

**Highlands at Ocean Point Condominium Association
Board of Trustees Meeting
April 24, 2017
Unit 414**

Attendance: Lesley Pitts (Chair), Helen Jones (Secretary), Gary Gersten (Treasurer), Pam Claughton, Emily Gallup; Onsite Property Managers Tony Baldwin and Shannon Swift from Baldwin Realty Group.

Guest: Matthew Sweet, Account Executive, The Hilb Group of New England.

Observers: Joan Dugas, Chris Dockendorff, Kristi Hunt, Patt Stiner, Andrea Swart, Rita Potocsky, Joanna Zarkadas, Ginny Sands, Nancy Carini, Marie & Tom Young, Mal Marvill.

At a regular meeting of the Highlands at Ocean Point Board of Trustees, held in Unit 414, on Monday evening, April 24, 2017, the Chair called the meeting to order at 6:00 p.m.

Summary of Board Actions Taken in the Meeting:

The Board decided unanimously to:

- **Hire and schedule Barnes Consulting Group to investigate the cause of the April 1 water infiltration into unit 404.**
- **Front payment to SWR for sheetrock and flooring removal work in 404, and bill the owner to reimburse the Association.**
- **Accept Egan's \$1,800 quote to install an 18" barrier of stone between the mulch and the buildings, as required by the fire code.**
- **Notify Lombard's and Lorell Management that the Association will not pay for missed trash or recycling pickups.**
- **Include attention to nonworking doorbell intercoms on a long-range capital plan.**
- **Accept Above the Norm's bid for \$70,000 to repair the building 25 rubber roof and asphalt shingles, provided we do not find evidence that the building 25 shingles were done 7 or 8 years ago.**
- **Take no action on an offer to purchase our land behind 33 Highland Terrace.**

I. WELCOME AND REMINDERS

The Chair welcomed observers and requested they hold their comments and questions for the period in the meeting set aside for that purpose, in order to allow the Trustees to conduct their business.

II. DISCUSSION OF ASSOCIATION INSURANCE POLICY

The first order of business was an update and next steps discussion with our new insurance broker, Matthew Sweet, Account Executive with The Hilb Group of New England.

The Chair reported that the Association has completed the paperwork required to officially change our insurance broker to The Hilb Group.

Matthew Sweet distributed to Trustees a written update on his conversations to date with Arbella Insurance and with the Association's attorney, and a Policy Claims Report/history of the Association's claims going back 5 years. He brought four main points to his discussion with the hire

a contractor to assess each building for potential issues that could be causing the sprinkler pipes to freeze as well as for other potential claim issues that could arise. He advised that this would cost \$1,000 per building, but would not exceed \$5,000, and may be a legitimate Capital Expense. Conducting this assessment and addressing any issues found would speak volumes to the insurance carriers. Board:

- 1) He recommends that the Association
- 2) He advised us that, as we manage claims over the next few years, a reasonable loss ratio to aim for is 50% to 60%.
- 3) He asked us to what extent residents are following the published rules and regulations, (e.g., regarding grills on decks), and can we subrogate if they are not?
- 4) Mr. Sweet reported that, based on his consultation with the Association's attorney, the Trustees have the authority to determine what is a "reasonable" deductible for the master policy; no owner vote is required to increase it. In our current situation, he believes that \$50,000, \$75,000, or even \$100,000 is reasonable.

Further, Section 5.12.7 of the bylaws requires owners to purchase insurance to cover the master policy deductible, so ample notice to owners and owner education will need to be part of the process of changing the master policy. Mr. Sweet can assist with a sample letter to use, and handouts to educate owners.

The Chair deferred a decision on whether to conduct a building assessment to a related discussion later in this meeting of several other expenses and considerations.

Trustee questions for Mr. Sweet:

Q: If we increase our deductible, how will that affect the cost of our policy?

A: It depends on how we write it. We could write a water deductible per unit, or an all peril deductible per unit. Once we determine how to write it, we will have to shop it around for prices. Right now, the market is "soft", which means that there is a lot of buying going on, and prices may remain flat. In a "hard" market, insurers are looking for increases. We can't predict where the market will be in December.

