

**Cross Keys Condominium No. 1  
Minutes of the Annual Meeting  
November 6, 2019**

I. Call to Order and Verification of Quorum

Sharon Nathanson called the meeting called to order at 6:47 pm. A quorum was established.

Present: Board Members: Sharon Nathanson, Gail Mandell, Sarah Taylor, Bonnie Rhodes, Marge Ford, Michael Hill. Also, Olivia Surratt, Treasurer; Rosalie Parker, Thornhill Properties; Chris Coleman, Coleman Consulting and Sara Arthur, Arthur Law. Not present: Diana Schulin

II. Review and Approval of the 2018 Annual Meeting Minutes

A motion was made, seconded to approve the minutes of the last Annual Meeting held on November 28, 2018. The motion passed unanimously

III. Introduction of Candidates Running for Election.

Each candidate running for the Board introduced themselves. They included: Marianna Carlucci, Maria Ymayo, William Levy, Bonnie Rhodes, Marge Ford, Michael Hill, Olivia Surratt and Sarah Taylor. Ballots were collected.

IV. Report of the Cross Keys Condominium No. 1 and the Cross Keys Maintenance Corporation.

See Attachment 1

V. Financial Report

Olivia Surratt, Treasurer gave the financial report. As of October 31, 2019, the Association has \$535,580 in total assets. Of this amount, \$107,796.88 is in checking and \$427,783.20 is in reserve. Of the reserves, \$175,788.02 is in a dedicated reserve for the items outlined in the special assessment including roofs and stormwater repairs. For 2019, the Budget is \$505,065. As of October 31, year to date net income is \$343,030 and year to date expenses are \$448,542.

VI. 2020 Operating Budget

Rosalie Parker presented the proposed budget. A copy was included in the package mailed to owners for this meeting. To make the budget balance it was necessary to increase condominium fees by 5 percent. She said the main reason is a rise in the cost of utilities, water and the infrastructure charge, costs that went from the \$92,000 budgeted last year to over \$105,000. The age of the

community has also led to many more requests for maintenance work. General building repairs and maintenance has now been combined under contract repairs. There has been an increase in administration and professional services as well as a 3% increase for CKMC and a 5% increase to Thornhill, the first since the contract began two years ago. Insurance is estimated to increase 3 percent, and we are keeping the contribution to the reserve fund at the same level, 22% of the budget or \$115,000 last year. Rosalie noted that the included pie chart shows where the monthly fees go.

Sharon noted that since the budget did not go out in time to meet the 30-day requirement of the Maryland Condominium Act, residents had until Nov. 17 to make written comments to Thornhill.

Another owner asked if maintenance, now lumped with general building, can be broken out line by line and was told that it can. Rosalie agreed to send the information. There was a question about who is on the finance committee, how it comes together. In answer to a question, Rosalie said we pay Thornhill a management fee of \$21,919 and CKMC about \$79,000.

There was a question about payments to Ashkenazi and it was explained that we do not pay them anything, that as owner of the shopping center, it is another member of the Master Association for Cross Keys, CKMC.

A questioner noted that trash removal has gone from twice to once a week, but the proposed line item remains the same. Rosalie said the previous contract was with someone who was very inexpensive but unreliable. This contract, the best deal we could find, is more expensive but more reliable. There is also the additional time in dealing with more trash in each weekly pickup.

It was noted that legal expense had gone up to \$10,000 from \$6-7,000. The budget for legal services is the same as last year. Rosalie and Gail responded said our lawyer, Sara Arthur, is consulted on more complicated issues and was quite involved this year in promulgating our solar panel regulations, as well as some issues with individual members of the community that had the potential of leading to litigation.

There was a question about how often we solicit bids from potential management companies. Sharon said that after many years with the same management company we went through an RFP process in 2016-2017 had four proposals and selected Thornhill, giving them a two-year contract, which has been renewed year-to-year. It is a board decision to decide on the management company.

