ATHERTON COMMON UNIT OWNERS ASSOICATION
BOARD OF DIRECTORS MEETING MINUTES
NOVEMBER 18, 2019

The meeting was called to order by President John Learoyd at 6:30 pm. In addition to the president, Vice President Dick Stout, Treasurer Kevin Eagan, Secretary Joan Ferguson and At-Large Director Rich Nowak, Residents Al Weller, Gary Chandler, and Peter Eiche, and Association Manager Norman Desrochers were in attendance.

Minutes: Dick Stout moved and Kevin Eagan seconded to approve the September19, 2019 minutes without comment. The motion was approved by the Board members (5-0).

Building Painting and Rot Repair: President John Learoyd proposed a 5-6 year cycle because a 7-year cycle doesn't work, pointing out that five buildings need painting now. The plan will be to at least paint three buildings: Units 34-36 and 37-39 in 2020 and perhaps either Units 19-21 or 22-24 -- whichever is judged with the most need. But if the vinyl project is accepted by the Unit Owners, then these three buildings will be painted as the vinyl project will follow shortly in 2021 (if research and plans move along.) Association Manager Descrochers estimates the cost will be at least $20K for each building (or $60K total) for both paint and rot repair.

If the vinyl project is rejected for delayed, Learoyd noted, the minimum paint cycle should be six years and owners should anticipate subsequent assessment increases to cover the costs. At a minimum, that portion will increase 2-3% each year.

Roofing: There is concern that a large number of roof replacements is likely in the next five years. As background, Unit Owners should consult the engineering site survey conducted this past summer (link here). It appears the asphalt shingles among the Units are lasting 15-20 years due to the weather and thickness of the shingles and there are 30 roofs that are at 20 years old. Of those 30, one is rated poor (Unit 7) and the others at fair condition. This will mean a $200K-500K bill (or $4k-8K per roof side) over the next five years assumed by the Unit Owners. Chandler asked why the capital reserve would not cover this bill and Learoyd advised that the on-going repairs such as the curb restructure and septic failure might well drain the reserve. Learoyd noted that Unit Owners' monthly assessment payments contribute $75 toward the reserve but that spending is trending at $20-30K/year -- insufficient to cover the kind of funds needed for the upcoming roof repairs. The Board discussed three options to ensure a pay-as-you-go roof replacement: increase the monthly assessment in anticipation of this bill, special assessments or a 20-year loan. Discussion then moved to what is the priority and it was agreed that roofing is the priority over vinyl. For 2020, the Board agreed Unit 7's roof should be replaced. In addition, Unit 16's porch should be evaluated once the moss is removed. V-P Stout suggested the Unit 7 roof repair be accomplished over two years versus one year as the monthly assessment is going to be increased due to anticipated operations costs.

Vinyl Siding: Initial financial analysis (paint/rot repair versus vinyl) will be discussed at the annual meeting. Banks remain to be contacted for loan information details (including rates) and will also be presented at the 2019 Annual Meeting. Eagan advised the New Hampshire Business Annual Assessment has recently published and may have comment on state or federal grants for energy efficiency initiatives -- perhaps to the benefit of the association. He will review the publication and advise. The Board agreed to ask Unit Owners at the annual meeting regarding the vinyl and roof loan proposals; agreement is that any loan will take at least one year to obtain, subject to research, approvals, etc.

Budget: Eagan outlined the proposed 2020 budget, advising

- ✓ Capital Reserve Funds include:
  - Keeping $40K aside for septic repair
  - Applying $10K toward road repair (crack filling and sealing, on driveways, sidewalks and the road)
  - Applying $1.5K toward replacing 2 panels in a privacy fence
  - Applying $15K toward rot repair (2019 final costs was $16K)
  - Applying $45K toward roof replacement
  - Applying $8K toward 8 (optional) garage door replacement, with Unit Owners paying half of the cost.
- ✓ Operations budget is based on
  - The tree work budget is the same as 2019 (and completed as needed)
  - Legal (set at $5K in 2019) is dropped to $2K (assuming the by-laws work is accepted by the Unit Owners)
  - The Great North management fee is in the second year of the contract and increased by .$1/month/Unit Owner
  - Insurance rate is going up; Desrochers advised that rate is going up across all condominium associations
  - Administration fees will be kept at $1K
  - Acorn (lawn maintenance) contract will be on the last year of a 3-year contact, so the amount will remain the same
  - Silver Maple (snow removal) is in the last year of a contract, so no change in amount for the 2019-2020 budget
  - Painting increase is attributed to 3% inflation
  - Septic (should one or all fail) includes a 25% increase (total $5.5K) as the dumping fee has increased (a fee that is not included in the reserve account)
  - Trash pick-up and water budget lines remain the same
  - Tree work: In 2019, 4 trees were removed at $2K. For 2020, a tree removal near Unit 16 will require a crane, at least one tree needs to be removed near the pond and forest encroachment work for the septic fields needs to be accomplished
  - Pond aerator was not effective this year. It is believed it was installed too late in the year and will be started in May or June once the weather turns good. In addition,

"good bacteria" will be added to neutralize the fertilizer run off and the culverts will be cleared out. This means the street light will be lit 24/7 once the aerator is turned on as power for the aerator is hooked up thorough the street light

- ✓ Eagan estimated there will be between $5-10K of the 2019 budget left at the end of the year and recommended those funds be carried over into the 2020 budget. In summary, Operations net cash at the end of October was $14.K. With anticipated receipts of $40.5K in November and December, that means an availability of $55K. But with bills anticipated to be $41K, there should be between $8-10K, but there are always unanticipated bills; thus the anticipated carryover of between $5-10K. Essentially, the Association is running at budget, including the curb stop bill. The carryover to 2020 decision will be a Unit Owner discussion and decision item at the annual meeting.

- ✓ Stout pointed out the capital reserve account interest rate seems to be low. Would a business money market offer a higher interest rate? Desrochers said he would investigate and report back to the Board.

Learoyd noted that $2.5K was allocated toward irrigation repairs in operations, but that the recent curb repair costs were well above that figure. As there are 21 curb stops throughout the property and the system is aging, should additional funds be allocated? It was pointed out there are a variety of options for repair, but each is unique. Ferguson added a curb repair close to her Unit was only about 4-feet deep (versus 8 feet), there were no obstructions (such as the boulder encountered in the recent repair), and did not require heavy equipment to excavate the area.

Learoyd asked if the 2020 monthly fee could be broken down as it relates to the budget (operations and reserve), including the $500 special assessment for painting (due June 1, 2020). In particular, why there is an $25 increase for the reserves (from $75 to $100).

By-Laws Publication: The attorney who reviewed and updated the by-laws (in accordance with condominium laws and regulations) suggested that the updated summary by-laws document be posted to the web site. But for those conducting a title search, there should be a disclaimer added that the posted by-law document "is not recorded at the registry, but includes all added amendments. Those seeking a title search should contact the registry to obtain the complete records of dates and amendments (even those subsequently removed)." Eagan will assemble the document for the web (including the appropriate disclaimer) if the new amendments are approved by the Unit Owners at the 2019 annual meeting. He will prepare a summary of the proposed new amendments for Unit Owners review prior to the annual meeting.

The meeting was adjourned at 8:25 pm.

Respectfully submitted.
Joan Ferguson, Secretary