Q: Could our rates ever go down, if we have no claims for 3 years?

A: Insurers look back 5 years from the renewal date. Mr. Sweet advised that yes, that is his job, to bring our performance to potential insurers' attention to try to get us the best rates possible.

Q: What about grills on decks? We require grills on decks to be in compliance with the local fire code.

A: These are frame buildings, coastal areas are windy, it's an issue for insurers.

Q: What about subrogation?

A: Mr. Sweet sees our waiver of subrogation clause as a liability, and would recommend consulting with our attorney to consider changing it.

C: One trustee suggested the waiver of subrogation requirement may be in Massachusetts Condominium Law.

A: Mr. Sweet will look into that.

Q: In the Policy Claims Report that you distributed, can you explain the columns?

A: "Paid" encompasses reserve numbers, the numbers could change. "Reserve" is what they think the total will be. "Total Incurred" is paid.

C: Two of the four claims that occurred this year could have been prevented.

A: Mr. Sweet will look into what Massachusetts law says regarding holding owners responsible.

C: We will need to have a meeting with owners and/or prepare a document laying out exactly what unit owners will be responsible for, going forward.

A: Mr. Sweet will help draft Board communications to owners.

Q: Would it be prudent to start shopping the policy now?

A: It's important to get all claims closed first. Then, the Board needs to make a decision on the deductible it wants and get the buildings assessed. Then, we can go ahead and start shopping the claim.

Q: How long have we been with Arbella?

A: Since 2010 or 2011.

Q: If the Board decides to have an assessment of the buildings done, how quickly could the company come out?

A: They could come out within one to two weeks.

At this point, the Trustees thanked Mr. Sweet for his report, and Mr. Sweet left the meeting.

III. REPORTS

A. FINANCIAL STATEMENT AND TREASURER REPORT

The next order of business was the Treasurer's report.

The Treasurer reported that income is slightly below budget, due to late payments from a few owners; spending is over budget. In the first quarter, we have spent over budget in administrative/professional expenses, maintenance, and utilities. This brings our total spending at the end of the first quarter, to \$31,000 over budget, or 20% over.

We have borrowed from reserves approximately \$60,000, and we expect another \$27,000 in outstanding bills for which we will need to borrow further from reserves. Further, the monthly payments to reserve accounts for 2017 have not been made for the first 3 months. And, we have the \$34,000 public adjuster's fee for the February 2016 major event still not closed, and the \$10,000 deductible from the March 2017 Building 29 sprinkler break; another \$44,000.

Currently, we have \$156,649 in reserves, but the Treasurer expects that, by the end of the year, we will have borrowed \$100,000 from reserves.

The discussion of how to raise the additional revenue this year's expenses will require is deferred to the executive session.

The Treasurer reported that all payments have been applied against budget categories appropriately, and everything is balanced. He noted that achieving this required his working very closely with Lorell and giving them very explicit direction, and expressed concern about Lorell's capacity to manage our finances.

B. UPDATE ON INSURANCE CLAIMS

The next order of business was an update on insurance claims.

Buildings 24, 30 and 29 February 2016: The Association received a settlement from Arbella that should allow every owner impacted to receive a full reimbursement of their “holdback” depreciation, minus their portion of the deductible. Through close monitoring of every transaction, Lorell’s and the Treasurer’s records reconcile to the penny. We will be short by only \$3,000, much less than we anticipated.

Building 4: Lorell’s and the Treasurer’s records for the May 2016 leak also reconcile to the penny.

Regarding the April 1 water infusion to unit 404, there was a question as to whether there is a new claim; the Treasurer clarified that we have not opened one for this event. Expenses will not reach our \$10,000 deductible.

To fulfill its obligation to investigate the cause of the water in 404, the Association hired Barnes Consultant Group. His \$1,700 proposal to conduct an investigation involves removing the garden outside the bedroom window and recreating the flood with a garden hose to see what happens. He also noted that there is a drain that could be repaired. This expense is the Association’s responsibility.

