

2020 ANNUAL REPORT



Presented to Annual Meeting of Owners

May 30, 2020

via GoToMeeting

**Harbor at Whitten and Dustin Condominium Association
Annual Meeting of Unit Owners
May 30, 2020
MEETING AGENDA**

- I. Count for Quorum**
- II. Reading of the Notice of the Meeting**
- III. Reading of 2019 Annual Meeting Minutes**
- IV. Review of 2019-2020 Operating Highlights**
- V. Review of 2019-2020 Operational Issues and Budget Status**
- VI. Review and Discussion of 2020-2021 Operational Priorities and Budget**
- VII. Vote on 2020-2021 Proposed Operating Budget**
- VIII. Election of Board of Directors**
Two seats up for election
- IX. Proposed Date for 2021 Annual Meeting**
- X. Adjournment of Meeting**

2019-2020 Operational Highlights

Board

- Successfully completed 13th full year of self-management
- Managed expenses within operating budget
- Prepared Annual Report to update unit owners on operational and financial performance

Treasury

- Deposited approved fee increase into Money Market account
- Managed annual review and renewal of Property, General Liability, Crime, Officers and Directors, and Flood Insurance policies
- Responded to Worker's Compensation Audit conducted by insurer
- Executed renewal of storage lease
- Procured and coordinated annual tax filing and independent audit of the Association's books and records, conducted by Paul E. Daoust, CPA
- Supported sale of units 6A, 12D and 16C Whitten
- Performed monthly transactions for statements, fee collection, etc

Property Management

- Addressed frozen pipe issue with the north side of 6D Whitten
- Assisted 6D with moving their kitchen pipes inside the unit
- Repaired dip in sewer pipe for Whitten building 18
- Remediated rat infestation around dumpsters
- Coordinated the installation of new dumpsters
- Refreshed mulch and crushed stone in common areas
- Repaired electronics with safety lights on 5 & 7 Dustin
- Replaced defective bulbs in various safety lights on Whitten
- Repaired leak around rear window of 10A
- Installed power plugs inside and outside the shed
- Performed numerous spring clean actions including clearing the common area behind the Whitten buildings
- Coordinated with 8C & 8A to collect sound measurements with regards to the 8C mini-split
- Managed regularly scheduled maintenance and successful annual inspection and testing of Dustin sprinkler systems
- Managed successful insurance inspection of randomly selected units to facilitate final issuance of Property and Liability policies
- Managed additional Dustin fire alarm and maintenance responses (2 calls, no cost)

Web Page

- Posted 2019 Annual Report and Annual Meeting minutes to the website for owners to reference as needed
- Posted all insurance documents to the Association website immediately upon availability to provide owners and mortgagors with easy access to necessary insurance information
- Submitted Association Annual Report to State of NH as required every 5 years

Total Assets Previous Fiscal Year to Current Fiscal Year Comparison

Account	06/30/16	06/30/19	04/30/20	Planned 06/30/20	
Savings	\$79,848.05	\$101,379.87	\$107,411.31	\$131,411.31	Transfer 24,000 to money market
Checking	\$25,094.59	\$35,768.17	\$89,179.40	\$65,179.40	
	\$104,942.64	\$137,148.04	\$196,590.71	\$196,590.71	

