

NATICK GREEN CONDOMINIUM TRUST
Minutes of the 18th Annual Meeting of Unit Owners
September 29, 2004

AGENDA:

Unit owners registered upon arrival at 7:00 pm and enjoyed hot and cold hors d'oeuvres catered by Creative Entertaining.

I. The Meeting was called to order at 7:25 pm by Susan Peters, Chairperson

II. Introductions by Susan Peters:

Susan Peters, Chairperson

Tracy Goodwin, Vice Chairman

Evelyn Wilcon, Secretary

Jeffrey Schwartz, Trustee

Andrew Boyajian, Treasurer (absent)

Thomas Knight, Trustee (absent)

Attorney Ellen Shapiro of Goodman & Shapiro, the Association's legal counsel

Nancy Mandino, Property Manager

Jennifer Saponaro, Assistant Property Manager/Leasing Consultant

Michael McClay, Maintenance Supervisor

III. Certification of proper notification of the meeting

Susan Peters verified that proper notification of the annual meeting was provided to all unit owners via written invitation.

IV. Certification of Quorum

Susan Peters announced that unfortunately we did not reach the required 51% quorum as only 38.1464% of unit owners were either in attendance or represented by proxy statement. Therefore, no voting could take place but the meeting for discussion purposes was held.

V. A review of the past year's business presented by Susan Peters, Chairperson

A. Sales and Rental Markets

One of the highlights of the past year is the active sales market, which has been at an all time high. We had 41 condominiums sell since last year's annual meeting and each sales price raises the bar. Our owner occupancy percentage increased slightly from 63% to 67%. Sue welcomed all new condominium owners as well as those familiar faces that we are happy to see each year. In order to better accommodate unit owners' ease in selling their condominiums, last year the Board of Trustees changed the former policy of the restriction of Realtors' lock boxes on the Property. Our maintenance personnel built a wooden box located on the side of the Office to the left of the front door which accommodates up to 12 lock boxes. Unit owners must sign a Release form available at the Natick Green Office for the purpose of releasing the Association from any liability regarding the use of the lock box. For those of you who aren't aware, the Natick Green Office offers a Lease and

Make Ready service. The rental market this past year was a little slow but constant, most likely attributable to reasonable mortgage rates. Those individuals who would normally rent are now able to qualify for mortgages so they are purchasing condominiums instead. In past years, the rental market was so strong that it wasn't uncommon for us to have 200 people on wait lists. No longer do we have long wait lists and it is taking longer to rent a unit. We performed a total of 30 lease and make readies since last year's annual meeting and an additional 9 make readies for sales. The highest recent sales and rental rates are as follows:

| <u>Sale Prices</u> | <u>2003</u> | <u>2004</u> | | <u>Current Rental Rates</u> |
|--------------------|-------------|-------------|---------|-----------------------------|
| 1B/R | \$181,000 | \$198,500 | 1B/R | \$1,025-1,050 |
| 2B/R 1B | \$225,900 | \$237,900 | 2B/R1B | \$1,100-1,200 |
| 2B/R 2B | \$239,900 | \$244,000 | 2B/R2B | \$1,200-1,300 |
| 2B/R 1.5B TH | | \$265,000 | 2B/R TH | \$1,300-1,400 |

B. Property Insurance

Unfortunately, on January 7, 2004, Community Associates Underwriters (CAU), our Master Property Insurance Carrier, notified us that they would not renew our policy due to the large loss they suffered because of the two fires we had in April and August 2003. The Board of Trustees sought bids from other carriers. Out of eleven carriers who were invited to bid, only one, Middlesex Mutual Assurance Co. agreed to submit a proposal with the one condition that we increase our deductible from a \$5,000 per unit per occurrence to \$10,000 per occurrence. The Board had no choice but to accept Middlesex's proposal. The new policy went into effect on March 16, 2004. The premium increased from \$55,321 with CAU to \$80,550 with Middlesex Mutual. Any loss that fails to exceed \$10,000, will not be covered by the master policy. Unit owners will need to place the claim with their own insurance carrier. The Board of Trustees sent written notification to all unit owners to contact their own individual insurance agents to adjust their policy to account for the new \$10,000 deductible. All unit owners were requested to provide a copy of their condominium insurance policy to the Natick Green Office. We have only received a small amount of policies. Therefore, if you have not done so already, please send a copy of the declaration page of your policy to the Natick Green Office as soon as possible. If you have any insurance related questions, you may contact the Natick Green Office or Jeffrey Grosser of Rodman Insurance, our agent, who may be reached at (781) 247-7800. Jeff is willing to examine individual unit owners' policies to insure adequate coverage.

