

Meeting issues

The overriding issue in my opinion is the role of our Board of Trustees. Exceptional condominium associations have a pro-active Board which actually gets out on the field as part of the team without excessive reliance on the management company including the making of unreasonable last minute demands. Regardless of the quality of any management company, the community will only be average at best if residents are not an integral part of the management process. At worse, undue reliance on the management company can lead to surprise assessments which force many residents out of their homes who will then have extra difficulty in selling because of public perception.

The Dartmouth Group ("TDG") is paid approximately \$35,000 per year for bookkeeping and accounting. Both Angela and our Property Manager are shared with other TDG clients with our share of Stephanie's time probably 20-25%. Unless we add to TDG's duties which will entail added cost, there is little leeway for such things as administration of our reserve accounts, upgrading our By-Laws, keeping minutes, maintaining our own web site, issuing periodic newsletters and other necessary communications. As Stephanie is not always on site, the Board has a requirement of getting out and about to simply be aware of community happenings in order to deal with violations of our rules, coordinating the activities of Steve Judd and a variety of other roles which will be covered later. We are lucky that Steve takes the initiative in many situations and has a high degree of ownership for our fine property.

The winter storms took a great toll on TDG, the Board and residents who remained in Woburn. It is time, however, for the Board to stop blaming their shortcomings on this event and to demonstrate their own initiative separate from TDG. In the midst of the storm chaos, the Board became aware of the doubling of the Master Insurance Policy deductible and waited weeks for our beleaguered management company to issue an ex post facto initial notice and subsequent explanation. I have been criticized for not being on site and suffering like others but I would much rather have a Trustee who works proactively 24/7, who reviews financials and other documents regularly, who insists on giving timely notice to residents, who is highly aware of events here for nine months and attends all meetings either in person or by telephone. I am not excusing TDG for the storm aftermath as they were understaffed and ill equipped to meet this challenge but they were no different than other area property managers.

The 2016 fee increase of 1.89% does a great disservice to all residents remaining at Quail Run after 12/31/16. The Board is not devoting any portion of this nominal increase to enhancing reserves yet there is growing awareness that we are terribly underfunded. This means that you will inherit the incremental share of reserve funding deferred to 2017 for the 6-8 residents who exit Quail Run during 2016 as there will be no additional resident capital contribution for the entire 2016 year. The Board is waiting for a new engineering study which may be appropriate but there is no excuse for neglecting our capital reserves completely while we wait for perfect information. Regular annual reserve funding, the "Christmas Club" approach, in amounts fair to both new and old residents, is much more preferable than big surprise assessments. Residents should also understand that the 2016 increase being devoted strictly to the operating account will be the first increase in the operating budget in six years. Our 2016 operating budget will absorb the full 2016 fee increase because critical operating expenses, notably tree work and painting, were deferred to 2016 to show a small 2015 operating surplus. In financial circles,

this practice is known as “window dressing”. I have provided the Board via its advisor with spread sheets which indicates other areas where our 2016 operating budget pencil needs to be sharpened.

The 2014 engineering report assumes that we will not reshingle our roofs until 2034, 31 years after the last shingling, and does need revisiting along with computational issues which I have forwarded to the Board through their advisor. Most New Englanders know that the typical roof cycle here is 25 years and substantially all Quail Run roofs are already 12 years old. The last Quail Run roofing cycle occurred after only 15 years and the timing of the next shingling will also be affected by our need to add more snow and ice shield. Any reasonable resident should surely be aware that we are underfunded warranting immediate action. The 2014 report also assumes that our Trustees will invest at least half of our capital reserves at a 4% interest rate.

There was a breach of fiduciary trust during 2015 involving the willful deposit of excessive capital reserve funds at Patriot Bank. The management of our reserve accounts has been a Board responsibility, along with other Board duties, to help keep TDG fees as low as possible. For much of 2015, Patriot held upwards of \$430,000 of our capital cash reserves against an FDIC insurance limit of \$250,000 with over \$300,000 in money market accounts rather than CD’s. Our By-Laws specify that no deposits will be maintained anywhere without full FDIC insurance protection and common sense also dictates that funds in excess of anticipated annual capital expenses be invested at the highest yields available for insured instruments. When I questioned several Trustees, I got the “what does it matter” response and I am not aware that this situation, now surfaced, has been corrected even at this late date. The additional reason for Board responsibility here is that all transactions require two Board member signatures, a time honored financial tradition, for trust fund transactions so it makes logistical sense for the Board to step in here but in 2015, there was a total failure to do the right thing.

Communication with residents is also a Board responsibility. In addition to the insurance snafu, the quarterly newsletter, other broadcast information, our web site, mid-year financial meeting and other significant Board transparency responsibilities have also suffered. Interestingly, as soon as the prospect of a contested election arose, there has been a renewal of Board communication. Previously, I was denied access to materials now flowing just this past week, many of which had been available for some time and I confess that this a significant factor behind my decision to seek a return to the Board.

The concept of a special financial advisor to the Board also violates basic financial principles. I was delighted to learn that Bill Janovitz was willing to lend his considerable expertise to Quail Run as I had filled this singular role with great discomfort in the past. Most board members during my tenure conducted little independent diligence regarding our financial posture. Just as we control trust funds under dual signature, it is clearly preferable to have a finance committee if qualified people are willing to serve, especially with prevailing Board inattention. My offer to participate as a member with Bill chairing a new finance Committee was nixed by the Board without explanation. The” Czar” concept is usually used to isolate boards from responsibility and is totally inappropriate for financial oversight.

Landscaping in the past included volunteer residents planting new trees, cutting back invasive species and undertaking a new project each year such as the repair and reseeding of common areas adjacent to the pool house and banking area behind Kendall's Mill. Volunteer support was a major factor in controlling our historic operating costs. Our Landscaping Committee chose to conduct a study which was fine but not an end in itself. No trees were planted and no volunteer projects were undertaken. Essential tree work was deferred as well and there was little Board supervision of Vanaria's compliance with the current contract. Tree work by our arborist was previously coordinated by the Board with real time input from residents and our onsite TDG representatives, Steve and his predecessors. By organizing full work days with prioritization based on resident needs and encouraging reasonable flexibility to do additional tasks within the immediate work, we cut tree costs by 50% without micro management of the process. I do not believe our current landscaping committee has embraced this concept. Tree work days were also announced in advance so that residents could dispose of downed limbs and other debris with volunteers doing additional disposal work most notably adjacent to the main roadway.

Repaving of Michael's Green is running late and may be impaired by weather. I am not aware of any details as to why the 2015 project contract did not set firm deadlines (as we did at Johnson's).

Little things also count. The annual appreciation lunch for Vanaria employees who toil on our behalf has been a tradition but our Board was idle this year just as they were with setting up a timely outdoor candidates' forum for Ward 7 aldermen. Pool heating costs are up this year as the Board was not aware of the minimal usage once the weather cooled and did not even remember to authorize the 2014 purchase of seasonal wreaths. There has also been little encouragement of volunteerism for projects which improve our surroundings and foster community spirit but Trustees have to set the example before asking residents to step up.

In closing, I simply want to remind all that continued Board inattention to issues both big and small has both a financial and social cost. Our Chair has worked long and hard on your behalf with a number of fine results along the way but now a catalyst is required to set a different course. Unless Trustees are willing and able to roll up their sleeves, our TDG contract will have to be renegotiated at a higher level of service and cost to compensate for insufficient Board contributions. I believe it will always be better if the people who live here are fully involved in the management process rather than relying on people who live elsewhere.