

Minutes of SLCA Board of Directors Meeting

December 11, 2013

Contents

Contents.....	1
Opening.....	2
Minutes from Previous Meeting.....	2
Financial Report	2
Action Items	3
• <i>Ray void \$6000 check</i>	3
• <i>Ray obtain \$12,000 check payable to “Service Credit Union”, and deliver it to Mary Jo.</i>	3
• <i>Mary Jo invest \$12,000 in CD(s) at Service Credit Union</i>	3
Old business	3
New website	3
Action Items	4
• <i>Alan proceed with iPage implementation as soon as possible</i>	4
Fox Tree Service	4
Status of Unit 47-1 flue repair	5
Boat docks.....	5
Action Items	6
• <i>Scott ask Hornig for deposit amount and date.</i>	6
Status of repairs	6
Roof leak in Unit 45-1	6
Unit 33-3 repairs	6
Action Items	6
• <i>Ray ask Unit 33-3 owners to clear outdoor storage area.</i>	6
Interior paint: Units 35-3 and 15-2	6
Gutter cleaning and preventive roof repair	6
Gravel drip edge	6
Septic smell	6
Action Items	7
• <i>Jeanne contact Kevin O’Reilly to obtain relevant information about the layout of our septic system</i>	7
Mulch bin	7
Wood rot on Unit 43-2	7
Rule Violations	7
Action Items	8
• <i>Scott find old canoe/kayak wording and put it back into official Rules doc.</i>	8
• <i>Ray inform Broadhurst (Unit 35-2) that repairs are needed.</i>	8
New investment plan.....	8

New Business 8

 Allocating leftover funds..... 8

 Approved exterior projects not completed 9

 Reserve Study 9

Action Items..... 10

 • *Ray get bids for a reserve study from Right Track Design, Noblin & Associates, and at least one other vendor. 10*

 Letter from Byrnes 10

Action Items..... 10

 • *Board members read Byrnes' letter thoroughly, and be prepared to discuss a response at our next meeting. 10*

 New repairs reported to Moseley 10

 Next meeting date 10

Closing..... 10

Opening

Meeting called to order at 7:02 PM.

Present:

- Mary Jo Mulligan-Kehoe (President)
- Scott Gilmore (Secretary)
- Alan Nadel
- Jeanne Childs
- Ray Stanford (Property Manager, Moseley Associates)

Absent:

- Sandy Orr

Non-Board owners present:

- None

Minutes from Previous Meeting

The minutes from the previous Board meeting were approved via email and posted on the SLCA website prior to this meeting.

Financial Report

Ray walked the Board through the monthly financial report. The main balances at the end of the prior month were as follows:

Operating and Reserve Funds:

Item	Annual	Current Period	Year-to-Date
------	--------	----------------	--------------

	Budget	Budget	Actual	Budget	Actual	Variance
Operating Surplus	1,239.00	3,407.42	903.44	(2,585.09)	13,725.24	16,310.33
Short Term Reserves	(839.00)	0.00	20,947.72	(839.00)	20,947.72	21,786.72
Long Term Reserves	(1,220.00)	1,148.33	15,767.07	631.67	15,767.07	15,135.40

Capital Funds:

Item	Amount
CD's Invested	104,338.42
Long Term Reserves (cash ready for investment)	15,767.07
Total Capital Funds	120,105.49

Details can be found in Moseley's full monthly report. Following are highlights and discussion points.

Short Term Reserve surplus balance includes approximately \$8000 for the pending insurance claim for Unit 47-1.

Previous Action Items

- Mary Jo invest \$12,000 of Long Term Reserve cash in 6-9 month CD.
 - Pending:
 - Mary Jo investigated CD rates, but was waiting for the check(s). The best CD rate that she could find—a special deal for this month—is 0.6% for 7 months at Service Credit Union.
 - Ray brought a check for \$6000 for Mary Jo to invest in a CD. To invest in a CD, it is best for the check to be written to the financial institution which manages the CD, but this check was not. In addition, we have enough Long Term Reserve cash to invest \$12,000.

Action Items

- **Ray void \$6000 check.**
- **Ray obtain \$12,000 check payable to "Service Credit Union", and deliver it to Mary Jo.**
- **Mary Jo invest \$12,000 in CD(s) at Service Credit Union.**

Old business

New website

Previous Action Items

- Ray send Moseley's billing address to Alan.
 - Done.