The Trustees unanimously agreed to schedule Barnes to investigate the cause of the April 1 water infiltration into unit 404.

Scott Weber, SWR, removed damaged sheetrock and flooring, and billed the homeowner \$1,124. This bill is the unit owner’s responsibility. Considering there is a dispute on this matter, the Board discussed what it could do to ensure that the vendor gets paid promptly.

On the motion of the Treasurer, seconded, the Board unanimously voted to pay SWR’s \$1,124 bill, and to notify the owner that this cost is his responsibility, and he must reimburse the Association.

In Building 25: The claim is ready to be settled. Since no common areas were affected, there is no Association exposure on this one.

Building 29, March 2017: Significant damage to common areas impacts the Association budget; all expenses are being categorized separately.

C. MAINTENANCE REPORT

The next order of business was the Onsite Property Manager’s Maintenance Report.

Grounds - new safety perimeter required in mulch beds: Following up to BRG’s April 7 notice to the Board that the Plymouth Fire Inspector advised BRG/Shannon Swift that our mulch is not in compliance with current fire code, which requires an 18" barrier of crushed stone or shells between the mulch and a multifamily structure: Egan quoted \$1,800 for the required stone (light grey, ¾"); no additional charge for labor as it will be included in the mulching that is already in our contract.

On the motion of the Treasurer, seconded, the Board voted unanimously to sign Egan’s \$1,800 quote to install an 18” barrier of stone between the mulch and the buildings.

Grounds - new plantings as requested for HOP flower beds: Shannon Swift reported that Egan quoted replacement of the knockout roses damaged by last winter at \$60 per 3-gallon bush.

The Chair noted that we have not yet signed this year’s landscaping contract with Egan, since it doesn’t include the specific additional services that we asked for when we reviewed his first bill last fall and invited him to rebid. Egan sent us an increased bid with additional services, but not the ones we asked for.

The Treasurer directed BRG to go back to Egan and ask him to tell us what needs to be done in each area where plants were damaged (building 4 and the large common area beds between the buildings on the hill), and come back to us with a recommendation and a price.

The Chair indicated that she is not prepared to sign a contract that doesn't include the specific services we discussed last fall.

The Secretary requested that when BRG sends contracts to the Chair, Treasurer, or any officer, she copies all Trustees so that we can be better prepared for discussions of them.

Grounds - new plantings for perimeter of property near 33 Highland Terrace: Given that 33 Highland Terrace, which abuts our units 2912 and 2913, is on the market, Onsite Property Manager Tony Baldwin recommends that we mark our property line with new plantings.

Trash and recycling - Lombard's missed recycling pickups: There have been several owner complaints about missed recycling pickups. BRG has followed up, and reported that they have had trouble keeping drivers, as well as some problems with truck breakdowns. When asked to credit us for missed pickups, they declined, saying that everything is eventually picked up.

The Trustees unanimously agreed to pay for late pickups, but not missed ones. Going forward from this point, if there is no recycling pickup by Saturday, we will instruct Lorell to deduct \$1,250 before paying Lombard's bill. The Treasurer asked Shannon to notify Lombard of this decision.

Doorbell intercom issues: Several new owners (2405, 2513) have reported that their doorbell intercoms do not work. In addition, building 4 owners report that only 3 of the intercoms work.

T. Baldwin noted that we should check the condo documents to see who is responsible for this. The Chair suggested that this could go into a long-range capital plan. One Trustee noted that, due to their age, the equipment to repair them may not be available any more.

It was agreed that the intercoms can go on a long-range plan, but that they can't be a short-term priority due to the number of other expenses that we are currently dealing with.

Building 4 back wall - was a decision made on continuing Chris Murphy's work?

No decision has yet been made. All decks have aluminum flashing, which corrodes over time. No flashing remains. Further, it appears a lot of flashing was installed backwards. T. Baldwin recommends pulling off all the decks to remove and replace the flashing and make any necessary repairs. He also noted that gutters and downspouts would help.

