MVF’s critical financial situation, I would bring in new CPAs and financial performance auditors to get our financial house in order. Financial statements

must be accurate, month to month. I believe the ongoing income shortfall is a disaster for the Village. **Scott Johnson**”

“Board priorities must include putting our financial house in order and improving the appearance of the Village. The MVF Board needs an immediate plan of constructive action to deal with the serious financial issues before it. As a Board member, I pledge to help develop that plan. **James King**

Staffing Senior Staff Vacancies



“My priorities include restoring confidence in Montgomery Village by hiring the best executives we can recruit. The board has the very important responsibility for hiring the next MVF executive vice president and a new director of finance. I have been involved in executive searches and feel my experience in that area would benefit the community.” **Katherine Gray**

“My other main priority is helping hire the best executives we can find to run Montgomery Village. Our residents deserve that. I pledge to use my years of experience in hiring executives for non-profits to assist the board in getting the very best director of finance and executive vice president we can find.”
James King

The 2007 MVF budget allocated \$4,720,000 for staffing and personnel or 65% of the entire \$7,360,000 operating budget. The ability of the foundation to cost effectively manage its operations; deliver recreation and residential services; maintain and preserve facilities, lakes, streams and other assets as well as effectively govern depends on the existence of a stable, trained, experienced, dedicated and effective workforce.

The MVF board of directors has the duty, responsibility and obligation to hire fire and supervise the staff. However, MVF has a history and tradition of failure to attract, hire and retain qualified, experienced professionals to fill certain senior staff vacancies. The foundation is slowly gearing up to conduct its fourth EVP job search since 1991 when Pat Huson first retired and Peter Kristen was promoted to the position. During this period twice, Pat Huson returned to the staff as the Interim EVP for a 10 month term each time. As the tenure declined with each succeeding EVP (96, 42 and 30 months) so too did their perceived performances.

As painful as it may be to think about, if we as a community are to learn from MVF’s personnel hiring history, traditions and practices we should acknowledge that the hiring of John Zakian was a disaster of epic proportions.



In 2004 when Diane Vogel left as Director of Administration and Finance, Glenda Hoagland, the Financial Affairs Supervisor, served as interim director until Geraldine Barber was hired in December 2004. Ms. Barber resigned in August 2006 and the position has been filled by Lois Campbell, a former board member and treasurer for the past 10 months. A disquieting thought at best.

As reported in the May 2005 edition of *The Gazette*, a Director of Community Management position was filled by Jose Ponton Jr. after the foundation's first choice initially accepted the position, then accepted a different job offer". Debbie Cipriano, the deputy director of the department was appointed interim and is now the permanent Director of Community Management.

The MVF annual report list Mike Conroy as Acting Director of Communications. Prior to the 2006 annual report Sharon Goldberg was list as the Director of Communications for the better part of a decade. During the last year Rob Meier was hired in the newly created position of Director of Landscaping and public Works.

Before the May MVF board meeting other than reports in The Gazette and The MV News Pat Huson, Interim EVP, was looking forward to working with the "search committee", there was no board actions, reports to the board, proposal before the board, and/or in the official communications in The MV News that there was:

- ☆ A board agreed, approved or draft statement of qualifications, position description and/or the board short term and long term goals/ expectations of a selected qualified candidate.
- ☆ A job search plan for board approval that outlines how, when and who will seek, advertise, screen, evaluate, compare, investigate prior history and background of applicants and candidates and make reports and recommendations to the board.
- ☆ A draft recommended or proposed ad hoc search committee charter and terms of reference for board approval.

The May 2005 MVF board meeting was over 9 and half months since the EVP and DAF positions have been open, which is more than enough time to make a baby and fill a key position. But in both situations, however, you have to start the process.

Appointment of Katherine Gray as Treasurer

The Community Associations Institute (CAI) publication “The Role of The Association Treasurer” by Howard Goldklang, CPA, and MBA states “There is nothing of greater importance to the association than its financial health. The treasurer is the board member charged with that responsibility. The treasurer must be proactive in pushing the community toward the sound financial objective discussed in the following pages of this report.”

The treasurer is an officer of the board of directors. In most governing documents the officers are the president, vice president, secretary and treasurer. Many documents allow the board to appoint a non board member as the treasurer or secretary. The officers of the board are in no way independent of the board, its duties, obligation and powers and to suggest a treasurer as an entity independent of the board as a goal, policy, tradition or concept is absurd.

Goldklang outlines the following “Guide Posts” of duties and responsibilities of the treasurer:

- ☆ The treasurer is the financial voice of the board of directors and the community.
- ☆ The treasurer should be aware of all of the critical areas of financial responsibilities and coordinate those financial activities between the board of directors, the community and the management agency.
- ☆ The treasurer should be the board’s liaison to the association’s auditor and monitor the progress of the annual audit. The treasurer should also make sure that all appropriate tax returns are filed timely.
- ☆ The treasurer should implement a replacement reserve program based on an engineering study and see that there is appropriate and adequate funding.
- ☆ The treasurer should make sure that there are safeguards in place to protect the association’s assets.



The current proactive MVF board voting majority should be applauded for breaking with the past with its non traditional decisions. It was the first step to change the history and tradition of board non action and move forward with the mandate of the election to “put our financial house in order” and “hire the very best director of finance and executive vice president we can find”.

References

Howard Goldklang, “The Role of the Association Treasurer”, Community Associations Institute, Alexandria, Va., 1992.