- Alan set up meeting with iPage to get started, and provide Moseley's billing address to them.
 - Pending:
 - Alan and his student have not yet been able to begin the iPage implementation. They expect to start in January, and hope to complete it before February 1; March 1 at the latest.
- Alan choose a template based on our current website's content and his best guess of what we'll eventually want to include.
 - Pending:
 - See above.
- Ray inform Fox Den Software that we will not renew the contract, but we may request assistance in migrating to iPage and will pay a reasonable hourly rate.
 - Done:
 - In an email discussion prior to this meeting, Alan indicated that we need the current website to remain up through the end of January, to provide sufficient time for his graduate student to configure the new site and migrate the data. Fox Den Software subsequently agreed to continue supporting the current website beyond 2013 at a cost of \$50/month.

Action Items

- ***Alan proceed with iPage implementation as soon as possible.***

Fox Tree Service

Previous Action Items

- Ray instruct Fox Tree Service to remove 4-stem red oak at cost of \$3400.
 - Done:
 - This will be scheduled before year end.
 - Both before and after this Board meeting, concerns were expressed via email by two owners. They noted that the trees in that cluster have withstood decades of severe weather, removal of them could result in erosion of the hillside, and other trees on the property have been preserved by attaching cable braces. One owner proposed that we have the tree braced; the other requested that we obtain a second opinion from another tree contractor.
 - In an email response to one of the concerned owners, Mary Jo explained the Board's decision to remove the trees as follows:
 - *We investigated the possibility of removing the leaning tree in the clump, but that was not feasible. The issue with the tree is the building damage and potential body damage that would occur if the tree falls. The liability is huge, especially when we are aware of its higher risk of falling... Yes, the trees in that clump have been able to withstand lots of weather conditions that could have*

caused them to fall. I can speak from experience that one can never predict such things. Two 60 foot oaks in my Virginia backyard fell within months of each other due to saturated ground. One fell on my garage roof. The other fell into my neighbor's yard and did significant damage. Fortunately, no one was hurt, but the damage was many thousands of dollars...The trunk will not be removed so loss of the tree will not enhance erosion. We were going to plant ground cover, but can consider other options.

Status of Unit 47-1 flue repair

Ray reported that this work is still in progress. He was told by the owner that the chimney has been taken down. Funds are being held until we receive a detailed bill from the contractor or owner. The owner is interested in installing a direct-vent gas fireplace. We need a detailed specification from a licensed contractor before we can consider approving such an installation.

Mary Jo walked the grounds during Thanksgiving weekend and observed that the brick has been removed, but scaffolding is still up and the structure is still open.

Boat docks

Previous Action Items

- Mary Jo send dock deposit information from Penny to Scott.
 - Done:
 - The Edwards and Byrnes shared a dock cost; each paid \$1000. Byrnes later gave up their dock slip.
 - Sometime while Simpson Development Corp. was managing our property, the fee went up from \$500 to \$750.
 - Broadhurst bought Gifford's unit.
- Mary Jo ask Lou Russo how much he paid for his dock deposit (subsequently transferred to Hornig).
 - Done:
 - Mary Jo talked to Lou Russo, who thinks that he did not pay anything when he acquired dock space. Lou said that he did not pass any fees on to Hornig.
- Scott ask Kesslers when they obtained their dock slip.
 - Done:
 - Susan Kessler responded that they paid \$500 and obtained their dock slip before Simpson Development Corp. managed the property.
- Scott ask Rob Davidson what he paid for his dock deposit.
 - Done:
 - Rob paid \$1000 in 2007.
- Scott update spreadsheet with missing dock deposit information.
 - Pending:

- The spreadsheet has been updated with the latest information.
- The amount is still unknown for Hornig.
- The dates are unknown for Kessler, Sletten, Caunter, and Hornig.

Action Items

- ***Scott ask Hornig for deposit amount and date.***

Status of repairs

Roof leak in Unit 45-1

Ray reported that Jim Shibles found shingles which had not been properly installed. Jim repaired the leak. Jim also added sealant around the skylight.

