

SLCA Board Meeting Minutes

Date ... 9/3/15

Attending ... Sandy Orr, Gary Best, Bev Sletten, Jeanne Childs, Tom Byrne and Ray Stanford, Mgr.

Agenda Topic	Action/Follow-up	Resp. Person	Due
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CALL TO ORDER

Meeting called to order at 4:03 pm at Orr's unit 33-1.

Quorum:

5 Board Members present

Minutes:

No minutes approved.

Board Meeting Minutes now waiting approval: 7/27, 8/17, 8/23, 9/3

BUSINESS (Old and New)

In order of priority

Selection of Officers:

Sandy Orr, President; Gary Best, Treasurer; Bev Sletten, Secretary.

Jeanne reconfirmed that she would have to resign from the board no later than the end of the next Board Meeting 9/21/15) due to the significant increase of her job responsibilities.

2016 Dues Increase:

Motion: Sandy Orr "I move to increase monthly dues in 2016 to \$437, allocating \$87 of which to long term reserves." 2nd: Gary Best

Discussion: Jeanne asked if she could present her analysis of Board responsibility for funding the capital replacement reserves. She had not had the opportunity to present it at the Annual Meeting and felt it was pertinent to this motion. It was read into the minutes of this meeting (attached). Discussion followed.

VOTE: 4-1 in favor.

Insurance:

Discussion of Board intent regarding insurance renewal terms/warning. Find out Union Mutual's criteria for meeting this requirement. Request letter from Tim Little, our engineer.

Ray	9/21/15
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Urgent Roof

Repair Needs:

- Unit 47-1
- Unit 35-3

Motion: Sandy Orr "I move to schedule Dayco to replace roof over Unit 47-1 per bid of \$14,000. Financing from Long Term Reserves."
2nd Gary Best. VOTE: 5-0 in favor.
Continue to request bids.

Ray

9/21/15

Drainage Issues

Pathways will come to 9/21/15 board meeting and present plan to grade roads properly to fix SLCA ongoing drainage issues.

Ray

9/21/15

Adjourned

5:15 pm Motion: Gary VOTE: 5-0 in favor

NEXT BOARD MTG

Monday, September 21, 2015, at 5 pm (Unit 35-3)

Jeanne Childs
Board Member

Analysis of SLCA Board Fiduciary Responsibility
Regarding the Reserve Study - Capital Needs Replacement Plan
August 2015

The “Simple Plan” as presented by Tom Byrne is an opinion-based document. Its main criterion for determining which, when and how major capital replacement needs at Shaker Landing will be accomplished is “what the owners are willing to pay”.

The Board of Directors, on the other hand, in order to meet its very high fiduciary responsibility, *must* make decisions based on solid evidence. The SLCA board has diligently gathered such evidence which is summarized below.

(1) THE RESERVE STUDY

In 2014, the Board read the Condominium Association Institute’s book, Reserve Funds: How and Why Community Associations Invest Assets. It learned that a properly conducted Reserve Study and 30-year replacement schedule was necessary to plan and fund a long-term reserve account. After careful and thorough due diligence researching companies that provided this service, the Board accepted the bid of Noblin Associates, a highly recommended and credentialed company known for its pre-eminence in “building envelop” issues. Etna NH native Tim Little, a structural engineer, was assigned to the Shaker Landing project. We were required to provide Tim with a great deal of information about the SL structures and property. This research was done by Board Member Jeanne Childs. Our sewer issues were uncovered by her research. (Her reports will be submitted for posting on the SLCA website soon.)

Tim analyzed our condominium documents in order to determine what common and limited common property the Board held responsibility to maintain, repair and replace. He discovered some contradicting terminology for certain common property. The SLCA By-Laws will need to be amended to clarify this wording.

Throughout the late summer and fall, Tim performed meticulous inspections of our property, crawling all over the roofs, peering into the siding, investigating the sewer and all other commonly owned assets. As far as we know, this is the first highly-qualified, unbiased, in-depth inspection of its property our association has ever had.

Tim’s report is not a “suggestion” but a thorough diagnostic analysis of the condition of our properties and buildings. In such a Reserve Study, replacements are scheduled and budgeted to be carried out over 30 years. Reserve contributions by the owners are determined to fund the identified needs. Major items on our list (roofs, siding, sewer) were exceedingly overdue and severely under-budgeted. The Board “sweated blood” profusely upon hearing Tim’s news and spent all last fall with him to develop a schedule and budget in which replacements were spread out as responsibly as possible with a funding plan as manageable as possible to get the job done right.

