

The Highlands at Ocean Point Condominium Trust
Board of Trustees Meeting
August 15, 2017
Pool Clubhouse

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

Observers: Jim Franke, Rick Cash, Ginny Sands, Joanna Zarkadas, Carol Gregorio, Elaine Bean, Karen Alix, Andy Swart, Mary Ellen Tona, David Tringale, Kristi Hunt, Patt Steiner, John & Candi Parry, Barry Brodil, and Rita Potocsky.

No Board actions were taken in this meeting.

At a regular meeting of the Highlands at Ocean Point Board of Trustees, held in the pool clubhouse on Tuesday evening, August 15, 2017, the Chair called the meeting to order at 6:06 p.m.

The Chair opened the meeting with a brief reminder that the acoustics in the clubhouse are poor, and to please ensure that only one person is speaking at a time. The Chair also requested that observers hold their questions and comments until the portion of the meeting dedicated for that purpose.

I. REPORTS

A. TREASURERS REPORT

The first order of business was the Treasurer's Report. The Treasurer reported that Lorell has started to make 2017 payments to reserves accounts. We are behind by \$18,800, but we will catch up to budgeted reserves contributions as required by law.

Our income is 4% below budgeted. Expenses are over budget due to the insurance increase coming in over budget and other unanticipated costs; this overage will continue to increase as the bills come in each month. Maintenance costs are also exceeding the budget, primarily because the second payment for the decks, scheduled over two years, came due in 2017. Utilities are over budget by \$12,000. We had to pay \$34,000 to the public adjuster for the February 2016 sprinkler leaks claim; we will not be able to recoup this. We also had not budgeted to replace all of the antifreeze in all 5 buildings, but we opted to do this in order to comply with regularly scheduled replacement 5-year cycle. We should not need to incur this cost again for another 5 years.

We have two major and expensive projects going on. The building 25 roof replacement will begin tomorrow, and regrading behind building 4 to mitigate water infiltration will begin shortly.

No Board action taken.

B. UPDATE ON INSURANCE CLAIMS – Treasurer and Onsite Property Manager

1. In Building 25 – December 2016. We expect to come out in the black on this claim.
2. In Building 29 – March 2017. The Association is responsible for \$10,000 deductible on the common areas for this claim.

No Board action taken.

The Chair invited questions on the Treasurer's Reports.

Many questions were asked. The Treasurer's responses clarified the following:

- The variance from budget, currently about \$70,000, could be \$98,000 by the end of the year, due to unanticipated costs including the increase to our insurance premium (\$25K), the deductible on the leak in building 29 (\$10K), the cost of the insurance adjuster (\$34K), the cost of deck work begun in 2016 extending into 2017 (\$17K) and the need to replace all of the antifreeze in the sprinkler system and other sprinkler-related costs (\$11K).
- Although we have had to borrow from reserves to cover these unanticipated expenses in the short term, we have to pay the reserves account back in order to protect our fiscal stability and remain eligible to renew our FHA approval. Reserves were \$206,000 at the end of 2016; \$92,000 currently.
- There may be a special assessment this year to cover all expenses and pay the reserves back. The Board has been looking at the long-term needs of the community for several months, and expects to have options to present for owner input at the October Owners Meeting. A package will be presented to owners in October, and mailed to owners who have already left for the winter. The Board will consider input from owners, and then will make a decision in November. We are looking at taking out a loan; the repayment of which would necessitate a special assessment to owners.
- The Association hired an insurance adjuster to handle the February 2016 leaks claim for us. This event consisted of three separate sprinkler breaks over the coldest weekend of the winter, involving ten units and totaling a claim of close to \$500,000. The Association hired an adjuster to manage the complexity of the claim and advocate with our insurance company for the community's interests. We have not had to hire a public adjuster for claims since then.
- Lorell Management solicited insurance quotes on the Association's behalf last November, as usual. Each year, we need to finalize the budget by November 30, before the insurance quotes come in. Based on experience and expectations, Lorell Management suggested we budget \$53,000 for insurance. When we received the quote in December, after the budget was finalized and condo fees were already established, the actual insurance bill came in at close to \$69,000, due to our claim history. The Board immediately hired a new insurance broker to help us get a better deal on insurance going forward; however, 2017 insurance will cost the Association \$25,000 more than last year.
- The decks were budgeted to be done in 2016, but were not finished in 2016 and some of the work was deferred to 2017. The \$17,000 budgeted for the decks was redirected to other 2016 maintenance costs. The December 2016 Income/Expense Report, available on the owners' page on the website, summarizes maintenance costs for the year, which exceeded the 2016 budget.