## VII. Old Business--Roofs

Michael Hill gave the presentation about the roofs. He went through the history of the issue. During last summer's record rainfall, we began to get reports of leaking roofs -- not one or two reports but many, eventually involving 19 roofs, meaning about 20 percent of the units in Condominium #1. Obviously, we felt a need to deal with this problem as soon as possible.

We tried to repair the roofs using several different roofers, but the leaks soon returned. These did not work despite repeated attempts. The plywood sheathing under the shingles was rotted out in many places. The roofers also noted that in many of the units' attic insulation had covered the roofing vents and the roofs were not able properly ventilate which caused further damage to the roofing structure. Given the urgency of the situation, the Board unanimously decided to get an estimate on replacing all the roofs that were identified as leaking. With the record rains it was difficult to find any roofing company that could do the work but we thought we found a decent price under the circumstances -- around \$12,000 per roof, money that came out of our reserve funds that pays for other needed long term maintenance and upkeep of our property. There were other unbudgeted costs for mold removal, tarps, and soffit painting. Some were covered in the 2018 Budget and some were included in the Special Assessment.

We considered three possible paths of action. And that is exactly what we did. With so many roofs leaking, we could have decided that all the roofs must be defective and ordered an immediate replacement. The second possible path was to take no pro-active measures but continue to respond to problems as they arose. The third path was to find an expert who could examine the roofs and give us the information needed to make a plan for further action.

We chose the third of these and contracted with Coleman Consulting LLC. A study of Condo 1 roofs was undertaken by their chief engineer, Chris Coleman, who has spent his career in this field since receiving his degree in Civil Engineering with a specialty in external building structures from Johns Hopkins University.

Chris Coleman reviewed his report and his findings and responded to owner questions.

Michael explained that we many options for replacing the rest of the roofs including have looked at all the options including getting a 7-10-year loan. For a 4.5% loan for 7 years, the interest would be approximately \$190,000.

Our recommendation is to finish replacing all the Condo 1 roofs at a rate of 20 roofs per year over the next 3 ½ years. The Association must get bids to know

the cost for the next phase. This would begin next year and thus would last until 2024. In other words, a special assessment for new roofs would be required near these dates in any case.

We do not know exactly how much these roofs will cost – it should be less expensive to replace roofs in contiguous units.

Michael told of a story he wrote for the Sun about New Orleans after Katrina, telling of how pumps proudly installed over a century ago, then the cutting edge of technology, were somehow still in use. They, along with the levees, were not up to job of protecting the city. Why was this? Political scientists told him of the concept called the Tragedy of the Commons – that things in common ownership come to be neglected, even exploited, as no one wants to take responsibility for their upkeep and maintenance.

He said whatever the outcome of this current dispute about the roofs, he hopes that we do not fall for this tragedy, that we do not see the deterioration in our common areas – whether that be roofs or roads or landscaping – in the name of saving money. If you want to see the result of such a tragedy just look out along Falls Road where they are working on Baltimore’s sewer system. The lack of adequate maintenance and upgrades over decades led to an eventual \$1 billion price tag. Just as with Katrina, failing to spend money along the way cost much more in the long run.

Now we are not going to face anything like that here, but if we do not pay the price of caring for our common areas – and that price is going to rise because we are an aging community and thus, just like aging people, will need a bit more upkeep – we will pay a bigger price, both in the decline of the quality of our life here and the value of our homes.

Michael added that he joined this board three years ago after first getting involved in helping create the Condo One website with the goal of improving the tenor of board communications, projecting a more positive, open attitude. He asked that we maintain that spirit tonight. He thanked Sharon for the work she has done over the past two years.

Michael said of the board, “We don’t get paid. We are not professionals. I am sure we have made mistakes. But we have always done what we feel is best for this community – for no other reason. We welcome any input that will help us improve on that. So I hope we can have this discussion with that in mind.”