Current Fiscal Year Budget to Projected Fiscal End Comparison

	2020 Budget	March 2020	Q420 Spend	FY20 End	Delta	Notes
OPERATING INCOME						
Fines	-	805.53	-	805.53	805.53	
Condominium Fees (Billed)	120,000.00	97,654.28	30,000.00	127,654.28	7,654.28	Includes 528*12 = 6336 fee increase
Interest Money Market	1,080.00	742.67	247.56	990.23	(89.77)	Ratio off March actuals
Initial Assessment	-	3,000.00	-	3,000.00	3,000.00	6A 8/19, 16C 10/19, 12D 1/20
Late Fees	-	850.00	-	850.00	850.00	
Total Income	121,080.00	103,052.48	30,247.56	133,300.04	12,220.04	
OPERATING EXPENSES						
INSURANCE						
Master Policy (PROP & LIAB)	19,884.45	19,578.24	-	19,578.24	(306.21)	No 300 inspection fee for this year
Workers Comp	501.00	177.00	-	177.00	(324.00)	Budget premium but get refund if not used
Flood	30,288.00	-	29,780.00	29,780.00	(508.00)	Slightly smaller increase than budgeted
Directors Liability	1,020.00	1,020.00	-	1,020.00	-	
Criminal Loss	819.00	819.00	-	819.00	-	
Insurance Loss (Claims)	-	-	-	-	-	
Sub Total Insurance	52,512.45	21,594.24	29,780.00	51,374.24	(1,138.21)	
PROPERTY MANAGEMENT						
Electricity (Common/Fire ect.)	2,900.00	2,048.17	682.72	2,730.89	(169.11)	Ratio off March actuals
Fire System Maintenance	5,000.00	1,600.00	4,652.00	6,252.00	1,252.00	Dustin (FA/SP/Mon = 275/225/300 = 800*2) 5 yr Test, AntiFreeze, 5D switches
Fire System Water	3,900.00	2,886.58	962.19	3,848.77	(51.23)	Ratio off March actuals
Fire System Telephone	2,000.00	1,770.20	590.07	2,360.27	360.27	Ratio off March actuals
Landscaping	5,200.00	2,725.00	3,437.00	6,162.00	962.00	
Repair & Maintenance	15,000.00	4,687.83	2,400.00	7,087.83	(7,912.17)	6D pipes of concern not association pipes
Snow Removal	9,000.00	6,551.65	1,008.33	7,559.98	(1,440.02)	Light snow this winter
Trash Removal	5,181.00	3,899.50	1,299.83	5,199.33	18.33	Ratio off March actuals (June 1st 2nd dumpster)
Capital Improvements	11,000.00	-	-	-	(11,000.00)	Didn't execute on Attic mold remediation effort
Subtotal Property Management	59,181.00	26,168.93	15,032.15	41,201.08	(17,979.92)	
ADMINISTRATION						
Annual Meeting(s)	600.00	-	-	-	(600.00)	None 2020 due to corona virus
Return Check/Bank Fees	-	-	-	-	-	
Independent Audit & Taxes	3,000.00	2,650.00	-	2,650.00	(350.00)	
Legal/Accounting	1,500.00	1,133.05	300.00	1,433.05	(66.95)	Lien processing / Counsel on topics
Postage/PO Box/Supplies	450.00	142.65	307.35	450.00	-	Mailings, Annual Reports, check last year printing
Document Storage	1,000.00	720.00	240.00	960.00	(40.00)	Ratio off March actuals
Administration Expense	700.00	556.80	120.00	676.80	(23.20)	website (204) & gotomeeting (39.2/mo + 352.80)
Fee Increase into Money Market	-	4,752.00	1,584.00	6,336.00	6,336.00	Transferring monthly
Deposit into Money Market	-	-	24,000.00	24,000.00	24,000.00	Extra income, less insurance, prop mgmt, admin
Subtotal Administration	7,250.00	9,954.50	26,551.35	36,505.85	29,255.85	-
TOTAL EXPENSES	118,943.45	57,717.67	71,363.50	129,081.17	10,137.72	
Net Operating Gain/(Loss)	2,136.55	45,334.81	(41,115.94)	4,218.87	2,082.32	

Fines & Fees Details		
16C - Fine - Clutter on deck	Jul-19	\$325.00
6A - Fees - filing forms	Jul-19	\$125.00
20C - Fees - Reimbursement of certified mailing	Oct-19	\$230.53
12D - Fees - lien release	Feb-20	\$50.00
5A - Fees - purchase paperwork	Mar-20	\$75.00
Total through Q3'20		\$805.53
Total for Q4'20		\$0.00

Late Fees Assessed	
5F	\$175.00
12A	\$175.00
12C	\$175.00
12D	\$50.00
18A	\$175.00
20A	\$100.00
Sub-Total through Q3'20	\$850.00
Currently holding off on late fees	\$0.00
Sub-Total for Q4'20	\$0.00