C. MAINTENANCE REPORT AND FOLLOW UPS– Onsite Property Manager/Baldwin Realty Trust

1. New Items:

- a) Lorell's welcome packet. It was noted that the welcome packet needs cleanup. It has some duplications and omissions, and needs some reorganization.
- b) OPMT matters.
 - Showers in the women's locker rooms are much too hot. Shannon said she would get the plumber right on it.
 - Plantings for screening with McNamara neighbor. Shannon is waiting for 2 quotes. BRG already has bids for a fence. The OPMT Board will compare options and make a decision,

- c) Building 4 retractable screen in the main entryway was ripped. Building 30 screen was recycled.
 - d) New screen door for common entry (request of 2502) – BRG is waiting for bids.
 - e) Building 4 slow leak in lower level. The Board had requested a report on the cause. Shannon reported that it was a leak on the main line into the building due to age.
2. Since last meeting:
- a) UPDATE/QUOTES from Shoreline Fence for various fencing projects – agreed that all but the one dealing with abutters are OPMT. Are we moving ahead with this project now new owners are in? Shoreline Fence is constructing posts and rails for the proposed fence to match the look of the other fences around the property, at an estimated cost of \$3,926 (168 feet; 21 sections) but they are backed up and the work is taking longer than we had hoped. We do not have a timeline for delivery.
3. Older Items:
- a) EGAN LANDSCAPING: Follow up: new plantings as requested for HOP flower beds. Egan will be here Friday to plant flower beds along Highland Terrace between the buildings.
 - b) Status of Maintenance log updates. The most recent log was received on June 30. Shannon and Helen will meet tomorrow to show Shannon formatting changes requested for posting.
 - c) Cleaning company research. BRG reported that they do not yet have cleaning company bids. The Chair clarified that she is not looking for bids. What she is looking for is scopes of work/checklist of what various companies will offer. Shannon suggested that we put together a list of what we want and put the required scope of work out in an RFP.

No Board action taken.

The Chair allowed questions from observers on the Maintenance report. Many questions were asked and comments made. BRG's responses clarified the following:

- Regarding the hole and dirt behind the east end of building 4, the Board approved a unit owner's request to postpone the work for 2 weeks to allow his insurance adjuster to view the area.
- Regarding questions about the abutting fence with 33 Highland Terrace: The need for the fence came up when the property was on the market; the cost is not included in the 2017 budget. The point of the fence was to get it in place to demark the property line before the new owner moved in. There is a risk of neighbor conflict if we don't make the new owner aware of the property line. Now that the neighbor has moved in, it may be more respectful to have a conversation with the neighbor, since he may believe more of the yard is his property than actually is. Tony and/or Gary will stop by and talk with the new owner of 33 Highland.
- Regarding owner dissatisfaction with current landscaping services: Last November, the Board reviewed 3 bids. Egan's was the lowest, and while we are aware of owner concerns, Egan has been appreciated for doing more than we pay them for. However, we still don't get everything we want. The Board decided to give Egan a chance to provide the services we want by offering him \$5,000 over his bid, in exchange for specific services. Owner reviews are mixed: some have commented that the property looks better, others that remain dissatisfied. It was proposed that they weed more frequently, maybe every couple of weeks for 2 hours instead of only 5 times for 8 hours at a time, or, mow every other week and weed in the non-mow week. When

the Board begins work on the 2018 budget in November, we will reconsider how to get the results we want.

