

**Highlands at Ocean Point Condominium Association
Board of Trustees Meeting
November 16, 2015
Unit 414**

Attendance: Lesley Pitts (Chair), Helen Jones (Secretary), Gary Gersten (Treasurer), Tony Baldwin, Pam Claughton; Maintenance Coordinator Donna Crone.

Observers: Rita Potocsky, Ginny Sands, Nancy Carini, Andrea Swart, Sue Brissette, Marilyn Marvill, Marie and Tom Young

Summary of Board Actions Taken in the Meeting:

- Unanimously passed a \$413,922, budget for 2016, and 11% increase over the 2015 budget, and therefore passed an 11% increase in the 2016 annual assessments/condo fees.
- Funded the special projects line at \$10,000, which will just cover the bid for sealcoating. If we end up with a cost savings in any area, we may also be able to remove one or more widow's walks.

At a regular meeting of the Highlands at Ocean Point Board of Trustees, held in Unit 414, on Monday evening, November 16, 2015, the Chair called the meeting to order at 6:04 p.m.

I. 2016 BUDGET

1. The first order of business was the Treasurer's report back on questions posed to Lorell.
 - a. Regarding our inquiry about the \$500 budget line for income tax, \$500 annually: this amount has been carried over for many years but we do not use it. The Treasurer will remove the \$500 line item from the budget.
 - b. Regarding our request to adjust 2015 expense reports: Lorell will adjust the maintenance and special project actual expenses for 2015 to move special projects out of maintenance and into special projects.
 - c. Regarding our current status regarding monthly reserve contributions and repayment of loans from reserves: Lorell replied that they will make the required monthly contributions by the end of the year. We will also repay what we've borrowed from reserves, but not by the end of the year.
 - d. Regarding our question to Lorell as to which 2015 expenses were deemed replacement and paid out of reserves rather than operating costs: Lorell advised us that it is the Board's decision, rather than Lorell's.
 - e. Regarding our question as to whether responsibility for determination as to what expenses may be classified as replacement and charged to reserves, and any related liability, reside with the Trustees or with Lorell: the responsibility and liability resides with the Association.
 - f. Regarding our question as to whether, should an expense that we charge to reserves be disallowed by the IRS, we would simply need to reverse the entry and correct the financial report, or whether there would be fines and interest from the IRS: If we were audited, the Association would be charged fines and interest for charging to reserves an ineligible expense.

No action taken.

2. The next order of business was an update on the 2016 OPMT budget and HOP's 2016 dues to OPMT.

The Treasurer stated that the Highlands is currently responsible for 58.41% of the OPMT annual budget, based on assessed values of both properties per the OPMT declaration of trust. HOP's OPMT dues will increase to \$113,983 in 2016, partly due to changes to regulations that we must now meet. This OPMT expense is \$21,985 higher than HOP budgeted for 2015 (24% higher), and \$15,734 (16%) higher than 2015 HOPs actual OPMT dues when we include the additional charged mid-year for winter damage to our boardwalks and tennis courts.

The projected OPMT expenses that account for this increase include necessary maintenance and upgrades to the wastewater treatment plant, and the need to increase pumping from 2 times per year to 4 times per year (at a cost of \$5,500 per pumping, this accounts for \$11,000 of the increase). The more frequent pumping is necessary because our nitrate levels have been too high. While there is a possibility we could get away with 3 pumpings, we also need to replace 4 tanks, cisterns, or buckets, at \$2,000 each. Additionally, the costs of electricity and insurance for the treatment plant have both gone up. Other OPMT expenses budgeted for 2016 include scheduled repairs to the second tennis court.

OPMT is also looking at possible conversion to a propane-based heating system for the treatment plant. Currently, there are electric heaters that have to be maintained at a certain temperature. The plan is to investigate in 2016 the impact of conversion to propane, for possible implementation in 2017. While this will involve some up-front expense, the cost savings are estimated to pay back the up-front cost in 3 years, at which point the savings would provide some relief in the budget.

