

South Cove Heights Annual Meeting Minutes, September 4, 2015

INTRODUCTION:

The Annual Meeting of the South Cove Heights Condominium Association was called to order by Board President Rick Hartman. Seven (8) units were represented in person and Three (2) units by proxy; therefore a quorum was declared.

Mr. Hartman welcomed everyone and asked everyone to introduce themselves. Mr. Hartman introduced his fellow Board Members and Terry Jones and Diane Johnson of Belle Terre.

PROOF OF NOTICE:

Mr. Hartman entertained a motion from the floor to waive the reading of proof of notice which is the meeting notice that the owners received. The motion was made, seconded and passed by a unanimous vote.

MINUTES OF 2014 ANNUAL MEETING

Mr. Hartman requested a motion to waive the reading of the minutes of the 2014 Annual Meeting. A motion was made, seconded and passed by a unanimous vote.

BOARD OF DIRECTORS REPORT

Mr. Hartman reported the following:

STAINING PROGRAM

Our policy is to re-stain our condo units every ten years and our decks and walkways every two years. In keeping with this policy, Units 24, 26 and 28 were re-stained this spring of 2015. All decks, walkways and rails will be re-stained next year in 2016. At this time, any untreated replacement deck boards or ledger boards will also be stained.

An owner inquired about the staining of his newly installed walkway. It was confirmed that the wood needed to “season” first and he should arrange for staining in the spring. Following the initial staining by the owner, the Association will include the future staining of his with the other walkways in the Association.

LANDSCAPE PROGRAM

Our landscaping policy is to continue to contain and control our landscape by keeping our white pines and hemlocks in check, pruning shrubs and branches away from buildings and removing trees that are out of control or diseased and replacing them where appropriate. This work was continued during the summer by Belle Terre staff.

We will continue our practice of mulching the sides and fronts of our units as part of the annual spring cleanup. We will also consider again re-mulching the rear area but this is an expensive proposition costing around \$3,000. We are concerned about the continual erosion of this hillside. Before re-mulching, we will assess the effectiveness of recently installed riprap trenches across the area added to try to divert the rain water. As part of our annual maintenance, we also will be adding stone to paths where needed and to the auxiliary parking area at the top of the hill when appropriate.

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SIDING REPLACEMENT PROGRAM

The major siding replacement program was completed last year at a cost of over \$100,000. However, we need to keep our eye on this problem and plan to address it on an annual basis so that it doesn't get ahead of us. Accordingly, we have allocated approximately \$2,000 this summer to replacing random areas of rotted siding and will continue to do so in future years.

An owner inquired if there were measures being taken to minimize the rot. It was noted that the carpenter uses building wrap and ice and water shield where needed. All 45 deg. end cuts are also stained to preserve the wood; however, it is soft wood and is susceptible to rot.

ROOF REPLACEMENT PROGRAM

Our next capital project will involve replacement of most of the roofs throughout the Association. Some of our roofs are original construction going back to 1988 while others have been replaced as recently as 2010 and 2013. Earlier this year we had a thorough inspection of all roofs by Weathercheck, our local roofer, to establish a current baseline from which to move forward.

During this inspection, all roofs, consisting of front and rear slopes, were rated in terms of condition: 1 = Like new condition; 2 = Past "half-life" – nearing end of useful life (approx. 3 to 5 years); and 3 = Needs to be replaced during the next year or so. From this information, we compiled a roofing plan that indicates a planned sequence for roof replacements. Fortunately, we have only 2 slopes out of all 28 slopes that received a 3 rating and we have scheduled these slopes for replacement this fall. (#28 Front and #30 Rear)

The speed with which we can complete this program will depend on the level of our financial resources and the demand for these resources for other purposes. For budget purposes, we are estimating a replacement cost of \$6,000 per slope including replacement of adjacent siding. This would indicate a total cost at today's prices of \$168,000 (\$6k x 28 slopes) to replace all slopes. However, 3 slopes, recently replaced in 2010 and 2013, have a "1" rating and should have a future useful life of at least 20 plus years. If we remove these 3 slopes from our immediate consideration, that leaves 25 slopes that need to be replaced during the next several years for a cost at today's prices of about \$150,000 (\$6K x 25 slopes).

We plan to pay for this project through our common area reserves. These reserves are funded from two sources. One source is the \$850 per unit special annual assessment that we started in 2011. This provides \$11,900 annually. We had originally thought to end this assessment in 2019 but we were hit hard by our recently completed siding replacement program. We now will have to continue it for a few more years to help pay for our new roofs. The second source is from our annual budget. Each year we target an amount from the annual budget for transfer to our common area reserves.

During the past three years, we have managed to raise approximately \$12 to \$13,000 annually from our annual budget for our common area reserves. The result is that today these reserves amount to approximately \$42,000.

During the next several years, we are planning to add to our common area reserves at the rate of \$24,000 annually - \$11,900 from the special assessment and \$12,100 from the annual budget. If we have no other capital expenses requiring funding from our common area reserves, this would mean that we could re-roof 4 slopes per year at annual cost of \$24,000 at today's prices. In an ideal

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world, this would mean that we would be able to re-roof those remaining 25 slopes needing the most attention during the next 6 to 7 years. In any event, since we already have approximately \$42,000 in reserves, we are able to begin the program while still having reserve funds available for emergencies.