Board attorney Sara Arthur said that since the 2018 rains, there have numerous issues with communities she represents which she described as “staggering.” She said she was shocked to hear that the Association had new shingles put on top of old shingles in 2006. She pointed out that in another community she

works with, there were over \$800,000 in claims made against the master insurance policy because community not done anything about roofs, which were leaking and frail beyond their useful life. The result was higher insurance premiums for the next three years. With no line item in the reserve fund for roofs, the Association board was faced with the hand they were dealt. She noted that Chris Coleman's involvement was needed to show that contractors did their job properly. She also said roofing costs should be lower now as contractors are not as busy due to this summer's drought. She said she has dealt with communities facing much worse situations than that of Condo 1, that she does not encourage special assessments, and knows the toll they take, but saw no other way in this situation, that everything she had heard was the similar to problems she saw throughout all of her communities.

The floor was opened for discussion on roofs with a two-minute time limit.

Chris added two things: one concerning advice to the board on how to think about future replacement of roofs nearing end of their lifespan, when it is time to pull trigger on replacement, that the advice has been general in nature about along two lines: economic and engineering. Planned expenditures are always lower than emergency spending, that if you wait until a roof leaks it will cost more. Plus it is anxiety inducing for everybody. Second piece: Advance planning with contractors generally yields better prices.

An Olmsted Green owner asked: Considering these are contiguous roofs, why repair units one at a time? It would seem to from a cost and engineering perspective, it would make sense to do an entire building, not a single unit. Chris said he has advised going forward that makes sense to do adjacent homes together. He notes that although adjacent, typically the roofs are not contiguous, that there is usually a wall in between, though in some circumstances they are paired and should be replaced together.

A Bouton Green owner: We should have had the opportunity earlier to get these kinds of questions and answers. I feel there has been a wall there, but now we are getting answers. She noted that in 2006, there was a \$3,000 assessment, and, even with the rise in cost 13 years why so much more expensive now? Chris Coleman responded: To say a little bit about quality. The starting point, as noted earlier was a layer of shingles over the original layer. That means you don't have to deal with the costs of removing the old shingles and it also means you are not dealing with, and paying for, any underlying issues that would have been uncovered by taking off the original shingles. As for today, we are dealing with it sooner than ideal, but a lot of things are different in our bidding documents, For instance, where the shingle roof interacts with a brick masonry wall, the selection of metal is important as masonry is caustic and can corrode some steel so you need to shift to a different metal. We targeted the quality of roof to the community. There was a lot of thought put into those things and we believe we targeted the appropriate level.

A Bouton Green owner encouraged more thorough investigation. Chris said that the extent of his investigation of the roofs was designed to bring the costs of his services down, reducing the number of hours in that investigation particularly by limiting the examination of the interior roofing structure. He reviewed all 98 exterior roofs went into three different units which had problems typical of the issues identified.

An owner on Bouton Green: His roof had leaked profusely, but that he believed the west side correctly installed while the east side was incorrectly installed. He said there were roofs replaced that didn't need replacing, roofs still as dry as a bone on either side of him, that the problem was incorrect installation on some roofs. He also said that the new gutters and downspouts were identical to the old ones, that the \$35,000 spent on gutters and downspouts was not needed.

Chris said that the main problem with the gutters was that they were mounted so high they were deforming the edge of the roof, that that was one reason the plywood eaves were having problems. He said it would have been possible to have remounted the original gutters lower but that on the roofs replaced after his involvement, he specified a heavier gauge metal as he thought the light gauge used previously would not survive remounting.

An owner on Olmstead Green asked why did we not go after the shingle manufacturer as she shingles have a 20-25 year warranty? He also said that the industry standard is using infrared testing to determine where leaks occur, that he has read the Coleman report and still can't really say where penetrations occur. He said his inspection of his roof found leaves all in gutters and failing soffits, but that there is nothing wrong with the roof itself whatsoever.

Chris said that while according to industry standards, two layers of shingles is legal and acceptable, typically it disclaims or severely reduces length of shingle warranties. Chris described that method as the low budget way and short-sighted.

Sharon noted that we were dealing with an emergency situation and could get no information from the prior property management company about previous work, including the cost. The only thing she knew is that there had been a special assessment, not the size of it.