The Treasurer explained that part of the reason the increase is so steep in a single year is that, 3 years ago, a recommendation was made to implement a staggered approach (3%, 4%, then 5%, over 3 years) to increasing the OPMT budget to cover increasing costs. However, this was never implemented, so now it has become necessary to impose a greater increase in a single year to meet rising costs.

No action taken.

3. The next order of business was a review of estimates for Special Projects identified for 2016.
 - a. Sealcoating and line striping of parking lots: The Maintenance Coordinator distributed to trustees an estimate of \$9,985 from T&K Asphalt Services, the vendor who did the job last time. This estimate includes line striping and numbering/lettering of 194 parking spaces, and is good until Nov. 27, 2015. There was discussion of whether we should get another bid. Last spring, NE Sealcoating repaired winter damage to the sidewalk and parking lot at building 4; however, building 4 residents complained about the quality of the job. There was a suggestion that there could be an advantage in using the same vendor, so they could see how their work lasted, and perhaps make adjustments if needed. Decision: After the winter, the Maintenance Coordinator will get another bid. Trustees Baldwin and Gersten should be present when the vendor comes out in the spring; scheduling should accommodate this.
 - b. Removal of remaining widow's walks: We don't have an estimate yet. The Maintenance Coordinator reported that Falcone and Cape Cod Roofing have done this work in the past, and that Cape Cod was half the price of Falcone, and they did a great job. She also explained that, rather than pull the post out and leave a hole in the roof, the process involves cutting the post off and covering it. It was suggested that, if they blow around in the wind, they could be secured with screws rather than removed.
 - c. Either repairing more spots or the completion of all repairs to Northeast wall of Building 4: The Board requested an estimate to replace the entire north wall of building 4, because full replacement would be an allowable cost from reserves, without needing to pay back, and thus would not impact the annual budget nor contribute to increased condo fees. We have an estimate of \$70,120 from Chris Murphy to replace the entire north wall of building 4. There would be an additional charge of \$925 for each ledger board that is found in need of replacement. The Board

also requested an estimate to repair just the next most urgent soft spots; however, we do not yet have this estimate.

- d. Consideration of addition of gutters to Northeast wall of Building 4: The Board also requested an estimate to install gutters on the north wall; we do not yet have this estimate.
- e. The Board also requested that C. Murphy assess what remaining repairs need to be made to the back wall of Building 29 (flashing where decks join walls). This assessment has not yet been made.

Next Steps:

The Board requested that the Maintenance Coordinator ask C. Murphy to provide estimates on each specific building 4 unit still in need of repair, and other estimates in the list above that are not in yet.

The Board also requested that the Maintenance Coordinator ask C. Murphy, when he has time, to assess the condition of the walls not only on building 29, but also 25, 30, and 24.

It was noted that the Board does not assume all problems that may be found can be addressed in 2016, but it needs complete information in order to make a long-range plan.

There was a brief discussion to assess the Board's comfort level for spending from reserves. In response to a question as to the amount currently in reserves, the Treasurer reported that there is about \$208,000. The discussion revealed that the Board at this time is comfortable only budgeting for the sealcoating. No decision will be made on the rotted walls on buildings 4 and 29 until we have more information. If we end up with any cost savings in any area, we may be able to take down one or more widows walks; however, we need estimates to make this decision.

Decision: The sealcoating and line striping will be prioritized for 2016. If we end up with a cost savings in any area, we may also be able to remove one or more widows' walks.

4. The next order of business was a review of projected costs of 2016 contracts for Ongoing Services.

Elevator annual testing (Sounder Systems): The Maintenance Coordinator reported that Sounder Systems will charge \$680 for elevator testing if they do all 4 elevators at the same time. One at a time, the charge is \$510 just to come out.

The following 2016 contracts or proposals are not yet in:

- elevator lubrication service agreement (Associated Elevator)
- elevator maintenance & repair (Associated Elevator)
- fire alarm quarterly monitoring, annual testing, service and repair (Sounder Systems)
- fire sprinkler inspection, maintenance & repairs (Fire Sprinkler Specialists)
- fire extinguisher inspection (Ralph J. Perry)
- freeze alarm monitoring service and repairs (Alarm Concepts)
- lawn maintenance (Egan Landscape)
- weed control, grub control, lawn treatment (Superior Lawn & Shrub Service)
- trash and recycling removal (Lombard's Waste Services)
- janitorial services (Triggs Family Cleaning)

No action taken.