Workers Comp Details		
Markel Insurance	Aug-19	\$138.00
Markel Insurance - Post Audit	Nov-19	-\$396.00
Market Insurance	Mar-20	\$435.00
Sub-Total through Q3'20		\$177.00
Sub-Total for Q4'20		\$0.00

History of Insurance Cost

Policy (Coverage Year)	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Due
Commercial Property Policy	21678.00	22978.00	18417.61	18217.61	18217.61	18433.15	18133.15	Feb
General Liability Policy			1442.00	1442.00	1442.00	1445.09	1445.09	Feb
Directors & Officers	1020.00	1100.00	1020.00	1020.00	1020.00	1020.00	1020.00	Feb
Crime Policy	819.00	850.00	819.00	819.00	819.00	819.00	819.00	Feb
Workers Compensation	653.00	700.00	592.00	275.00	550.00	501.00	501.00	Apr
Flood Policy – 5 Dustin	17817.00	19010.00	2757.00	2967.00	3066.00	3119.00	29780.00	Jul
Flood Policy – 7 Dustin			2757.00	2967.00	3066.00	3119.00		Jul
Flood Policy – 6 Whitten			1588.00	1725.00	1948.00	2181.00		Jul
Flood Policy - 8 Whitten			1588.00	1725.00	1948.00	2181.00		Jul
Flood Policy – 10 Whitten			1588.00	1725.00	1948.00	2181.00		Jul
Flood Policy – 12 Whitten			1588.00	1725.00	1948.00	2181.00		Jul
Flood Policy – 14 Whitten “			1588.00	1725.00	1948.00	2181.00		Jul
Flood Policy – 16 Whitten			1588.00	1725.00	1948.00	2181.00		Jul
Flood Policy – 18 Whitten			2725.00	2748.00	2876.00	2930.00		Jul
Flood Policy – 20 Whitten			2725.00	2748.00	2876.00	2930.00		Jul
Flood Policy_ 22 Whitten	2725.00	2748.00	2876.00	2930.00	Jul			
Total	41987.00	44638.00	45507.61	46301.61	48496.61	50332.24	51698.24	
Year-Year Growth		2651.00	869.61	794.00	2195.00	1835.63	1366.00	
Flood Insurance annual	17817.00	19010.00	23217.00	24528.00	26448.00	28114.00	29780.00	
Flood Insurance Yr-Yr Growth		1193.00	4207.00	1311.00	1920.00	1666.00	1666.00	

Landscaping Details		
Mowing	Jul-19	\$450.00
Mulch	Jul-19	\$1,375.00
Mowing	Sep-19	\$450.00
Mowing	Oct-19	\$450.00
Sub-Total through Q3'20		\$2,725.00
Mulch & Rocks	Apr-20	\$2,437.00
Additional CleanUp around Buildings (Back)	May-20	\$1,000.00
Sub-Total for Q4'20		\$3,437.00

Repair and Maintenance Details		
Briscoe Service camera inspect pipe - Bldg 18	Jul-19	\$250.00
Water for pressure washing	Jul-19	\$39.12
10A siding/window leak & shed output (in/out) for tools	Jul-19	\$375.00
Drain king 18A	Aug-19	\$365.00
Daniels Electric replace 8 photo eyes to Dustin Blds electric work to box	Sep-19	\$888.20
Groveland landscaping repair 18A sewer pipe	Oct-19	\$1,423.88
Bain Pest Control - rats around dumpsters	Oct-19	\$499.00
Purchase sound machine - mini-split complaint	Oct-19	\$293.05
Luponi Const. Expose pipe 6D seal and insulate	Nov-19	\$375.00
Lowe's ice melt	Dec-19	\$95.64
Locks and filter	Jan-20	\$83.94
Sub-Total through Q3'20		\$4,687.83
Gutter repair bldg 16 & Fence post bldg 5	May-20	\$200.00
Lamp Post	May-20	\$200.00
Painting of Stair risers - change color ???	Jun-20	\$2,000.00
Sub-Total for Q4'20		\$2,400.00