The Treasurer inquired as to whether we have gotten a price for this from Murphy. T. Baldwin reported that we have not. Earlier quotes received were \$70,000 to do the entire back wall of building 4, and \$2,200 per deck. The Secretary noted that we have documentation of all problems on the back of building 4, and that, if we are going to address selected areas, we should be sure to address the areas where problems have been previously documented. The Treasurer suggested it might be better to just do the whole building and do it right.

Maintenance log - status of Maintenance log updates: Shannon Swift reported that she has switched over to a work order format that is working well. The Secretary noted that we still need to solve the problem of communicating with owners on the status of their requests. Shannon will send an updated maintenance log to the Secretary to see if the format is ready for posting.

Underdecking - Follow ups with owners: T. Baldwin confirmed that he hasn't yet looked at the underdecking on 2414, because he would like to do so after the owner returns on May 7.

Cleaning company - extra cost of cleaning with wet dust: Shannon indicated that she will have a price by Friday.

Building 24 roof - Bids and scheduling of replacement of rubber membrane:

BRG reported that they have two bids for the roof on 25, and has a third contractor coming out. T. Baldwin recommends accepting Above the Norm's bid, and getting on his schedule. He has been extremely responsive, successfully repaired a leak two other roofers had failed to fix, and can do the job in late July or early August.

On the motion of the Chair, seconded, the Board voted unanimously to accept Above the Norm's bid for \$70,000 to repair the building 25 rubber roof and asphalt shingles, provided we do not find evidence that the building 25 shingles were done 7 or 8 years ago.

If the shingles were done 7 years ago by Falcone Roofing, as some seem to remember, the work would be warrantied, and having any other roofer touch the work would void the warranty. Building 25 residents present in the meeting as observers did not believe the shingles were done. BRG will ask Lorell to review invoices from Falcone from 7 and 8 years ago to see if we have any documentation of such repair.

The Treasurer proposed that we put each roof on a schedule, and ask Above the Norm if we can get a better quote by guaranteeing them future work. T. Baldwin stated that he believes that we could get a better deal with such a guarantee.

Contracts - Yankee Sprinkler contract: Yankee has not yet provided a proper contract; S. Swift will request one from them and provide it to the Trustees.

D. SECRETARY'S REPORT

The next order of business was the secretary's report on the status of meeting minutes, the website, correspondence, and the newsletter.

Minutes: The Secretary is working on the backlog. February is ready to post, January and December are in process, November and October are completed, but need requested edits to be made so they can be posted. The Chair requested that we get February's posted as soon as possible.

Website: Except for the minutes, the website is up to date.

Correspondence: There is no pending correspondence.

Newsletter: A small group of volunteers has met to begin drafting a Spring newsletter.

E. DISCUSSION RE 33 HIGHLAND TERRACE LOT LINES AND OFFER TO PURCHASE LAND OR EASEMENT

The next order of business was a discussion of the lot lines with adjoining property 33 Highland Terrace, and an offer to purchase a piece of our land. A potential buyer of 33 Highland had contacted the Treasurer with an offer to purchase the backyard, stone tower, and land far enough back to be able to access the pond, or, to purchase an easement to use all of these. The Board discussed all options, including a land lease. The Chair invited comments and questions from condo owners before making a decision.

Owners were very adamantly opposed, for a number of reasons: they bought their condos with the understanding that the land in question belonged to the association; the stone tower has historical value; the land in question was over-used on July 3rd last year, with 6 tents and many cars parked there; any use of that land by 33 Highland would risk the ocean view of owners at the north end of building 29; the gardens in that area were planted and are maintained by the condo owners; and there are stone steps in the area that were built by a unit owner.

The Board decided to take no action on the potential buyer's request. The Treasurer will convey to the potential buyer that our answer is no.

F. SPRING CLEAN UP

The next order of business was a spring cleanup. It was reported that the Ocean Point Activities Committee was not interested in coordinating this as a community event. The Board suggested that a Highlands cleanup might be an activity coordinated by volunteers.

Tom and Marie Young volunteered to coordinate a cleanup day. Once they select a date, either Shannon or Lesley will send an email around asking for volunteers to help.