Next steps: As 2016 contracts and/or proposals come in, the Maintenance Coordinator will forward each one to all Trustees.

5. The next order of business was a review of insurance-related costs for 2016.

- In response to the question as to whether the \$52,600 in the draft budget represents our annual insurance policy cost, the response was that \$52,600 is budgeted as a projected percentage increase/placeholder; actual quotes will come in later.
- The Board having voted by email over 9/30/15-10/1/15 to get an independent assessment of the replacement value of the property, the question was raised whether to add to the budget \$1,500 for that purpose, or reconsider the vote. The Board decided to postpone action on this until we have budget figures in place and see how spending goes.

No action taken.

6. The next order of business was an opportunity for observers to ask for additional clarifications on the budget, prior to a vote.

Having distributed copies of a budget development worksheet to the Trustees and observers, the Treasurer made some opening comments to explain the draft budget under consideration:

- The 2016 budget represents an increase over our 2015 budget, but it reflects our actual 2015 spending
- In the worksheet, budget lines with the largest increases over the previous year are highlighted in yellow.
- Several new subcategories are being added under maintenance, to help us better track spending
- The figure under reserves represents the 10% of annual operating costs that we are required by law to set aside for reserves.
- The bottom line of \$413,922, represents an 11% increase over 2015.

Q: Regarding special projects, will widows' walks over porches be removed?

A: No, widows' walks over porches are not intended to be removed.

C: In that case, they do need to be painted.

Q: Have we budgeted to repay our existing debt for funds previously borrowed from reserves?

A: No, the plan is to get through this year first before addressing repayment to reserves.

Q: Looking at the 11% increase, one never hears of fees going down. If the budget is less next year, would fees go down?

A: Theoretically, yes, but it's unlikely. The reality is that we have a long list of things that we need to do. Most costs go up. However, there is a possibility of the OPMT budget going down net year; this is our biggest expense.

Q: In the previous 3, 4, 5 years, do you think that there were costs that could have been anticipated that were not budgeted?

A: Yes. It is apparent when you compare budgeted costs with actual spending, especially in utilities.

Q: Our fees have been the same for how many years?

A: There was no increase in 2015. The two years before that, there was a 6% increase in 2014 and a 5% increase in 2013. There were no increases at all over the four year period from 2008 through 2012 (minor fluctuations were less than 1%). The Capital Needs Assessment recommended a percentage increase each year to be prepared to meet future needs; but we have not implemented that recommendation.

Q: In this increase, are we paying for the sins of the past?

A: Maybe catching up with increased costs never passed on is a better way to think about it. If you take a longer view than a single year, the 2016 budget represents a 24% increase over 2008, which averages out to 3% per year.

Q: I'm concerned about how many owners are not here to understand about why this increase is necessary at this time.

A: We will use every communication mechanism that we have to explain the budget and the necessary increases to owners. Those owners who are here tonight can help to get the word out and explain what they have learned by coming to meetings about why the budget needs to increase.

C: Thanks to the Board for following up on owner input, and being very open and communicative.

Q: Will fees ever go down?

A: We don't know, but we'll have more information next year. The reality is that costs seldom go down.

C: (An owner observed:) Most homeowners are familiar with the reality that some costs go up and some go down each year. For example, when electricity goes up, maybe gas goes down. It's probably not realistic to expect fees to go down. Maybe the best we can hope for is that there will be a couple of years in which fees don't go up.

A: The Treasurer commented that that is the intent of this Board.

C: Regarding our insurance: An owner commented that HOP's blanket policy covers a lot more than we think it does, and that owners should take a look at their unit coverage in light of HOP's blanket policy. He recommended calling HUB International, and leaving a message for Pamela Ryan.

A: The Treasurer offered to call HUB International on behalf of all owners and get the information to all. The Maintenance Coordinator suggested that the information, once acquired, be shared in the newsletter; the Secretary agreed to include it.