Snow Removal Details			
Monthly Bill per Contract (6 mos)	Salt	Shoveling	Total
November	0	0	\$1,008.33
December	0	0	\$1,008.33
January	5	12	\$1,978.33
February	1	4	\$1,258.33
March	2	2	\$1,298.33
Total through Q3'20			\$6,551.65
April	0	0	\$1,008.33
Total for Q4'20			\$1,008.33
Base price / month	\$1,008.33		
Salting, each occurrence	\$110.00		
Shoveling, hourly rate	\$35.00		

2019-2020 Operational Issues and Budget Status

Revenue

All 48 units remain owned by members. Revenue should exceed the budgeted amount almost \$10K. This is due to the approved fee increase, three unit sales and collection of fines and fees. With just a few exceptions, the vast majority of members are current with dues payments and the level of arrearages overall are relatively minor. The Board has been proactive in working with owners to address arrearages.

Arrearages by Unit

Liens	Prior	04/28/20	Actions
18A	4,407.08	4,514.14	To be revised
12D	1,096.50		Released
6A	1,023.42		Released
20A	991.37	73.43	To be revised
5F	821.08	539.48	To be revised

Operating Expenses

Insurance (44%)

\$52,512.45 was budgeted for insurance this year. The insurance premiums are estimated to be \$51,374.24 assuming a flood insurance premium of \$29,780.00.

The renewal of the Master Property, General Liability, Directors, Criminal Loss and Worker's Compensation policies was slightly less year over year, as there was no bill for the annual random inspection (\$300) and no workers compensation claims (\$324). No unit owner insurance claims have been reported and no claims have been filed against the Association's policies.

The potential 15% to 20% increases in Flood Insurance premiums, have not yet materialized. Actual premiums for the last fiscal year totaled \$28,114, which represents a \$1,666 increase over the prior year. This increase was slightly less than the prior year's increase (\$1,920). We are anticipating the same increase when we receive this fiscal year's policy.

Property Management (50%)

Expenses are anticipated to be almost \$18K under budget due largely to a smaller effort to remediate the frozen pipe issue with 6 Whitten (\$1K vs \$9K) along with no capital improvement expense (\$11K).

The accounts exceeding their budgeted amounts were the Dustin fire system maintenance is anticipated to come in at \$6252 vs the \$5000 budget. This is due to required maintenance (\$4652) identified during the annual inspection. The Dustin utilities (electricity, water and telephone) have exceeded their overall budgeted amount slightly. Landscaping is anticipated to be somewhat over budget as well. That said more than half of the overage was offset by lower snow removal costs.

The Board has dealt with numerous operational challenges during the course of the year which are worth noting as follows:

Regarding the frozen pipes in unit 6D

- There was much effort required to find qualified and willing contractor(s) to undertake the project as proposed at last year's annual meeting. The proposal included a phased approach of exposing the existing plumbing, assessing the issue(s), developing a remediation plan and execution. The desire was to obtain competitive fixed price quotes.
- Another influencing factor was that the pipes that were freezing were the association pipes coming to the north side of the building from the first / second floor rafters.
- The feedback from various contractors put the worse case scenario over \$10K. In fact, we could only obtain a single quote for the entire job which exceeded \$15K.
- That said, after gaining approval to spend more than \$10K (thankyou Brenda Noke), the contractor backed out of the project.
- Consequently, the Board coordinated with Ed Luponi and Baldini Plumbing to expose the problem area, assess the situation and make best possible fix before closing up the problem area.
- First, exposing the problem area revealed that the frozen pipes belonged to unit 6D and that the sheathing is in need of repair.
- Second, exposing the problem area also revealed that the association pipe feeding unit 6D is in the outside wall, protruding up from the first / second floor rafters, directly behind the kitchen sink.
- Third, armor shield was installed on that association pipe section and the cavity was packed with insulation (net more than before).
- Finally, the Board coordinated with unit 6D and Baldini Plumbing to move 6D pipes inside the kitchen cabinets at unit 6D's expense.
- Unit 6D did not report any pipe freezing this year.
- At this point the only further action planned by the Board is to repair the sheathing.