D. SECRETARY'S REPORT:

The Secretary reported that all meeting minutes for 2017 are approved or in final approval stage and waiting to be posted on the web. Financial information on the web is up-to-date except for the 2016 end of year report, which has just been sent to be posted. The 2017 budget needs reformatting for posting. Posting of the maintenance log has been delayed due to formatting issues; Shannon and Helen will meet tomorrow to show Shannon the formatting changes requested for posting.

No Board action taken.

II. OBSERVER QUESTIONS AND COMMENTS:

- There was a request for the maintenance log to include regular updates as to the status of each job. For example, Has it been prioritized? Is someone working on it? What is the timeline? Shannon noted that manually copying and pasting each maintenance request into the log is very labor intensive and time consuming.
- Several owners have complained about use of visitor spots being taken up by owners who have more cars in the household than they have assigned parking spots. The Chair proposed that it may be necessary to write a letter to all owners, but we still need owners to let us know when there is a problem. One owner suggested that owners could request permission to use a visitor's spot for a fee. Another requested that we not allow permanent use of visitors' spots in the summer.
- Regarding concerns about Kingston Propane: The Highlands' tanks are in good condition; it is the Dunes' tanks that need replacement. Kingston Propane owns the tanks, and no other propane company we talked to was interested in purchasing the tanks in order to earn our business. The Board considered purchasing the tanks and purchasing propane on the open market, but determined that we do not have the capacity to manage the liability, servicing, invoicing and monitoring safety. The Board negotiated a reduction in cost of propane with Kingston Propane, but the monthly meter fee is nonnegotiable. The Board will reconsider our contract for propane supply and servicing during the budget process that begins in November.
- An owner noted that she had been advised that conversion kits from natural gas to propane is required for clothes dryers, and that all gas appliances in all units should be checked.
- Regarding the complaint of a gas fire pit on 2913 deck, a letter was sent to the owner and the renter. It appears the renter has covered the fire pit and is using it as a table. Tony Baldwin was asked to go check to ensure that the gas to that deck is piped in, and that there is a gas inspection sticker.
- In response to a second inquiry about the hole behind building 4, it was clarified that it is the result of improper fill (tree stumps) at the time of construction. The entire area behind building 4 needs to be dug up and sloped away from the building next year; the hole will be filled in properly during that process.
- In response to questions about whether there will be a special assessment to cover all of these costs, whether it will be an additional monthly fee or a one-time charge: The Chair explained that the Board has been working on a capital plan for several months. The summer Owners' Meeting was postponed until October to allow time to get all the estimates in. The Board is

putting an informational package and proposal together, and will be prepared to answer these questions by the October Owners Meeting. The Board will provide opportunities for owner input, and will make a decision in November.

- The Board is meeting a couple of weeks before the Owners meeting to put the final package and proposal together. This will be a closed meeting in order to allow the Board to get through all of the material and ensure we will have answers to all the questions that we expect to come up when we meet with owners.
- Concerns were raised about condos selling and leaving behind a property issue that the new owner has to deal with. For example, the previous owner had painted the deck on 2914, which had to be removed and stained to match the rest of the decks; an owner is dumping oil on either side of the driveways behind building 24. How to ensure owners who are selling have met all their obligations and left the property in compliance with condo rules? Can the management company inspect each unit before it's sold? It was noted that Lorell releases a certificate to close on a sale; we could have them hold the certificate until an inspection is done.
- There was a suggestion that the recent notice regarding what can and cannot be put down garbage disposals be posted in several places and/or put on the website.
- An owner asked whether she needs Board permission to run a gas line; the Chair explained that she needs to use a licensed gas fitter, have a town permit and have the work inspected by the town gas inspector, but she does not need Board permission.
- Shannon noted that Kingston Propane will be onsite to change the gas regulators on the propane meters on building 4. While the work is being done, propane flow to units will be interrupted. Either Shannon or Earle will accompany Kingston Propane into units to relight pilots.

No Board action taken.

There being no further questions, and no additional business, the Chair announced that the Board would go into executive session and all observers left the meeting at 7:46 p.m. Baldwin Realty Group's Tony Baldwin and Shannon Swift remained.

At 10:00 p.m., the business of the executive session having been completed, the chair adjourned the meeting.

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

Approved, Lesley Pitts, Chair, October 2, 2017