7. There being no more questions on the budget, the Chair called for a vote on the proposed 2016 budget.

The Secretary indicated that her only reservation about this budget is that it does not include any funds to address additional repairs needed to building 4's north wall. Anywhere that water may be getting in above the areas repaired this summer are a special concern, as water that continues to get in undermines the money we spent on repairs at 414, 401 and 404. The other Trustees assured that if a repair is determined to be critical, it will be addressed.

The Maintenance Coordinator noted that there are 42 sprinkler head escutcheons missing in building 29, and that replacing all sprinkler heads is estimated at \$9,900. Trustees responded that, in light of the current budget, this would not be considered critical.

The Maintenance Coordinator also reported that she had talked to an electrician about installing programmable thermostats for the heaters in common areas, to help conserve electricity. The cost would be \$250-\$275 per heater. Building 25 has 10 heaters. This also is determined to be not critical at this time. The Treasurer commented that, if we want to control costs, avoid turning up the heat in the common hallways.

On the motion of Trustee Baldwin, seconded, the Board unanimously passed the following, \$413,922, budget for 2016. Note that the budget represents an 11% increase over the 2015 budget, and therefore includes an 11% increase in the annual assessments/ condo fees:

	Line by line	Category subtotals
INCOME		
Condo Fees Revenue	\$413,922	
		\$413,922
EXPENSES		
Administrative & Professional		
Admin. Management (Lorell)	\$12,500	
OPMT	\$113,983	
On site property management	\$9,000	
Legal	\$1,500	
Accounting	\$2,500	
	Total Admin. Cost	\$139,483
Operations		
Taxes and fees	\$0	
Office expense, web site & postage	\$1,800	
Insurance	\$52,600	
Electricity	\$28,000	
Water	\$9,500	
Trash	\$12,000	
	Total Operations:	\$103,900
Maintenance and Repairs		
Maintenance & repairs	\$18,000	
roof repairs	\$3,000	
painting		
asphalt repairs		
electrical repairs		
Maintenance contractor	\$21,000	
Janitorial services	\$5,400	
Lawn maintenance	\$26,000	
Lawn care weed control	\$5,500	
Snow removal	\$10,000	
Pest control	\$500	
Fire alarm service	\$6,000	
Fire sprinkler maintenance	\$7,700	
Sensor and alarm monitoring	\$2,200	
Elevator maintenance	\$13,610	
Elevator phones	\$4,000	
Special Projects	\$10,000	
sealcoating & striping parking lots (2016)		
*removal of existing widows walks (2016)		
*contingent on funds remaining after sealcoating is completed		
	Total Maint. & Repairs:	\$132,910

Reserve and Restricted Contributions	\$37,629	\$37,629
GROSS EXPENSES UNADJUSTED DRAFT		\$413,922

II. FINANCIAL MATTERS

1. The next order of business was a review of highlights from the monthly financial report. The Treasurer reported that he will be keeping a monthly worksheet to review all bank accounts.
2. The next order of business was a report back from the Treasurer with recommendation regarding whether to move the insurance reserve insurance account to Rockland Trust (as recommended by Lorell). On the recommendation of the Treasurer, this item is postponed till December while the Treasurer reviews reserve account requirements in the Declaration of Trust.
3. The next order of business was an update on the FHA application. Despite several requests, Lorell has not provided the additional information requested.

No action taken.