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Our report was then presented at a SLCA Special Owners Meeting on Feb. 21, 2015. Owners expressed the same shock board members felt upon hearing our “diagnosis” for the first time. However, they approved hiring Tim to prepare specifications and obtain bids. A Financial Advisory Committee was formed to help analyze the final numbers and explore affordable funding options. To date no acceptable bids have been obtained due to the bursting construction market in our area.

(2) OUR INSURANCE COMPANY INSPECTOR’S REPORTS -- 2010 and 2015

The Board discovered that roof repair was recommended in 2010. Union Insurance Co. again inspected our buildings in 2015 and this time made it mandatory that the Board attend to roof replacement or face non-renewal of our policy in March of 2016.

(3) JIM SHIBLES has documented (over 300 photos) and repaired the numerous, ongoing and costly leaks, ice dams and roof failures for years. A slide-show of his representative photos was sent to the SL owners last spring 2015. These and his other photos validate and present *prima facie* evidence of Tim’s highly credible diagnosis of the condition of roofs at Shaker Landing. Quotes from Jim:

“I think we need to foam the roofs like Tim suggests. You can count on me to support Tim’s suggestions. Anything less than replacing all the insulation with foam, would be “taking a chance” in my book. I’ve seen too many ceiling leaks to convince me otherwise ... I will get you plenty of photographic proof.”

“Under the exterior boards I found membrane (a sticky adhesive tape), tar paper, flashing, or nothing at all. Most of what we’ve seen has no membrane or flashing. There is much casing rot, definitely around the doors and some windows. (Siding) paint is guaranteed to last for 20 years and it is not even lasting for 7. There is moisture pushing through the boards causing the paint to fall off.”

(4) RAY SANFORD’S EXTENSIVE ROOF REPAIR LOGS

Ray emailed numerous reports of roof repairs and expenses to owners. This and all the above evidence refutes entirely the “Simple Plan’s” contention that “our roofs don’t need to be replaced.” These repairs and collateral expenses continue year after year!

(5) MARTHA HUFF’S RENOVATION FINDINGS

In the summer and fall of 2014, Martha Huff (33-1) had her unit renovated by Don Caintlin. Don took over 200 photos documenting the conditions he found in her unit. Here is a quote from Martha:

“My condo is undergoing a total interior renovation right now. My contractor has found terrible workmanship everywhere within. In the full bath in the back he tore out

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moldy sheetrock only to find a boarded up sky light and NO insulation! None what-so-ever. He could see through the vents right to the blue sky! No wonder it gets cold in there. He also found no blocking in back of the kitchen cabinets; they were just hanging off a few studs and the sheetrock. The electrical wiring is also a puzzle ... He has been taking photos and I can send some along if that helps. If the reserve study engineer is local and wants to go over next week, he can see first hand." Additional statement by Don Cantlin: "#1 problem is MOLD ... several inches thick in some places." Photos: evidence of rodent feces and gnawing of electrical wires between sheathing and sheetrock; lots of rot.

(6) MANDATES by SLCA BY-LAWS

Duties of the Board

- pg. 33 (a) "Preparation of the annual budget, in connection with which there shall be established the assessment of each Owner for Common Expenses" (c) "Provide for the operation, repair, replacement, and maintenance of all common and limited common areas.
- pg. 43, 44 "all maintenance repair and replacement of common areas and limited common areas ... the cost of which shall be charged to all owners as a Common Expense

Manner of Replacement

- , pg 45 "substantially similar and of **1st class quality**" *Tom Byrne said at the annual meeting we were "not a Ritz Carleton or a Motel Six but more like a Howard Johnson." We have lake-front land which is going at a very high premium these days. If we want to realize the benefit of this high value, shouldn't we stop treating our buildings like a low-budget investment?*

Reserves

- Article V, (d) pg. 41 "The Board of Directors shall build up and maintain both an adequate operating reserve and an adequate reserve for contingencies and repair, maintenance and replacements of the Common and Limited Common area which shall be funded by regular monthly payments" *Reserve Study evidence-based research says we are underfunded by \$48,470 per unit. (pg. 18)*