IV. OBSERVER QUESTIONS AND COMMENTS:

The next order of business was questions and comments from observers.

Q: What are the terms of service of the current trustees?

A: The Secretary reported that three terms will expire this year, and are up for election at the annual meeting: Helen Jones, Pam Claughton, and Lesley Pitts. Gary Gersten's term expires in 2018, and Emily Gallup's in 2019.

Q: Are any Trustees whose terms are expiring planning to run again?

A: The Chair stated that Lesley and Helen may run again. Pam Claughton stated that she will not. Trustees encouraged anyone interested in running to do so. The Board is very much in need of people who have the time and energy to actively share the workload.

Q: Is anyone interested in running?

A: Patt Steiner indicated that she had been considering it, but that she would consider it a conflict of interest as long as she is advocating for the Board to get the building 25 roof fixed.

It was noted that anyone interested in running should prepare a statement of interest and background and get it out to all owners, so people can see who's interested in running, and what they have to offer.

It was noted that the Board needs to get the information about the election out to all owners, and encourage people to consider serving. The Secretary will update notices used in previous years and send a notice out.

Q: Joan Dugas (2514) spoke about a letter she recently wrote to the Board about the roof on building 25. She reported that building 25 residents were promised that their roof would be a priority in spring of 2017, and is concerned that we are now talking about July. She requested a firm date by when the work on the roof would be started.

Patt Steiner (2513) spoke in agreement, stating that she was promised a new roof in the spring when she purchased her condo in December.

A: T. Baldwin explained that, because the temperature must be above 60 degrees consistently in order to do the work, there is a small window of time in which it can be done. He pointed out that, earlier in the meeting, the Board voted to accept a bid for the work. [See III.C., *Maintenance Report.*] He offered to try to get a concrete date from the vendor.

Patt Steiner requested that building 25 owners be kept posted on the concrete date.

The Treasurer noted that, once we give the contractor a check for a deposit on the job, we will get on his schedule.

Patt Steiner added that a contractor told her that water is coming in the vents, and asked whether we have talked with Above the Norm about that.

T. Baldwin said that he will talk to him when he comes.

C: Kristi Hunt (2512) noted that she has a mildew problem near her couch and in her bedroom, and is hoping that the roof replacement will solve the problem.

C: Recycling bins are overflowing, and people are putting inappropriate items in the bins.

Q: Where are we with the December water break in building 25?

A: The unit owner has hired a public adjuster to represent her, and that has slowed the process down. The Treasurer believes that Arbella's offer is sufficient to cover the cost of repairs, but the adjuster is trying to increase the amount of the funds received.

Q: Would the Board consider in a future meeting a proposal and plan to build a small kayak rack on the property, for example, between the bushes and the dirt road at the northwest corner of building 4?

A: That land is OPMT's responsibility.

Q: How could I get a proposal to the OPMT Board?

A: OPMT rep Gary Gersten offered to bring a proposal to OPMT, if it is emailed to him. T. Baldwin stated that OPMT has allocated funds for improvements to the property and he believes the proposal would be well received.

Q: What kind of response can we expect when we call BRG's emergency number?

A: In a life-threatening emergency, fire or flood, call the fire department, and notify BRG.

Q: What about a sprinkler break?

A: Call the fire department for a break; they can turn off the sprinkler to the building. Then call BRG.

There is no onsite 24-hour emergency response system in place for the Highlands. The only people reachable 24/7 are the fire department. When water infiltrates a unit, it is the unit owner's responsibility to call for help.

Q: Can owners have a list of emergency numbers to call?

A: They're not going to come out in the middle of the night. Call the fire department.

Q: What if it's the sprinkler system?

A: Call the fire department.

At 8:35 p.m., the Chair announced that the Board would go into executive session and all observers left the meeting. Baldwin Realty Group's Tony Baldwin and Shannon Swift remained.

At 9:20 p.m., the business of the executive session having been completed, the chair adjourned the meeting.

Respectfully submitted, Helen Jones, Secretary, May 1, 2017

Approved, Lesley Pitts, Chair, May 11, 2017