An owner inquired if the Association has considered alternatives to shingled roofs such as metal. Terry commented that other groups have researched the possibility; however, the safety and liability issues regarding metal roofs are a major concern.

It was also noted that the Skylights are reaching the end of their useful life and unit owners may want to consider replacing them in the conjunction with the replacement of their roof slope. There is a significant saving if coordinated with the scheduled slope replacement.

CHIMNEY INSPECTIONS

Only chimneys with active wood burning stoves or fireplaces that are being used will be inspected annually and cleaned as needed. In accordance with past practice, all chimney inspections will be paid for by the Association while any required cleaning or repairs will be paid for by the owners. Terry confirmed the inspections have been tentatively scheduled for September 21, 22, or 23rd.

TREASURER'S REPORT

Mr. James Fear presented the following Treasurer's Report:

Cash on hand at September 4th is approximately \$40,990

At this time, there are no delinquent owner(s) owing more than one month of common charges.

The Common Area Reserve balance is approximately \$ 42,222 and the Operating Reserve balance is approximately \$8013.

Projected reserve needs are based on anticipated replacement cost and remaining useful life. The reserve status is reviewed annually and adjusted accordingly.

Mr. Fear requested the following **MOTION** in accordance with IRS Revenue Ruling 70-604:

RESOLUTION OF SOUTH COVE HEIGHTS

RE: EXCESS INCOME APPLIED TO THE FOLLOWING YEAR'S ASSESSMENTS REVENUE RULING 70-604

WHEREAS, the SOUTH COVE HEIGHTS ASSOCIATION is a NH corporation duly organized and existing under the laws of the State of NH and

WHEREAS, the members desire that the corporation shall act in full accordance with the rulings and regulations of the Internal Revenue Service;

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NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf of the SCH Association:

RESOLVED, that any excess of membership income over membership expenses for the year ended December 31, 2015, shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

This resolution is adopted and made a part of the minutes of the meeting of the SCH Condominium Association.

The motion was made, seconded and approved by the unanimous vote of the members.

Mr. Fear reminded owners that the Audited Financials for 2013 and 2014 are available on the table and suggested owners review and contact the Board if they had any questions.

Mr. Fear went over the proposed 2016 Budget and provided a brief overview for the line item increases. The Board will approve the final budget in early December; however, he noted the Board anticipates a 3%+/- increase as noted in the draft provided in the Welcome Packet.

Mr. Hartman reminded the members of the following:

WEBSITE

Belle Terre's website has been up and running for several years now. We encourage you to visit it at belleterreus.com. You'll find updates, policies, resolutions and other information pertinent to our Association. Belle Terre welcomes any suggestions for information you would like to see included.

INSURANCE

Reminder – the Association's deductible on the master policy is \$5,000 which is the responsibility of the unit owner where the damage occurs. Check with your own agent to be sure you have the coverage you are comfortable with.

CLOSING UNITS

Remember the proper procedures for closing units. There were several major losses throughout the various Associations during the past few years due to freeze-ups.

All absentee owners (even short trips) should remember to shut off the main water supply. We had a major insurance claim this last year due to a leaking ice maker. This could have been averted by simply turning off the water. A by-pass can be installed to allow water to the furnace but prevent it from flowing through the entire system. With the high cost of fuel, we are finding more of our seasonal Owners deciding to completely winterize their units.

PROPANE

As some of you will remember, we had a propane outage this past winter due an early cold snap. We suggest that owners maintain contact with Suburban Propane and inform them of changes in rental status that could affect changing heating needs. Call 603-448-4708.

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An owner inquired about the possibility of changing propane providers. After some discussion, it was agreed that it could be done; the procedures for changing the vendor were outlined.

Terry noted that the price given to the Eastman Buying Group by Irving and/or Young's is usually given to the condo unit owners as well.

GUIDELINES AND COURTESIES

Owners are reminded to abide by the rules and regulations of condominium living outlined in the Association Guidelines and Courtesies document.

FALL CLEAN UP

The Association will conduct a one day only clean-up of the common area during the fall which allows for removal of dead flowers from barrels, old flower containers, etc. Terry reminded owners that this pick-up is for items accepted at the Transfer Station at no charge. An email will be sent to all owners with the date.

GENERAL SAFETY SUGGESTIONS

Keep fire extinguishers and flashlights in a convenient location in the event of an emergency. We also encourage an annual inspection/cleaning of furnaces.

ELECTION OF A DIRECTOR

Mr. Hartman confirmed that James Fear's term not only expires at this meeting but Jim and Virginia Fear will be selling their condo making FL their year round residence. Mr. Hartman thanked Mr. Fear for his many years of service.

The floor was opened to nomination. Jay Welsh was nominated and the motion seconded. There being no other nominations, the floor was closed to nominations. Mr. Welsh was elected to serve a three year term by a unanimous vote of the members.

Mr. Hartman inquired if there were any other questions or concerns; there being no other business, the meeting was adjourned.

Respectfully submitted,
Terry L. Jones, Recording Secretary