III. MAINTENANCE UPDATE

1. The next order of business was a review of the current maintenance log. The Maintenance Coordinator distributed to Trustees a section of the maintenance log, showing the status of requests from October 20 through November 11, and a separate list describing of the status of 5 jobs.
 - In response to a question about open jobs still showing as open on previous pages, prior to October 20, the Coordinator replied that they are all completed.
 - In response to a question about an email reminder from 3013 owner regarding E. Miller's recommendation that an air leak needs to be sealed from the outside by a roofer, the Maintenance Coordinator stated that this has been done, and that the owner should contact her again if she continues to experience cold air.
 - Item #1563 & #1562, unit 2507, pipe near furnace leaking and shingles in need of replacing: The main water line above furnace has a small leak and needs repair. The plumber stated that he needs to rent a tool so that he doesn't torch the pipe, as the pipe is located near the heater. He will fix it Monday Nov. 23. This unit also has some shingles in back that need replacement; Earle Miller will do this.
 - Item #1561, parking lights at 29/25 parking lot not coming on, completed.
 - Item #1550, unit 2410: The leak is fixed and ceiling repaired; it just needs one more coat, Earle will do it within 2 weeks.
 - New item not yet showing on Maintenance Log: unit 2906: The owner is concerned about cold air below her kitchen window possibly causing her kitchen pipes on the outside wall to freeze again, as they did last year. Earle will spray some foam there. The Maintenance Coordinator will also advise the owner to wrap the pipes and let them drip to avoid freezing.
 - In response to a question from the Chair about what maintenance priorities are for the remainder of the year, the Maintenance Coordinator replied that Earle is installing Azek mounts on the exterior lights on the buildings.

The Chair asked the Maintenance Coordinator to bring to the next meeting a list of the big projects she foresees for 2016.

No action taken.

2. The next order of business was a report back on various other outstanding maintenance issues.
- a. Repairs to east end of Building 4 exterior wall (units 401 and 404): These have been completed by Chris Murphy, Organic Builders. The Chair asked if Trustees Gersten and/or Baldwin would look at the work; T. Baldwin said that he would.

A storage cabinet at 404 has collapsed and remains broken on the patio outside 404. The Maintenance Coordinator will talk with the owner about it.
 - b. Report on condition of underdecking on unit 2414 and its impact on 2415: E. Miller inspected the top of 2414's underdecking beneath 2415 deck boards and found standing water. The underdecking is slanted toward the building, trapping water against the building. Contractor Murphy reported that the underdecking at 401 and 408 are also incorrectly installed. The Maintenance Coordinator has asked Murphy to provide a construction drawing representing correct installation. When the Board receives the drawing, it will write up specifications and come up with a standard for underdecking installation. Next, a communication will be drafted to owners to either come up to the standard or remove the underdecking.
 - c. Monitoring of mold in Building 4 basement: The Maintenance Coordinator reported that a couple of spots had been missed when the mold was treated with Tylex. She will inspect the area every other week. If the mold reoccurs, we will open up the ceiling and put in a vent.
 - d. Elevator in Building 4 reset to return to first floor: completed.
 - e. Update on status of power washing, sanding and sealing decks with mold:
 - Building 4 is completed.
 - Building 24 has not been done.
 - The balcony on unit 2506 is all prepared; Earle will install pressure-treated wood. At that point, building 25 will be pretty much done; the Maintenance Coordinator will confirm this.
 - The Maintenance Coordinator reported that, on building 29, 2903 deck is almost rebuilt, the painted deck on 2914 will be addressed in the spring, and that she will check on the rest of building 29.
 - Next year, every deck will be inspected in the spring on 2016. Working from the top down, critical decks will be addressed first, and the rest will be put on a plan/schedule.
 - f. Update on status of building 30 leak through elevator light fixture (reported by 10/1 by 3009 owner): The Maintenance Coordinator reported that the area is no longer leaking, but that Cycle Roofing is coming on Monday 11/23 to address it. Cycle Roofing is also looking at a small leak in a closet in unit 2513, and investigating a possible animal problem in unit 2903.
 - g. Update on the broken and inadequate mailbox at Buildings 25 & 29: This mailbox is owned by the Association rather than by the post office, therefore, the postal service won't service or fix it. The post office has Donna's name and number and someone will come out to look at it.

No action taken.

3. The next order of business was a decision on the proposed fix for unit 3008 air conditioner blowing hot air into the kitchen window of unit 3004.

Earle Miller provided The Treasurer with a sketch of a proposed solution. The Treasurer recommended that he does not see this proposal as a viable solution, for two reasons. First, deflecting hot air back to the compressor will not allow the air to properly circulate around the condenser and potentially burn it out, causing a major expense to the home owner. Second, the Treasurer stated that this is not an uncommon situation, and responding to it this way would create a new structure at unit 3004, and potentially at any other unit with a similar problem. He concluded

that the proposed solution is not in the best interest of the condo association. The unit owner commented that she has still not seen the drawing, as she requested and was promised. Trustees noted that they have not yet seen the sketch either, and agreed that they and the owner should see the drawing.