C. Newfield Drive

We have been discussing the topic of Newfield Drive for years. Newfield Drive which is the street that runs from Rte 135 through all four Properties, Natick Village, Kendall Crossing, Natick Green and Deerfield Forest and turns into H.F. Brown Way down by Gold's Gym was never accepted by the Town of Natick as a public way. The Board has been striving for its acceptance, even more so the past couple of years due to its pavement deterioration. The maintenance staff has patched the potholes within our section of the road the best we have been able. Although there was the belief that the Town was to accept the road upon the completion of construction, no documentation has been located to prove this. A survey performed by Harry Feldman in July, 2002 indicates that Natick Green is responsible for 14.2% of the road, the portion from the yellow-orange diagonal line painted by Kendall Crossing to the chain link fence behind Post Oak Lane but only our side of the road to its center as if an imaginary yellow line were painted down the length of the road.

We have been working jointly with our three neighboring Properties, Natick Village, Kendall Crossing and Deerfield Forest in a consorted effort to attempt to have the Town of Natick accept Newfield Drive as a public way. In order to get a road acceptance on Town Meeting's agenda, you must write a warrant for an article, and have a minimum of ten signatures requesting that it be granted. However, we have been advised that the chance of an affirmative vote by Town Meeting Members will not be obtained without a favorable recommendation from the Town DPW and Finance Committee. The Town's opinion is that they fear that inappropriate materials were used under ground for plumbing and utility connections and that if the Town agrees to accept the road, they will be accepting all underground utilities. The following is an update of our joint efforts made since last year's annual meeting.

Oct. 8, 2003

A joint meeting between the four properties was held. The results of that meeting included the acceptance of Phase I of a proposal from engineer, William McDonald, which included the preparation of an as-built survey. The survey will document the existing infrastructure conditions and the results will be used for cost estimating purposes related to potential improvements to Newfield Drive that could take two forms; remediation/repairs to the existing drive and improvements that would satisfy the Town of Natick requirements to bring the infrastructure up to current Town standards. The cost of Phase I services was \$7,600 to be shared by the four properties. Also agreed was to open a joint escrow account to deposit monies for this proposal by each property.

Nov. 17, 2003

A joint meeting was held at Deerfield Forest. This was a client meeting with William McDonald, engineer for the purpose of providing a progress report of his Phase I work. William McDonald met with Mark Coviello, Town Engineer who stated that the Town will not even consider acceptance of the road without a full depth reconstruction of the whole of Newfield Drive, the most expensive of the engineer's three options. Mr. McDonald's estimate for the full depth reconstruction was \$767,000. This was of course, disappointing news since discussions in the past included cold planing sections of the road, which would have been less costly. The clients requested Mr. McDonald to inquire as to whether or not the Town would vote on road acceptance based on the engineer's plans and monies set aside for its reconstruction without having to do the work in advance. The Town later rejected this idea.

Dec. 29, 2003

A joint meeting was held at Natick Green. All parties agreed to approve going forth with William McDonald's Option B Scope of Engineering Services for Phase II to include:

1. Preparation of registry Plans for deed filings
2. Preparation of Street Acceptance Plans prepared in accordance with Town standards.
3. Preparation of Construction Documents (Construction plans, details and specifications, Engineer's Estimate, Complete bidding documents)
4. Meetings: 4 Town Meetings and 4 Client Meetings
5. Bid Plan Preparation (bid opening, bid analysis, and successful bid acceptance and negotiation with the successful bidder.)
6. Construction Supervision - as required by the Town.
7. Post Project "as-built" drawings

Compensation: Engineering Fee of \$47,500 (to be paid in 4 installments) and Construction Supervision Fee of \$11,000 (to be paid upon completion).

All parties also agreed to hire Attorney Richard Glaser to act as Escrow Agent to open a joint account in the amount of \$50,000 to include the cost of engineering fees and associated legal fees. Natick Green's share of this was \$7,100, 14.2% according to the Feldman survey.

- Jan. 30, 2004 Representatives of the four Properties along with Attorney Glaser and William McDonald, met with Town Representatives: Charles Sisitsky, DPW and Mark Coviello, Town Engineer at the DPW. Mark Coviello stated that he wanted to review William McDonald's latest plans for reconstruction and videotape of the water/sewer drains in order to provide the four properties with an updated letter of Town requirements in order for he and Charles Sisitsky to recommend town acceptance to Town Meeting Members. They also recommended that the four properties inform the Planning Board of their intentions.
- Mar. 17, 2004 The Board reviewed a letter from William McDonald to Mark Coviello regarding the minutes of their meeting held on 3/5/04. The Board additionally reviewed Mark Coviello's response email dated 3/29/04, which was a draft of a Memo of Understanding (MOU) that contained the requirements that the Town desires in order for the DPW and Town Engineer to recommend its acceptance to Town Meeting.
- May 3, 2004 The Board of Trustees met and reviewed numerous emails. Tracy Goodwin volunteered to be the Newfield Drive Point of Contact person in order to expedite decisions that must be made in between Board meetings. The Trustees expressed discouragement over the timeline of progress that William McDonald has made in comparison with his estimated completion dates. The Board sent a memo to the other properties expressing their concerns.
- June 2, 2004 A joint meeting with the four Properties, Attorney Glaser and Bill McDonald was held at Natick Green. Bill McDonald presented an update of his progress and a revised estimate, totaling approximately \$745,000 to the attendees. Action items to be taken were:
- Bill McDonald to:
- a. File Notice of Intent with the Town of Natick Conservation Committee and State Department of Environmental Protection.
 - b. Hire Sewer tech to complete the videotaping of the underground utilities and provide results to Town of Natick.
 - c. Call or meet with Mark Coviello, Town Engineer to inform him that he will be sending out bid requests and any final things that he may want completed as a result of the completed videotaping will be added to the final plans and bid requests.
- Attorney Richard Glaser to:
- a. contact Henry Feldman, surveyor to question their proposal regarding finalized plan recordings.
- The four properties:
- a. Agreed to continue to patch the road in the meanwhile.
- July 7, 2004 The Natick Green Board of Trustees discussed an update. On June 30, 2004 and July 1, 2004, Sewer Tech completed the videotaping of the road. The joint properties authorized their payment of \$2,000 for the two days work. The Trustees emailed the four properties regarding their dissatisfaction of Bill McDonald's failure to meet the estimated timeline of events contained within his contract and voiced several questions in regards to the progression of the project.
- Aug. 18, 2004 The Natick Green Board of Trustees were dissatisfied with the insufficient answers to their questions. One of the emails from Bill McDonald indicated that due to the results of the Sewer

