11/10/15 Richard Clarke

Faced with the prospect of a contested election, our Board of Trustees has finally begun communicating with residents regarding financial matters. Unfortunately, political spin has reared its ugly head!

The announcement highlights a modest operating surplus but achieved by deferring essential operating expenses to be funded by the 2016 budget increase of 2% (my estimate based on $8 per month for our older units). This will mark the first operating expense increase and the first time fee increases that will be used to cover operating expense in over six years.

The first gorilla in the room is barely mentioned. The only hint is that the contribution to capital reserves, funded by our monthly fees, will remain static. Based on the limited information presently available to residents, that contribution will be approximately $149,000 in 2015 yet I understand we will spend $145,000 on the Michael's Green repaving. Capital projects of this nature are funded from our capital reserves already inadequate based on engineering studies commissioned by prior Boards.

While I am told that the MG project cost of approximately $145,000 includes the engineering for the 2016 KM repaving in 2016, the Trust typically spends at least $30,000 on reserve items other than paving. No wonder that VBW porch flooring replacement appears to have been deferred and**how are we to pay for repaving SMB and DG, both larger complexes, without further increase to our reserve deficiency?**

The second even bigger gorilla is the prospect of **early roof replacement** which our engineers place at **over $2,000,000**. The study assumes a typical New England 25 year roof cycle yet existing roofs are already twelve years old and starting to show abnormalities. The Trust had to reshingle last time in 2003 after only 15 years due to premature failure. There will be added pressure to reroof early to add more snow and ice shield to prevent future ice dam leaks.
I prepared a study in 2014 reflecting current paving plans which assumed a 7% increase in 2015 (later set at 4%)with 2% for each following year showing reserves dipping below $500,000 against a target of $1,200,000 in year five before beginning to rebuild slowly. No consideration was given to the prospect of early reshingling.

Unless you are planning to sell your unit in the near term, the surprisingly low increase approved by your Trustees this year will increase the probability of a **significant assessment within the next five years.**

Assessment is indicative of Board failure to exercise proper oversight. Low annual increases are particularly unfair to younger residents while excessive increases are unfair to the elderly but assessments for all those with limited financial resources are a disaster.You will have no opportunity to vote against the reserve plan before us as sitting Trustees set the annual fees.

If I am elected, I will advocate the “Christmas Club” approach whereby fees are set each year at a more reasonable level so that we save for the future in modest increments.