No action taken.

4. The next order of business was a review of progress towards getting itemized bids requested at the September 8 meeting.
 - Snow coming in through soffits unit 2415 (“backwards baffle”): The Maintenance Coordinator reported that Falcone won’t quote the job, as they recommend it’s not a good idea and won’t solve the problem. Cycle Roofing talked directly with the 2415 owner; Cycle thought the proposal could work, and quoted \$600. Falcone will come out to look at the widows walks and estimate the cost of removal
 - Additional soffit work on buildings 29 and 30 (3014) noted at the September 8 meeting: The Maintenance Coordinator reported that building 30 was completed, and that she is not aware of any soffit work needed on building 29. No bid needed at this time.
 - Replacement of concrete tiles with decking 2506: The Maintenance Coordinator reported that this is being addressed by the Maintenance Contractor, and a bid won’t be needed.

No action taken.

At this point, the Chair took a couple of comments from observers on the maintenance report.

- C: There is a nonworking light on the stairs between the tennis courts that has not lit up all summer.
- C: Regarding the decks that have been powerwashed and sealed, the color looks bad. There is a Benjamin Moore product called Arborcoat, which has a natural look that matches the color of our shingles. Other companies probably have a similar product.

IV. OPMT CONCERNS RAISED BY OWNERS

1. The next order of business was a report back from the OPMT reps regarding HOP owners’ request for more transparency.
 - OPMT monthly financial reports: the Maintenance Coordinator stated that she will send the reports to the Secretary for posting to the website.
 - OPMT budget: the Treasurer stated that he would send the OPMT budget for posting.
 - OPMT board meeting notices: OPMT rep Pam Claughton said that meeting notices would be sent when OPMT board meetings are scheduled. However, after the budget is finalized, there are no meetings scheduled until the spring.
 - OPMT meeting minutes: the only board meetings since the owners meeting have been budget meetings.

No action taken.

2. The next order of business was a report back from the OPMT reps regarding a request for shrubs to be trimmed along edge of tennis court to prevent damage to fence. The Maintenance Coordinator stated that the shrubs will be done in the spring.

No action taken.

V. OBSERVER QUESTIONS AND COMMENTS

The Chair opened the floor to observer questions and comments.

Q: Can someone from the Board go up and talk to someone at the post office? One observer brought a handful of badly damaged mail to demonstrate the problem with the existing mailbox at 25/29. Several people commented that they cannot get their mailboxes open.

A: The Maintenance Coordinator will talk to the post office and explain that our mail is getting shredded.

Q: How did 24/30 and 4 get the more modern mailboxes?

A: They were installed when the newer buildings were built. The old one was installed in the 1980's, when building 25 was built.

Q: Can the Association buy a new mailbox?

A: If the postal service says no, yes.

Q: Is the mailbox made by the postal service?

A: No, they are made by a company the postal service uses.

Q: Can something go in the newsletter to remind people that live Christmas trees are not allowed?

A: There is nothing in the condo rules and regulations prohibiting live trees.

C: Maybe it's a fire code regulation for multiple residence dwellings. Owner Sue Brissette offered to call the fire department and inquire; the Board accepted Sue's offer.

Q: Kingston Propane is charging \$11.99 each month as a meter reading fee.

A: The Maintenance Coordinator will call around to see if we can get a better deal, and will report back in the December meeting.

Q: Is Kingston Propane regulated as a utility?

A: They have to be regulated by the state.

C: Owner Tom Young offered to call the Department of Public Utilities to ask about regulation and the new fee; the Board accepted Tom's offer.

At 8:30 p.m., the Chair announced that the Board would go into executive session and all observers left the meeting with the exception of Maintenance Coordinator Donna Crone.

VI. ADJOURN

At 8:45 p.m., the business of the executive session having been completed, on the motion of Tony Baldwin, seconded, the Chair adjourned the meeting.

Respectfully submitted, Helen Jones, secretary, January 21, 2016

Approved: Lesley Pitts, chair, February 2, 2016