Payment of Common Expenses

- pg. 42 "All Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article V upon his purchase of a unit. No Owner may exempt himself from liability for

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his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common or Limited Common Area or by abandonment of his Unit. The Simple Plan states we must measure expenses by "what the owners are willing to pay." That viewpoint, despite its compassionate merit, is a violation of our by-laws. We are all members of the community of Enfield and the town sets the tax rate for that privilege; community members are not asked what they are willing to pay! Likewise, we are of the SL community. Our Board manages our property for us and must make credible evidence-based decisions about what must be financed in the interests of preserving property value, and we owners have to pay it.

Obtaining and carrying insurance against property damage and liability

- pg 34 *We have been warned by our insurance company as early as 2010 that our roofs were worn. Now (2015), we have received an ultimatum. Union Insurance Insurance Underwriter Laurie Tatro told Richard Logan (our Goss-Logan Agent) in an email dated August 11, 2015 "I went back in the file to original application submitted and do not find any information concerning the year of updates on roofs. The insured will need to provide this information and any roof that exceeds 20 years will need to be identified and based on condition of the roof, replaced to offer renewal coverage." SLCA now has a highly credible Reserve Study which is public information. It details a well-authenticated statement on the current condition of our roofs ... all of them. Read pages 11, 12, 13, and 14 in the light of Union's mandate. Do you want our association to lose its insurance coverage? Our agent, Richard Logan, said such a denial would mark us as "undesirable" to the industry.*

(7) ERRONEOUS INTERPRETATION: By-Laws Article V, #7, pg. 45

"Additions, Alterations, or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the Common or Limited Common Areas shall require additions, alterations or improvements costing in excess of Five Thousand Dollars (\$5000) during any period of twelve (12) consecutive months, and the making of such additions, alterations or improvements shall have been approved by a Majority of the Owners, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Owners for the cost thereof as a Common Expense." *The terminology here is distinctively different from the multiple times the By-Laws say the Board is responsible to perform all maintenance, repair and replacement. We routinely spend over \$5,000 on these items without an owner vote, i.e. Michelle's roof. I do not believe #7 above refers to our building capital structural integrity, but to non-essentials. None of the numerous By-Law references for "maintenance, repair and replacement" state that approval of the owners is required. I talked to three different lawyers at the Boston Condo Expo in April of 2015 which Bev, Sandy and I attended. All*

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three confirmed that our interpretation of #7 is incorrect. Without a formal legal opinion, however, we will never know for sure. I recommend the Board obtain a legal opinion about this ASAP for everyone's protection.

JEANNE'S CONCLUSION

Based on the extensive due diligence and highly compelling, irrefutable, *prima facie* evidence received by SLCA Board of Directors and described in this report, I cannot support the SLCA Board in its position (as expressed at the 2015 Annual Meeting) to go ahead with something other than the full roof replacement advocated in the Reserve Study. I heard statements of the intention to "fix" (not replace) roofs "in sections" as problems appear and acceptable bids are received. We have overwhelming evidence that this will not solve our roof problems. It would be like trying to hold together with more fillings a tooth which has cracks all over it. Tim has cited imperfections all over the building roofs; they are beyond "fillings". To stop "leaks" we need to put a "cap" on the whole thing (full roof replacement) for each building we own (13).

I also heard consensus for the "what-the-owners-are-willing-to-pay" mandate as opposed to the solid evidence for full roof replacement ASAP. While I heartily support working diligently to make the necessary work as affordable as possible for all members of our association, I do not support determining what will be done, when and how with such a mandate ... nor do our by-laws.

Ray is actively pursuing bids to obtain real bid numbers. He has found superb financing options such as one a few months ago which involved a \$200,000 10-year loan at a very low rate and resulted in a \$90 monthly increase in dues per unit while accomplishing full roof replacement for all roofs in 6 years. Why not increase the dues to get the job done right, responsibly and in a timely manner? If not, our long-time practice of "fixing" repetitive "leaks" while also paying for collateral water damage will be much more costly and much less responsible.

Thoughtfully Submitted,
Jeanne Childs, SLCA Board 8/13 to 9/15

This report was presented at the SLCA Board of Directors Meeting 9/3/15.