

The Wentworth Resort Condominium Association (WRCA)
Board Meeting Minutes
Saturday, September 25, 2010
The Wentworth

The meeting was called to order at 9:30 a.m. by Blake Smith, WRCA BOD Vice President.

Present: Board Members: Mike Dinneen, Blake Smith, John Sevee, DD Warren, Rosemary O'Brien.

Guests: John Bruni, Peggy Dinneen, Wayne Infinger

Management: Fritz Koeppel, Irina Ilieva

Insurance Policy

Wayne Infinger of Cross Insurance discussed the master insurance policy with the Board.

Wayne presented three options: To renew the present policy on January 1st with Vermont Mutual with the \$25K deductible is \$38,907. With a lower (\$10K) deductible, the premium is \$43,222. An alternate quote from Philadelphia Insurance with a \$15K deductible had a slightly more favorable premium but their claim payment history is unknown. Vermont Mutual has a good claim history with WRCA including the fire settlement of over \$1.3 million. There are about 12 companies that Cross represents doing business with condominium complexes but only Vermont Mutual and Philadelphia offered favorable pricing at this time.

Wayne recommended that WRCA increase the dishonest employee coverage from \$25K to \$100K Coverage should be equivalent to cash reserves or at least \$100K. Many lenders will not underwrite loans if associations do not carry a minimum \$100K. The additional annual premium is \$86.

The larger deductible has favored WRCA because it has reduced the claim frequency and resulted in a favorable premium, which is spread over the 80 owners in dues.

It is the frequency of a loss/claim that results in a premium increase or a policy cancellation. Water damage from failed water heaters, ice dams, and plowing are the most frequent claims. These should be addressed with preventative programs (as we are already doing). Being proactive will save the association money. Vermont Mutual will not credit for maintenance/preventative programs but will surcharge for lack of them, that is, if associations don't try to minimize losses/claims.

It is recommended that individual owners should have their own policies that cover at least up to the master policy deductible (\$25K).

Most claims are substantially under \$25K and even well under \$15K. A lower deductible results in more frequent claims which means more cost to the association and unit owners.

There were two claims last year, both under the deductible.

Some condo associations have a \$50K deductible - the owners would then have to carry at least \$50K of individual insurance at higher individual cost. Associations with very low deductibles are always making claims – resulting in substantially higher insurance premiums which are passed on to owners.

There is a clause in the by laws – waiver of subrogation – this means that one owner cannot go after another owner for a damage claim. This means that if a water heater in one unit causes damage to the adjacent unit, the adjacent unit owner would have to file a claim under their own insurance policy.

Water heater replacement: most fail after ten years in service. WRCA has 28 units with water heaters over ten years old. The cost of replacement varies widely by unit (location, size, and type of heater). It is in the interest of the unit owners to replace after ten years as any loss due to tank failure will likely be under the association's \$25K deductible. Therefore, the Board has asked management to advise affected owners that their heaters are over ten years old and should be replaced, because unit owner will be on the hook for the first \$25K. The Board will consider, at next month's meeting, requiring replacement by affected owners mandatory, to protect the common area and adjacent owners.

Wayne advised that insurance coverage is bound as of January 1st but the Board does not need to decide right now which option to choose.

Wayne left the meeting at approximately 9:30. After further discussion the Board voted to continue with Vermont Mutual (a known entity) and to stay with the \$25K deductible (which keeps costs down) and to increase the "dishonest employee" coverage to \$100K for an additional premium of \$86/year.

Management Report

As of the end of August there were 202 items remaining on the punch list. Work continued in September but at a slower pace due to end-of-year budget constraints.

Two drainage projects should be completed this year: catch basin rebuild, and drainage behind 66 WENTWORTH Hall Ave.

Management has a cost estimate of \$2,750 to rebuild the catch basin at the junction of Joshua Loop Rd. and WENTWORTH Hall Ave. There is water backed up after heavy rainfall and resultant flooding. Concern is that, if not addressed, water will again infiltrate the pumping station at 17 WENTWORTH Hall Ave. The cost is in the CAPEX Budget.

Water drains off the hill side and into the foundation of 66 WENTWORTH Hall Ave. Similar problems at 8 Fox View Lane and at 10 Joshua Loop Rd. were successfully addressed with drainage projects. Complicating the problem at 66 is a crack in the foundation at 66D. Water has gotten into the unit before. Repair and sealing this crack as soon as possible is critical to maintaining building integrity. The drainage project can be done by Eastern Green for \$5,100, the same amount they charged for each of the other two buildings. Another quote came in at \$5,900. Management can seal the crack at the same time the drainage is being addressed. John thought the price to be very reasonable based on his professional expertise. Work should begin as soon as possible. Eastern Green is willing to work in September and accept payment in October. The \$5,100 is in the budget. The Board voted to proceed with this project. Blake will contact Jack to discuss.

Management was directed to purchase 40 new wreaths and 25 garlands from Grennons, based on favorable pre-season pricing. Management will pick up the wreaths.

The owner of Unit 6C WENTWORTH Hall Ave continues to be behind in dues. The amount owed is \$3221.77. WRCA has a lien on the unit. The unit is on the market for \$289K and is scheduled for sale at auction on October 12.

Financial Report

Expenditures exceeded revenue by approximately \$15K for the year. Most of this is attributed to actual CAPEX of \$97K versus \$88K budgeted. Most of the CAPEX overage was due to the stair reconstruction at 82 WENTWORTH Hall Ave. \$10K from the painting budget was used to pay for the stairs.

We tapped into capital reserves to pay for the deficit.

We should recover dues in arrears and legal fees when unit 6C is sold.

Fritz presented the items in the CAPEX budget for the upcoming fiscal year. Upcoming projects include drainage, storm drain cleaning, roofs on two buildings, painting three buildings, septic cover replacement, and punch list items. Some of these items (drainage and some punch list items) are actually included in the operating budget. There was some discussion as to allocation of repairs/projects to operating budget versus CAPEX budget. Fritz and John will review the split.

Next year's budget is proposed to be \$329K for a cost of \$4,123/unit/year. This is an increased of \$250/unit/year. The Board approved the total budget amount with the requirement that Fritz would reallocate the split between building repairs and CAPEX. This is pending Jack's review and comment. Blake will contact Jack to discuss.

Since dues are going out the first week in October the Board needs to send a letter to each unit owner noting the increase and why. There has been no increase since 2004. John will draft the letter. Blake, Fritz and Jack will review by Monday or Tuesday of the upcoming week.

\$20K from money market will be transferred to checking to cover the next month until dues start coming in.

August BOD Minutes:

Minutes were approved with Blake's and Rosemary's comments.

Old Business:

Letter recommending water heater replacement will go out after further discussion at October's BOD meeting to twenty eight (28) affected owners.

New Business:

The annual meeting and dinner will be on Saturday December 4. The meeting will be at Red Fox and the dinner will be at The Wentworth. Price will be similar to last year and owners will pay for their meals. Irina will confirm date and time with Red Fox.

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The next BOD meeting is scheduled for October 23, 2010 at 9:30 a.m. at the Wentworth. John Sevee will take the minutes.

Meeting adjourned at 11:53 am