

The Highlands at Ocean Point Condominium Trust
Board of Trustees Meeting
Monday, November 30, 2017 at 6:00pm
Unit 2902

Attendees: Lesley Pitts, Chair, Emily Gallup, Secretary, Gary Gersten, Treasurer, and Helen Jones with Donna Francke attending over Skype

Observers: Approximately 20 Highlands residents were in attendance as observers.

Summary of Board Actions taken at this meeting:

- **The Board voted unanimously to approve a 2018 Budget**
- **The Board announced to observing owners that as of December 31, Mercantile Management Company will take over property management from the Baldwin Realty Group and, as of February 28, 2018, Mercantile will also take over financial and administrative management from Lorell Management Corporation.**

I. WELCOME AND REMINDERS

The Chair called the meeting to order at 6:10pm.

Chair, Lesley Pitts, opened the meeting with the announcement that HOP and OPMT will be moving to Mercantile Property Management Corp. for management services. The Trustees interviewed four companies and soon narrowed the field to two contenders. Both were questioned extensively. Mercantile Property Management was selected. They will be replacing both Baldwin Realty Group (BRG) and Lorell Management Corporation. Mercantile will start on January 1 as replacement for BRG and on March 1 for Lorell. Because it is the end of year, Lorell has a lot of paperwork to complete before handing the process over to Mercantile, so their handover will take place in 90 days. Our Portfolio Manager will be Jeff Byers. He has met with some of the Trustees and all believe he will be a good fit for us.

As of December 31, the trustees terminated the services of Baldwin Realty Group and as of February 28 Lorell Management Corporation as our Property Managers and hired Mercantile Management Company to take over both areas of service.

The Portfolio Manager keeps an eye on the entire property. Maintenance requests will be analyzed and similar requests will be handled together. Mercantile has a number of vendors on call who can take on these tasks. Mercantile is on call 24x7 and someone is on duty at all times.

The good news is that the monthly cost for Mercantile will be less than we are now paying BRG and Lorell. Mercantile is also looking into other insurance vendors and may be able to save us money there as well. Arbella is still highly recommended however.

Earle Miller will be staying on as on-site handyman. He will be working additional hours and has been given a pay raise as well. Earle commented that BRG has helped bring our buildings up to code in many instances.

Egan will handle the snow plowing for 2018 and we will work with Mercantile to select vendors to handle the landscaping.

II. REPORTS

It was then decided to move the budget report to the top of the agenda as some folks needed to leave early.

A. BUDGET

1. The Chair had already given the reasons for the changes in the budget (the change of management companies) during the welcome.

2. Kingston Propane: The Trustees also met with Keith Bossung from Kingston Propane earlier in the evening. He announced that their charge for propane would be 10 cents less per gallon for the coming year. He will be sending a letter to Unit owners that will explain the monthly recurring charges for the propane we receive.

3. Presentation of the budget:

Treasurer Gary Gersten then reviewed the HOP budget and expenses for 2017 and the proposed budget for 2018. In order to pay some of the 2017 expenses, HOP borrowed some funds from the Reserves. However, anticipated insurance payments and accessing some funds from the reinvestment loan to pay for legitimate capital improvements will enable us to replenish the Reserves before the end of the year.

The HOP operating budget for 2018 is \$428,000, versus \$376,000 for 2017. The operating budget consists of 3 components: Administrative and Repair Line items, a Capital Reserve Contribution and, for this year only, an interest payment on the reinvestment loan. Increases were necessary because of a higher insurance premium, the need to renew our FHA status, a slight increase in utilities and the new interest payments on the reinvestment loan. There were a few questions from owners on what this will mean for their condo fees for 2018.

4. On the motion of the Treasurer and seconded, the Board voted to approve the 2018 budget.

B. FINANCIAL STATEMENT AND TREASURER REPORT:

The treasurer gave his report on the financial situation, see attached to these minutes.

C. UPDATE ON FINAL PAYMENTS FOR INSURANCE CLAIMS:

1. February 2016 claim: Jeff Sabel still pursuing with Arbella.
2. March 2017 Building 29 claim: \$18K – awaiting word from Arbella at end of week.
3. Progress on Insurance and communication to Owners re insurance. Donna Francke agreed to go over the letters as they are from the Board (written by Matthew Sweet) and we are still waiting on Mercantile in case we can get a better deal.

D. CAPITAL IMPROVEMENT LOAN

1. General Contractor list and update on meetings with contractors.

Gary Gersten reported that South Coast Improvement had sent an initial binder with details of their proposal; We are waiting for Brownbuilt Construction's proposal; DiPaula contracting was not professional enough or detail oriented enough for us to pursue.

2. Next steps: read proposals and set meeting date for final interview.

E. MAINTENANCE REPORT AND FOLLOW UPS:

Because of the change in property management company, many of these items on the agenda are moot at this point until we transition.

Building 25: All of the vents will be replaced in the next few weeks. The vents have all been ordered and have been delivered. Fantasia will do the remaining work as soon as possible.

Yankee Sprinkler will be on site soon to do additional testing. Mercantile will be reviewing the sprinkler system issues soon.

Ken Fantasia will be presenting a proposal to remove the widows' walks on the roof of some of the buildings.

Unit 412 -- The storage area needs some work as the wall between the storage and the owners' kitchen has not been constructed. Earle will take this on.

Shoreline Fencing--the fencing is in the Clubhouse, drying out. Mercantile will take this project on in the spring.

F. SECRETARY'S REPORT:

The previous secretary reported that she still owes minutes from the November 6 meeting.

The Board will soon be sending out a list of residents with names, addresses, e-mail addresses and phone numbers. The information will also be on the web site.

III. OBSERVER QUESTIONS AND COMMENTS:

The new Kingston Propane contract will be for one year, starting in January 2018.

When Mercantile Management takes over, they will assume responsibility for everything regarding HOP and OPMT. The Dunes is still reviewing their options.

Mercantile will also be interviewing cleaning companies to take on the work at our complex. Rick Cash has offered to clean.

IV. ANY OTHER BUSINESS:

Gary thanked Lesley for her tireless work in managing this entire process of transition.

V. EXECUTIVE SESSION:

The trustees had held the Executive Session before the regular meeting.

VI. The meeting was adjourned at 8:50 p.m.

Respectfully submitted,

Emily Gallup, Secretary

January 17, 2018

Attachments:

- Approved 2018 Budget
- Treasurer's Report

Approved, Lesley Pitts, Chair, February 12, 2018