Unit 33-3 repairs

Ray reported that Jim Shibles completed this work. Rotted siding was replaced, a cricket was installed, and an interior wall was patched. No moisture was found coming from the roof or soffits.

Mary Jo noticed that items are being stored outside the building near that location, and could result in moisture accumulation and future damage.

Action Items

- ***Ray ask Unit 33-3 owners to clear outdoor storage area.***

Interior paint: Units 35-3 and 15-2

Ray reported that John Roderick completed these ceiling and water damage repairs and repainting. The tenant in Unit 15-2 reported that the work was of high quality.

Gutter cleaning and preventive roof repair

Ray reported that Jim Shibles completed this work.

Gravel drip edge

Ray reported that Jim Shibles completed this work for buildings 7, 11, 13, and 15. All gravel from the previous load has been used. Next spring, we should order another load of gravel so that he can do buildings 25, 27, and 29.

Septic smell

This will need to be revisited in the spring, immediately after the septic tank is pumped. Doing this immediately after pumping will allow Sterns Septic to feed a camera into the pipes to inspect the condition of the system. We do not yet have a price quote for such an inspection. Sterns believes that the tanks and pipelines for the lower units are about 40 years old.

Sterns requested a diagram of our septic system. Jeanne obtained such a diagram from the Town of Enfield, and she brought it to this meeting. The Town also searched Grafton County records in Haverhill. Ray took the diagram and will give it to Sterns.

Mary Jo suggested that Kevin O'Reilly may have some relevant information, because he was one of the original investors. Kevin's office is in North Shaker Village, in the gray building behind the Shaker Inn where Defiance Electric is also located.

Action Items

- ***Jeanne contact Kevin O'Reilly to obtain relevant information about the layout of our septic system.***

Mulch bin

This has been waiting for a final decision on the size of the bin. Ray feels that we need to more carefully consider what we will dump there to choose an appropriate size. This needs to be deferred to the spring.

Wood rot on Unit 43-2

This will be repaired in the spring. The exterior boards and seal behind them need to be replaced.

Jeanne noted that the recent inspection was done on the windows, but there is also rot along the outside base of the building. Jeanne and her husband described the problems in detail on the most recent quarterly issues form.

Rule Violations

Updates on 3 notices to be sent (as described last month):

1. Unit 35-2 has soot on exterior siding from power vent.
 - Several communications were exchanged with the owner. Ray provided information on potential service providers.
 - The owner had the unit serviced by Irving on September 13, 2013, and provided a Service Work Order documenting the work. Ray emailed a copy to Board members on December 3rd. The Service Work Order indicates that it is a gas furnace.
 - The owner feels that he has done everything that he is obligated to do. It appears now that there have been problems for a long time, but they were painted-over when he bought the unit.
 - We concluded that repairs are still needed because the problem has not been solved and there could be a risk of fire.
2. Unit 29-2 has a canoe under its deck.
 - Mary Jo noticed that the rule prohibiting storage of canoes, kayaks, and other non-motorized boards outside of units is missing from the current Rules document on the SLCA website. She is certain that it was in an earlier version of the document.
3. Unit 13-2 has a wood pile right up against the building.
 - Owner promised to move the wood pile in email dated December 5th.

Action Items

- **Scott find old canoe/kayak wording and put it back into official Rules doc.**
 - Resolved: Following this meeting, Scott confirmed that the text is present in Section III, Item 20, of the current document on the SLCA website.
- **Ray inform Broadhurst (Unit 35-2) that repairs are needed.**

New investment plan

Previous Action Items

- Board members read Reserve Funds: How & Why Community Associations Invest Assets.
- Ray hire Eric Janson to provide legal advice regarding SLCA Investment Committee's proposed investment plan, at a cost not to exceed \$500.

Eric indicated that the law and SLCA bylaws are silent on this issue. From his experience and conversations with other professionals in the field, his view is that condominium Boards of Directors are equivalent to Trustees of Trust funds. This implies that the highest level of fiduciary responsibility and Prudent Man philosophy prevail, such that we should not take undue risks in investing our long-term reserves. However, it can also be challenged that if we do not invest in instruments with sufficient growth to preserve the principle (i.e., match or exceed inflation), then we are being negligent. Current literature suggests that our investment strategy should be approved by a super-majority (75%) of owners.