Chris went on to explain infrared thermography, uses the difference in temperature between wet and dry areas as the sun rises and sets to determine leak areas. He said it is best used on flat commercial style roofs, but difficult to get good data using it on peaked shingle roofs of the type we have in Condo One.

An owner on Bouton Green: Expressed concerned about the amount of the assessment, the costs of the roofs and the need for future assessments.”.

A resident on Olmsted Green: expressed the need to get a quality and competitive bids and also his belief that the existing roofs have a longer life.

An owner on Bouton Green: She said that when she moved in three years ago, her inspection included a roof inspection that found it to be in good condition, only in need of some caulking around the chimney and wondered if there was a regular maintenance plan for such things. She was told that her gutters and downspouts looked practically new and certainly do not need replacing now. The cost of the roof should be commensurate with the value of the units.

An owner on Hamlet Hill: Said that he is concerned that we have not done a comprehensive assessment and are talking about replacing roofs that do not need to be replaced. He called replacing roofs without looking at them “kind of silly” particularly considering the costs involved and the range of incomes in Condo 1.

#### VIII. New Business

##### A. Proposed changes to the Association Rules

Sharon said consideration of the rule changes would be postponed and a letter would go out to owners announcing dates for a hearing and for owner comments.

##### B. Community Comments.

There were no general comments.

#### IX. Voting Results

The following owners were elected to the Board. Sarah Taylor, Marianna Carlucci, William Levy and Maria Ymayo.

#### X. Adjournment

Sharon Nathanson expressed her sincere thanks and appreciation to the Board for the many volunteer hours they have spent over the past year working for the Association and the betterment of this community. There was a motion to adjourn which was passed.

Michael Hill, Secretary

**Attachment 1:  
Cross Keys Condominium #1—Report to the Community  
November 6, 2019**

This report will cover everything including the CKMC report but not the roofs which will be presented under Old Business.

As an Association our goal is to protect and enhance our property values and continue to make Condo #1 a desirable place to live. Our properties are now over 50 years old. Our infrastructure is aging.

The responsibilities of the Association can be divided into three areas: maintenance of our community assets, handling of emergencies, and long-term planning. I'll discuss each of these and what has happened during the last year. The goal is to focus on maintenance and long-term planning with the intent of limiting the emergencies as unplanned expenditures are extremely costly.

Maintenance:

Annual Maintenance included working with our landscape and tree contractors to maintain and beautify our grounds. Snow removal, window washing, and gutter cleaning were all completed. Trash removal presented some challenging problems earlier this year, but we now have a good plan. Rosalie of Thornhill Properties will speak to this issue when the budget is discussed. Numerous repairs to the common elements were completed on all courts. We completed tree pruning and, unfortunately, removal of many dead or severely decaying trees in the community. The landscape committee continues to review the need for tree pruning and removal and makes recommendations to the Board. We also are working with Jean Mellott, a landscape architect to identify trees to replace those that have been removed. The committee is also working on long-term plans for the common areas in each court.

Emergencies and Unplanned Expenses:

The Board's goal is to reduce these where possible but given that we are an aging community, these unplanned expenses continue. We've had several major plumbing and water pipe problems. Portions of sewer lines needed replacement on Hamlet Hill and Palmer Green. On Bouton Green, there was a costly repair to an underground water valve and tree roots also caused sewer problems. There have been leaks and repairs to hot water circulator pipes in a number of units.

Long-Term Planning

At last year's Annual Meeting we began a planning process to improve stormwater management. Owner input was sought at that meeting regarding the areas impacted. A plan, was developed by CityScape Engineers, and presented to the

community at our March meeting and well received. The Board decided to proceed on the recommendations on a phased-in basis. The first step was the T on Bouton Green, which focused on planting the hill and putting in a swale and berm system to reduce water going in the patios. The Board successfully competed for a mini-grant from the Chesapeake Bay Trust in the amount of \$4900 to pay for the hillside plants and also to hold 2 Spring workshops to create awareness and promote eco-literacy among the residents of Condo #1 and others Cross Keys neighborhoods. After a competitive bid process, the Board approved a contract with Design for Nature in the amount of \$5793 for the BG swale and berm project set to begin during the week of November 11.

