

11/17/15 Board of Trustees Response to Richard A Clarke's 11/16/15 letter "Meeting Issues"

This letter is in response to Mr. Clarke's 11/16 letter. See that letter for the full text of his allegations.

1. "Overriding issue" -- role of the Board of Trustees

The current Board is very engaged, pro-active, and routinely involved with the landscaping contractors. Particularly necessary was last winter, when the need for Trustees to be "on location" was extremely important.

The experience of last winter reinforced the need for Trustees to be on-site during the most challenging of weather conditions.

2. The Board places "excessive reliance on the management company"

It was not possible for the Board to place "excessive reliance" on TDG this past year, since the Board had to deal with the extraordinarily disruptive effects of excessive turnover in property managers.

Placing reliance on a management company is what associations expect to do, consistent with cost vs. benefit considerations, which ensures the management of their property is efficient and professional.

The Board is already fully engaged in administrative and other tasks, which TDG no longer handles.

3. Mr. Clarke apparently feels unduly "criticized for not being on site"

The issue is that a Trustee who "dials-in" during the worst time of the year, for a New England community, is ineffective when emergency decisions need to be made. Perception from a sunny part of the country distorts the reality of being in the thick of the problems up north in the winter.

Unit owners who are not on-site full time are encouraged to be major contributors as committee members or consultants to the Board, but experience has taught that residents need to be on location most of the year to be qualified to be a Trustee.

4. Our 2016 fee increase is a “great disservice” to residents; our reserve is “terribly underfunded; we are currently “neglecting our capital reserves completely”

It appears that Mr. Clarke seems to think he can encourage residents to vote for him because he will come to their rescue and raise condo fees to a higher level in 2016 than the Board is raising the fees.

The Board is not being irresponsible, as suggested by Mr. Clarke, in how it has established the 2016 condo fees and how it is managing the capital reserve.

The Board worked very hard to minimize 2016 condo fees, for the benefit of unit owners, and decided to defer any further increase in the condo fees in 2016 to increase reserve funding beyond the \$149,861 it already has budgeted to add to the reserve in 2016. To enable the association to fund that amount in 2016, unit owners will already be paying an average of \$133 per month in condo fees, out of their total monthly condo fees of \$464.13, a very substantial sum (28% of total condo fees), so we are not exactly starving the reserve fund. In fact, we are forecasting a large increase in the reserve over the period 2016-2015, as you will see at the meeting

The Board does expect it will need raise the \$133 per month beginning after it receives the results of an engineering reserve study update in 2016.

5. The reserve is being “underfunded” relative to our roofs

Our condo fees may very well need to be increased relative to the reserve funding for our roof replacement program, earlier and possibly at an even higher level of cost than were estimated in our 2014 engineering study update.

We will have a concrete reading on that after we get the 2016 engineering study update report in 2016.

6. “Willfull deposit of excessive capital reserve funds at Patriot Bank”

The fact is the Association’s deposits at Patriot Bank have been fully insured, at all times, between a combination of FDIC insurance and additional insurance provided by the Share Insurance Fund (SIF) of The Co-Operative Central Bank. We had no risk of loss.

7. Communications with residence have been inadequate

Due in large part to the impact on the Trustees, individually and collectively, resulting from last winter's storms, property manager turnovers, and retirement of the communications editor, the Board's communication was below standard.

The Board has increased communications with unit owners by increasing the utilization of the Quail Run website. All Annual Meeting information, unit owner communication, and updates are posted daily. The Board is actively recruiting volunteers for the Communications Committee, appointing an editor and selecting a webmaster.

8. Having a financial advisor to the Board "violates basic financial principles

That allegation, of impropriety, is simply untrue. The Board has strengthened the financial function by having a financial consultant.

This accusation insinuates that the previous Boards, who instituted and relied heavily on a Financial Committee, were also in violation of basic financial principles. As a point of interest, Mr. Clarke has demanded to be on a Financial Committee with our Financial Consultant, so it appears there is a disconnect of when financial principles are being violated and when they are being used for self-serving purposes.

9. Landscaping work is inadequate

The Board had to cut back on spending on tree work during 2015, because it was conserving cash pending the resolution of common area insurance claims including the \$36,510 paid for snow raking.

The budget for tree work in 2016 is \$15,000.

The Board is pleased to announce that the Landscape Committee has reached its capacity of members. The Committee is planning an active program for landscape maintenance and beautification during 2016.

All vital tree work and extermination work was completed in 2015.