Regarding the 8C mini-split installation

- First, it should be noted that the unit owners did reach a compromise during the winter months whereby unit 8C has agreed to not run the mini-split overnight but rather leverage a space heater. The Board applauds their ability to work together.
- Last fall the Board purchased a portable sound meter.
- Three sets of readings were taken during the winter. The first set by the Board, the second set by 8A unit owner. The third set by both unit owners.
 - The data says that the unit is not any noisier than an AC system and on average it is lower. Particularly the average of the set of readings taken by the Board on a mild but windy day and the set of readings taken by 8A unit owner on a cold night.
 - A third attempt was made to take additional readings. The average for that third set, taken by both 8C and 8A unit owners, was higher than the first two sets but still just lower than an AC. This third set is unreliable, as the meter did not maintain all the data claimed to have been taken.
- The Board's position is that it could not authorize spending an estimated \$5500 to move the mini-split unless the data indicated the unit was not functioning as expected in its current location.

- That said, unit 8C does plan to use the mini-split during the summer months for AC and unit 8A has expressed a concern regarding the ability to sleep with their bedroom window open to take advantage of any breeze.
- Regarding the summer months, if the unit owners cannot reach a compromise then a similar process of measuring would need to be undertaken. If the readings indicate that the mini split is functioning as expected then the Board would likely reaffirm its current position. However, if the data showed that the unit was not functioning as expected in its current location, the Board would consider funding a move.
- Regarding additional units, the Board has decided to continue the current hold on further installations. The Board feels it is necessary to study the possibility that all 48 owners ultimately decide to install a similar system. The Board feels a concrete pad placement in the common area is best but given the building locations and property lines there needs to be an assessment of all 48 units and whether an all or nothing approach should be taken or a per unit placement or something else.

Administration

Expenses for administration of the Association by Board members were under budget due to no cost for Board meetings and this Annual Meeting. The taxes and audit came in slightly less than budgeted as well.

2020-2021 Operational Priorities and Budget

Current Fiscal Year Budget vs 2020-2021 Proposed Balanced Budget

	2020 Budget	FY20 End	2021 Budget	Delta	2021 Budget Rationale
OPERATING INCOME					
Fines	-	805.53		-	
Condominium Fees (Billed)	120,000.00	127,654.28	126,336.00	6,336.00	Account for approved fee increase
Interest Money Market	1,080.00	990.23	1,080.00	-	
Initial Assessment	-	3,000.00		-	
Late Fees	-	850.00		-	
Total Income	121,080.00	133,300.04	127,416.00	6,336.00	
OPERATING EXPENSES					
INSURANCE					
Master Policy (PROP & LIAB)	19,884.45	19,578.24	19,578.24	(306.21)	No inspection this year
Workers Comp	501.00	177.00	177.00	(324.00)	Assume we wont hire workers
Flood	30,288.00	29,780.00	31,446.00	1,158.00	Identical growth as FY20
Directors Liability	1,020.00	1,020.00	1,020.00	-	
Criminal Loss	819.00	819.00	819.00	-	
Insurance Loss (Claims)	-	-	-	-	
Sub Total Insurance	52,512.45	51,374.24	53,040.24	527.79	
PROPERTY MANAGEMENT					
Electricity (Common/Fire ect.)	2,900.00	2,730.89	2,900.00	-	
Fire System Maintenance	5,000.00	6,252.00	4,000.00	(1,000.00)	Don't expect antifreeze or 5 yr test = insp + 3 calls
Fire System Water	3,900.00	3,848.77	3,900.00	-	
Fire System Telephone	2,000.00	2,360.27	2,400.00	400.00	Aligned to last years actual
Landscaping	5,200.00	6,162.00	5,200.00	-	
Repair & Maintenance	15,000.00	7,087.83	30,000.00	15,000.00	8K + Attic ventilation @ 2000 / bldg
Snow Removal	9,000.00	7,559.98	9,000.00	-	
Trash Removal	5,181.00	5,199.33	5,181.00	-	
Capital Improvements	11,000.00	-	-	(11,000.00)	
Subtotal Property Management	59,181.00	41,201.08	62,581.00	3,400.00	
ADMINISTRATION					
Annual Meeting(s)	600.00	-	1,200.00	600.00	Normal Annual Meeting & Fall 2020
Return Check/Bank Fees	-	-	-	-	
Independent Audit & Taxes	3,000.00	2,650.00	2,650.00	(350.00)	Aligned to last years actual
Legal/Accounting	1,500.00	1,433.05	1,500.00	-	Adjust liens & 18A rent collection
Postage/PO Box/Supplies	450.00	450.00	450.00	-	
Document Storage	1,000.00	960.00	960.00	(40.00)	Aligned to last years actual
Administration Expense	700.00	676.80	700.00	-	
Fee Increase into Money Market	-	6,336.00	6,336.00	6,336.00	No plan to dip into Money Market
Deposit into Money Market	-	24,000.00	-	-	Will review for 2021 Annual Meeting
Subtotal Administration	7,250.00	36,505.85	13,796.00	6,546.00	
TOTAL EXPENSES	118,943.45	129,081.17	129,417.24	10,473.79	
Net Operating Gain/Loss	2,136.55	4,218.87	(2,001.24)	(4,137.79)	