Thanks to all the volunteers who helped with planting groundcover behind Bouton Green on October 23<sup>rd</sup> and 26<sup>th</sup>. We had two successful planting days; each day 7-10 people participated, worked hard and a fun time was had by all. Thanks also to those neighbors lending their water faucets for the coming growing season until the plants take root. The hillside now has two large sprinklers set up for weekly watering.

With Diana Schulin's outstanding leadership on the on the Landscape Committee (including trees) we received 11 native free trees from Baltimore City. They were planted in late October behind the common areas of Hamlet Hill, Olmsted, and Palmer Green. Placement of the 11 trees was based on where they can help the most with stormwater runoff issues. Thanks to the 11 volunteers from the community who have stepped forward to help with watering the new trees through the next growing season. I also want to express the appreciation of the board and the entire community for the work that the Landscape Committee has done this year, including the watering on Hamlet Hill.

#### Reserves:

For long-term planning of the community assets, the Association relies on a "Reserve Study", which is an inventory listing of the common assets with estimated replacement costs and estimated remaining lives of these assets. Reserve studies are usually done every 3-5 years. The last study was completed during 2016-2017. The Board will be updating the study beginning with the selection of a vendor in January 2020. The Board has also formed a Finance committee, under the Treasurer, who has begun work on identifying long-term planning needs consistent with the Reserve Study.

#### Management and Governance:

The Board promulgated regulations for the installation of solar panels and identified the process required for approval. The Board also expanded the approved colors for front doors, and they are posted on the website. The Directory, many years in the making, was finally completed and I want to thank particularly Bonnie and Sarah for their work on this.

We will be beginning our third year with Thornhill Properties as the Association's management company. Thornhill is the front-line contact for owners. It works with the Board to develop the budget, collects fees monthly, produces monthly financial reports, secures a vendor for audits, oversees our landscape management and tree contractors, plans and supervises all necessary repairs, works with insurance companies and our attorney as appropriate. They also do e-blasts to residents as needed to inform them about Association issues, help maintain our website and issue violation letters when necessary. They attend all board meetings. Our financial reports are exemplary. This is work that goes unseen by the general community but is extremely important to the Board because it allows us to track every receipt and expenditure. Our monthly financial report approaches 40 pages.

#### Cross Keys Maintenance Corporation: (CKMC)

This governance structure is made up of the nine residential associations, the hotel and the owners of the shopping center, south office building and the old tennis barn, now Coppermine Field House. Each entity is allowed one representative. I represent Condo #1 and Michael Hill is the alternate. The purpose of this entity is to manage the common assets which are not owned by another entity, for example, the common roads, landscape, security, and recreation facilities like pools and tennis courts and Clubhouse. For two + years, there has been ongoing legal work to codify the percentages each entity contributes to the budget which culminated in an amendment to the CKMC deed of declaration with specific percentages for each member entity. For this year, Condo #1 is scheduled to pay approximately \$78,000 and this is scheduled to increase by 3% in the 2020 Budget. (\$67/month/unit.) Furthermore, per the settlement of the agreement with Ashkenazy, each association was required to make a one-time payment to CKMC based on percentage of ownership. The amount of this one-time payment, approved by the Board, is \$15,669. The money will come from Reserves and be paid next year. (recreation 14%; common facilities: about 10%)

#### Summary

This has been a challenging year for Condo #1 and the Board. As we have faced these challenges, we have tried to make decisions that are fiscally prudent while protecting the value of our properties. We have appreciated the support and encouragement of the residents and the work of our management company, Thornhill. I hope that you will look at the cost of the work that we have done and continue to do, both on our landscape and our residences, as an investment that pays off both in both the long term by maintaining and increasing property values, and in the short term by making this an ever more pleasant place to live on a daily basis. That is always our goal.