Thatchmont Annual Meeting – Nov. 9, 2010

Present: All seven Trustees, Sheryl Sarkis (G&G Mgmt), and a quorum of unit-owners.

New Unit-Owners and Tenants in 2010

14 Egmont #1 Hema and Bhaskar Pant
20 Egmont #1 Rosa Grinberg and Bob Brooks
26 Egmont #3 Jay Kim
15 Thatcher #2 (tenant) Esther Nelson and Bernd Ulken
15 Thatcher #6 (tenant) Heather and Steve Lampert
25 Thatcher #5 Mona and Essmaeel Mowafi

Trustee Elections: The first three positions below were unopposed.
15 Thatcher: Neil Golden (#3) re-elected
19 Thatcher: Arthur Mattuck (#1) re-elected
25 Thatcher: Mona Mowafi (#5) elected, replacing Victor Samarov (resigned due to pending sale of unit)
At-large: Abe Recht (15 Thatcher #6) elected, replacing Sarah Leaf-Herrmann

Review of 2010 (Sheryl)

2010 Budget It looks like we will come out a bit ahead on our current budget at year end. The main saving will be on heating oil, helped by lower than expected prices and a mild fall. It is expected that we will end the year with about 130K in the reserves.

2010 Accomplishments In the list below, the two principal projects were funded from the reserves.

1. Replacement of **double roof** at 25 Thatcher, including work on the penthouses (recladding, replacement of door and common-area skylights: 41.5K
2. **Exterior painting**: windows and front entrances: 51K
3. **Crack-sealing** of our parking lot: 1.4K
4. **Railings installed**: rear outside stairwells at 15/19 and 19/25 Thatcher, and 20/26 Egmont: 2K
5. **Insurance premium**negotiated down, with a saving of 1.1K
6. **Pest extermination**: contract with a new firm, Atlantis Pest, for monthly control and sealing of all common-area entry points

For 2011, at this point the only reserve-funded project we are committed to is the painting of the rear interior stairwells, estimated at around 50K.

2011 Budget

This budget was approved by the Trustees at their last meeting in October. It more or less follows the 2010 budget, with two notable exceptions:
Heating oil is reduced by 13K; **Monthly condo fee** is increased by 12% .
This last item precipitated a long discussion which took up the rest of the meeting, except for Trustee elections at the end.

Mike Springer began it with a presentation of the facts and options as he saw them. During the last two months he has taken over as Treasurer, and put a great deal of thought into the preliminary five-year plan that Neil prepared for the last two Trustee meetings. The results were presented in a handout available at the meeting and which will be posted on the Thatchmont website for all to study. It summarizes in six pages the essentials in an eminently-readable non-spread-sheet form (no small achievement!) The figures presented are of course estimates and best guesses. It is summarized briefly on the next page.

The overall goal is maintain enough money in the reserves (taking account of inflation) so that special assessments (as for the parking lot several years ago and the masonry project last year) will not be needed. This is in accord with what the unit-owners voted for at the annual meeting in 2009 – in effect, a steady annual pay-as-you-consume that they could budget for, rather than a sudden assessment to fix something when it finally wears out.

Five-year Plan Handout (brief description, with following discussion)

Page 1: Gives the overall figures:

656K **Total estimated reserve expenses next five years:** Masonry Phase II: 300K, Roofs: 200K, Back stairwells: 50K, Rental unit: 20K, Plumbing: 20K, Misc.: 66K

1,936K **Total Income needed next five years** Includes operating costs five years (and 3%inflation)

1,540K **Income over five years without condo fee increases**

2,054K **Income over five years with annual 12% increase**

Mike recommends a 12% increase for only the first one – or two, to be safer – years, 9% thereafter; this is projected to have the reserve fund end up in 5 years around the same as at the end of 2010: 130K. The plan will be evaluated on a regular basis and annual condo fees adjusted as needed for the plan.

Page 2: Gives in more detail the need for each of the reserve expenses over the next five years.

Page 3: Summarizes expected increases in: major operating expenses – oil and water – (based on the last 14 years experience), and in the Cost of Living Adjustment to Soc. Sec. (4% over last 35 years).

Pages 4-6: Present graphs of oil and water costs over the past years, and of the COLA, to back up the increases projected on page 3.

Various questions were raised, mostly about the increase in the monthly condo fee. This was felt by those who spoke against it to come at an unfortunate time, when the country is still in an apparent recession. Particularly affected are seniors living on fixed incomes after a decline in the stock market, and those who are currently jobless or worried about becoming so.

The answers below were largely given by Mike; however Neil and others contributed as well.

1. Can't we postpone these increases for a year or two until the economy improves ?

We can wait, but then we will be paying more when trouble hits, possibly a lot more. We have old roofs and old masonry; repairing leaks in individual units can be very costly.

2. What's wrong with special assessments? We've managed OK with the two we've had in the last few years. Why is having a big reserve any better?

Special assessments are intrinsically unfair, since they are paid by those who are unit-owners at a particular moment in time to repair damage which has slowly occurred over many years. The purpose of a condo association is to share risks equitably, avoiding budget crises.

Special assessments hit some much harder than others, necessitating loans. If the association takes out the loan, as we did for the masonry, all of us are responsible for any individual defaulters. The interest charges are heavy.

On the other side, a healthy reserve allows us the flexibility of being able to quickly authorize repairs during times when contractors are looking for work and lowering their prices. We saved a great deal on the masonry project by good timing of the assessment; but the reaction of some unit-owners was to call for amendments to the bylaws which would make quick action more difficult in the future.

3. Why 12% annual increase for 1-2 years and then 9%? A year ago the proposed increase was 5% annually. The 12% is supposed to include 3% for inflation, but we haven't had inflation – there has been no cost-of-living-adjustment to Social Security, for instance.

For the average unit, the increase in percentage from 5 to 12 amounts to about $40/month. The new condo fees are comparable with – some new owners say below – those of other condos with buildings of similar age and condition; Our costs are average – comparable to those of similar condo associations.

4. Could the burden be redistributed – say by asking long-time owners to pay more for a while?

We are bound by the Mass. laws governing condo associations, which do not permit this.

Next Trustees Meeting: Wed. Jan. 12, 2011 6:30 Location TBA

Arthur Mattuck, Recording Secretary

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