

BOARD OF TRUSTEES MEETING
ROYAL CREST COUNTRY CLUB CONDOMINIUM
WEDNESDAY, NOVEMBER 29, 2017
6:30 P.M.

The meeting was called to order by Chairman, Dan Brown, at 6:30 P.M.

In attendance: Trustees, Dan Brown (Chairman), Gerry Walsh (Vice-Chairman), Tom Donaghey (Treasurer), Tim Collins (Secretary), Jeanean Street, Bill McCrave, Bill Mahoney, and Tom Barrille.

Also in attendance: approximately 90 unit owners.

Tom Donaghey made a motion to approve the minutes of the October 4, 2017 Board of Trustees Meeting. Gerry Walsh seconded the motion. Anna Hargedon, Building 14 resident was recognized. She objected to the minutes as written, stating that they did not mention a question she raised about the priority of building siding replacement. Dan Brown disagreed with her recollection of the conversation. Dan also explained that while meeting minutes should inform as to what transpired at a meeting, they are not intended as verbatim transcripts. The Board voted unanimously to approve the minutes as written.

2018 Budget and Long-Term Repair/Replacement Plan

As announced previously, a Planning Committee has been working to plan for the short and long-term needs of RC. The Planning Committee is comprised of Trustees Tom Donaghey, Tom Barrille, Jeanean Street, and Dan Brown. A detailed explanation of the Committee's work and recommendations thus far was handed out and is attached to these minutes.

Dan Brown spoke about the Committee's work and recommendations. RC's 2017 budget was over \$1.3 million. Since about the year 2001, RC has had to significantly increase its budget due to the increasing age (now 40 years old) of our complex. This pattern is not uncommon in condominiums. In many instances, appropriate funds are not put aside early in the life of a complex when the development is new. Since the early 2000's, proper planning and the increases in RC's annual budgets have resulted in appropriate upkeep of our facilities as well as the use of reserve funds to complete major replacement, restoration, and rebuilding. It is critical for the health of our complex, including quality of owners' experiences and property values, that this important and necessary work continues to take place.

As explained in the handout, the Planning Committee recommended a temporary increase in the amount of money devoted to reserve funds over 2018 and 2019. The increase is necessary for several areas of RC to go through major replacement, restoration, and/or rebuilding. The most expensive item is the replacement of building siding in Parts 2 and 3. However, other items, including but not limited to building roofs, are aging and will eventually be at the end of their useful lives. The Planning Committee will be expanded and continue its work. In addition to the current members, the following unit owners will be added: Ray Ruggieri, Carl Tempesta, and Ozzie Cuervels.

After Dan spoke and the handout was reviewed by those in attendance, discussion among and between the Board and unit owners took place. The necessity for, and the amount of money estimated for some of the work, was discussed at some length, with varying opinions and comments presented. Generally, everyone understood that most, if not all, of the targeted replacement, restoration, and rebuilding must

be performed; however, the issue of the timing – when the work should be performed – was a primary point of discussion. Unit owners and Trustees also were concerned that with the increase, RC's condominium fees were reaching a level where some owners may not be able to afford them and where sales of units may be impacted. It was explained that the increase for 2018 is not a special assessment. It is a necessary increase to RC's budget, and specifically, to its line item for reserve funds. However, in light of concerns over the appearance of the larger total condominium fee, the Board agreed to look into whether Fisher Financial could provide more detail on owners' bills.¹

The most 'spirited' discussion took place over whether a bank loan could fund the targeted work, thereby spreading the cost over perhaps 20 years. It was explained (again, please also refer to the handout) that much of the work would not need to be performed for many years. The expanded Planning Committee and the Board still have to refine their research to provide for a multi-year plan. The Board noted that a loan was utilized for the emergency replacement of RC's golf course's underground irrigation system. There were issues securing and administering the loan, but the Board was unable to provide details on those issues. Dan advised the unit owners that the idea of a loan would be researched by the Planning Committee as part of its ongoing work.²

After the discussion, the Board voted to proceed with the temporary increase for the reserve fund as part of the 2018 budget. Tim Collins made the motion and Tom Barrille seconded it. The vote was unanimous. The increased amount for the reserve fund line item will be, as it must, based on beneficial interest. Attached to these minutes is a breakdown by unit owner of the increased amount.

¹ Update. After checking with legal counsel and Mr. Fisher, unit owners' bills for 2018 will show the following categories with corresponding amounts due: Golf fees, Condo fee, Condo fee – reserve. In the January billing, there will be an option and explanation for unit owners who would like to pay the entire 2018 reserve contribution up front.

² Update. The Board wishes to thank unit owner Jon Predaris for raising the issue of a loan at the meeting. It is important to research all options as RC moves forward. Mr. Predaris has also agreed to join the Planning Committee. Three banks were contacted, along with RC's legal counsel. One bank was Walpole Cooperative, which provided the previous loan. The other two were Massachusetts banks that specialize in condominium loans. The information gleaned was then shared with the expanded Planning Committee. While the idea of a loan will continue to be considered as the Planning Committee continues its work, it decided not to proceed with attempting to secure a loan at this time. A loan is typically secured for emergency work that must be performed immediately without the necessary funds available. In our situation, the overall work (estimated at over approximately \$3 million), is anticipated to extend over at least ten years as part of normal, but major, replacement/restoration/rebuilding. The current estimate is that after 2019, the per unit owner reserve fund contribution will be about \$100 per month (as opposed to the \$250 per month for 2018 and recommended for 2019). Given these amounts and the amount of time estimated to perform the work, a loan would not be prudent. It would actually result in monthly repayment amounts per unit owner of about \$150 per month for twenty years.

Finally, the topic of “beneficial interest” calculations was also discussed. The RC office and the Trustees often receive inquiries about the fact that fees are based on beneficial interest. The calculation is mandated by law, occurs when a condominium is first developed, and is based on units’ value (which includes as one factor, a unit’s inhabitable square footage). Despite the passage of time and fluctuating values, the calculation must stay the same unless 100% of unit owners vote unanimously to change it – a virtual impossibility. Unless the legislature changes the law, the beneficial interest calculations for Massachusetts condominiums will remain the same.

Unit Owner Comments

A unit owner asked about getting Mass Save to do an assessment of the insulation in the attics. They may provide insulation free of charge. Bill McCrave is researching the matter.

A unit owner was given an opportunity to express her concerns about Royal Crest. She mentioned concerns over not all unit owners being able to vote on the budget; Trustees breaching their fiduciary duties; garage door replacement responsibility; a Trustee’s alleged mistreatment of her; and planting of a bush.

Meeting adjourned at 8:35.

Next Board Meeting: TBA, at 6:30 P.M.

Respectfully Submitted,



Tim Collins, Secretary