Eric will write up his opinions for us, before the end of this year. Eric mentioned a few local investment managers who we may want to work with.

Based on this advice, we will bring an investment proposal to the general (annual) meeting next August. We will have owners vote on the proposal. If a super-majority approves the investment plan, we will require owners in favor of the plan to sign documents so that we have permanent records of owner approvals.

New Business

Allocating leftover funds

We discussed allocating money left from snow removal and roof repairs for other projects (lighting, tree removal, walkways). We appear to have about \$2200 available. Our rules require that we earmark leftover funds to specific projects in the following year.

Lighting is a high priority because it is a safety issue. Earlier this year, we did the stairways to the lower units (10 stairway lights at \$3600 total).

We have 24 walkway and street lights on posts. Replacing the fixtures without replacing the posts would cost \$8800, but many of the posts are rotted. LED fixtures with new posts would cost \$600 each. Our thinking is to do Landing Road next; we can afford to replace 3 posts and fixtures.

Additional tree removal is another option.

We could also spend \$2700 in Long Term Reserve (LTR) cash that we will not be investing. Our rules allow spending 25% of the monthly LTR allocation on property improvement projects.

Our most recent plan for stone walkways would cost \$10 per linear foot. Mary Jo is willing to pay out-of-pocket to have hers done as a test.

Approved exterior projects not completed

The following projects were approved this year, but have not yet been completed: painting stairs, mulch bin, gravel drip edge.

Some of the leftover funds need to be earmarked for these items. These could easily consume most of the \$2200 mentioned above.

Reserve Study

Jeanne prepared and paraphrased a summary of her findings after several months of extensive research. Following are the main points:

- Jeanne's research started when she and her husband investigated replacing their windows. They are rotting, don't meet egress requirements, and are energy inefficient. Ventilation upstairs is poor due to fixed, plate glass windows. They cannot replace the windows without removing siding and installing flashing. The only way to correct the problem is to install new windows when replacing siding and repairing infrastructure. One person she consulted predicted that we will need to spend about \$100,000 to redo each of the lower units.
- Next, she looked into decks. She and a few other owners came up with reasonable proposal to refurbish the decks on the lower units, but it probably won't be dealt with anytime soon because other repairs are needed more urgently.
- Summary: From her consultations, she was advised that we need to save much more in our Long Term Reserves (LTR). We are putting \$440/unit into LTR, but Ralph Noblin (referenced below) feels that we need to put \$1000/unit into it, and we need to phase-in major system/structure replacements. She strongly feels that we need a "properly engineered reserve study", which Ralph Noblin estimated would cost about \$4000.

Mary Jo noted that such studies have already been done, along with many other engineering assessments of roofs and other issues. All of those studies have indicated that we have many different problems, i.e., no systematic, cloned system refreshing will solve all of the problems. Rebuilding the lower units would cost much more than we can afford. That said, a reserve study makes sense and probably needs to be done along with our proposal for an investment plan. We need to initiate a reserve study soon so that we can use it to guide our investment plan and proposal for our next annual meeting (as discussed above).

Ray said that a reserve study would take 3-6 months; usually on the longer end for the first one, then on the shorter end to update it every 10 years.

As noted above, we allow spending of up to 25% of our annual LTR savings for major repairs. This yields about \$3000 that we can devote toward a reserve study.

Ray is impressed by Right Track Design, which did a reserve study recently at Ivy Place. Jeanne has worked with Ralph Noblin of Noblin and Associates in Derry, NH, who did Eastman in Grantham.

Action Items

- ***Ray get bids for a reserve study from Right Track Design, Noblin & Associates, and at least one other vendor.***

Letter from Byrnes

This letter expressed concerns about removing the cluster of trees (discussed above), plus several other concerns and suggestions. The Board needs more time to read the letter, discuss its contents, and prepare a response.

Action Items

- ***Board members read Byrnes' letter thoroughly, and be prepared to discuss a response at our next meeting.***

New repairs reported to Moseley

Nothing new that hasn't already been discussed. Next quarterly owner forms are coming in January.

Next meeting date

Tuesday, January 14, at 7 PM, in unit 7-2.

Closing

Motion to adjourn by Alan. Seconded by Jeanne. All agreed.

Meeting adjourned at 8:44 PM.