Revenue

The proposed budget above is balanced to the current fee income level as it has been for the past 13 years. Cost control has been exemplary over this time period.

Operating Expenses

Insurance

The Board does not anticipate significant increases in the cost of Master Property, General Liability, Directors, Criminal Loss and Worker's Compensation policies, which have been level-budgeted. We continue to expect an increase in flood insurance rates but the increase has been delayed by an ongoing appeal. Revised FEMA flood maps as presently drawn place all Association units in the highest risk zone. Based on this, our insurance agent continues to project a fifteen to twenty-five percent increase in premiums, in part due to remapping and in part due to a decrease in FEMA subsidy of the flood insurance program. Flood Insurance is budgeted at \$31,446, which reflects an estimated \$1,666 year over year increase.

Property Management

Utility cost, landscaping, snow and trash removal are flat to last year's actuals except for the fire system telephone, which has increased some. Fire system maintenance is budgeted to cover the require inspections and up to three average service calls. Expected maintenance tasks budgeted over the next year include repairs to the building exteriors and common areas as needed, completion of routine landscape maintenance and a project to achieve proper attic ventilation through installation or recommissioning of gable vents in conjunction with installation of soffit vents. Capital reserve allocation was eliminated to keep the overall budget flat to last year's.

The Board still needs to review the history of fire system maintenance and engage possible contractors to identify options for controlling future expenses. The association has incurred over \$36K in improvement and maintenance cost in the last 5 fiscal years.

Administration

Expenses associated with administration of the Association are expected to remain low provided that we can maintain a full, five-member Board with significant additional support from a handful of additional unit owners and/or retained contractors (like Baldini plumbing) to meet the needs of the association.

The Board has leveraged the services of its two alternate members. Having an onsite member has helped a number of times with responding to fire system calls and other requests. The web site continues to answer the need by the Board and others for access to insurance documents, fiscal budget and other useful information. The association can always use volunteers who possess the required capability to provide the accounting, facility management, and general management services necessary to self-manage the Association.

As the Board was not able to complete all its desired activities last year, it continues to recommend assessing the level of volunteers noted above to both fill the open Board positions and additional unit owner support to clarify the needs of the association before taking further action with regard to engaging external contractors or management services.

For informational purposes, last year the Board solicited several proposals from management firms with local presence in Hampton. The cost of these proposals are summarized below for you information.

Evergreen Harvard			Avatar Properties		
Financials	384	monthly	Total	866.67	monthly
Management	960	monthly	Specific fees for various items		
Total	1344	monthly	Fee cost	18	monthly
Fee cost	28	monthly			

Vote on 2019-2020 Proposed Operating Budget

Election of Board of Directors

Board Seats	
Mark McCabe - At Large	2020
Wayne Sevigny - President	2020
Bob Logan – Alternate	2021
Deb Sevigny - Secretary	2021
John Briant – Alternate	2021
Linda Trabucco - Treasurer	2021
Ron Sevigny - At Large	2021

Two seats up for election

Proposed Date for 2021 Annual Meeting

Proposal: Saturday May 22, 2021
 Location: The Old Salt at Lamie’s Inn
 490 Lafayette Road
 Hampton, NH 03842

Adjournment of Meeting