Tech videotaping, that he suspects that the Town will want to replace essentially all drain pipes as most were cracked and or had broken/disconnected joints. The overall price impact is approximately \$100K more than his previous estimate. Now the estimated total is roughly \$835,000. The Trustees wrote to the other three properties stating that due to their dissatisfaction with the timing performance of the engineer and the failure to answer their questions that Natick Green was thinking about disenjoining from this venture unless they receive answers to their questions no later than August 27, 2004.

Aug. 26, 2004 Attorney Glaser wrote a letter to Bill McDonald expressing his clients' dissatisfaction with his performance and requested an update within three days.

Sep. 17, 2004 Attorney Glaser and Nancy Mandino had a conference call with Bill McDonald. The outcome of the discussion was that Bill promised to FedEx his Memo of Understanding with accompanying documents to include 2 hard copies of his completed amended plans and d.v.d.'s of the videotaping to Attorney Glaser and Mark Coviello.

Sep. 25, 2004 Joint meeting at Natick Green. David Duncan of Deerfield Forest to request that Bill McDonald have available his completed plans, preferably in Auto cad format, for a courier to pick up.

D. Rules and Regulations

A Rules subcommittee was formed by Susan Peters and Tracy Goodwin whereby they reviewed the Rules and Regulations that had been in effect since March 8, 2001 and brought their recommended revisions to the Board and legal counsel, Attorney Ellen Shapiro for approval. Some of the changes included increasing the minimum fine amount from \$10.00 to \$25.00 and increase the fine for some of the more serious infractions involving fire safety and insurance to \$100.00. The revised Rules were accepted at the June 2, 2004 Board Meeting and copies were mailed out to all unit owners and renters.

E. Administrative Decisions

Over the course of the year, the board has reviewed numerous unit owner matters that involved:
Renovation requests
Rule violations
Requests for Rule exceptions
Late fee waiver requests (condo. fees due on the 1st and firm 10 day grace period)

F. Social Subcommittee

In September 2000, a social subcommittee was formed to provide a sense of community to our residents. The social subcommittee is budgeted \$5,000 per year to spend on social events for residents. Past events held:

| | |
|----------|--|
| 10/30/03 | Halloween Movie Night was held for the children (total of 33 attended; 16 adults and 17 children). |
| 12/17/03 | Annual Holiday Gathering was held. Hot and cold hor d'oeuvres were served. A raffle took place with poinsettia plants and Sue's hand made candy house as prizes. (45 residents attended) |
| 2/25/04 | Pizza Game Night was held (28 residents attended) |
| 6/13/04 | An Ice Cream Social was held where residents were invited to make their own sundaes. (50 attended). |

6/30/05 4th Cookout on the Green was held. This event included a catered barbecue, D.J., face painting, balloons and prizes and water volleyball games. (over 100 residents attended)

Future Plans include a Halloween Movie Night for the children on October 27, 2004.

VI. Physical Property Report, Tracy Goodwin, ViceChairman

A. Major Repairs/Replacements

1. Roof Replacement

We entered into a contract with J.T. Haffey Builders in 1997 to replace all of the roofs on the Property. This project was expected to take several years to complete. The roofs were replaced in order of physical necessity. We are very pleased to announce that we have successfully completed the roof replacement project. All rubber roofs and shingle roofs have been replaced. We spent \$49,960 in Fiscal Year 7/03-6/04 and \$874 in 7/04, while the cost of the complete project totaled \$164,676.36.

B. Termite Activity Overview

We had first identified termite activity in one of our buildings in 1997. We decided that it was prudent to inspect all of the buildings for termite activity. To date, we have 15 buildings that have evidenced termite activity. We signed a contract with F&W Pest Control Co. and all 15 buildings have been treated with the Sentricon termite elimination system. This method involves installing bait stations around the exterior perimeters of the buildings. The program has a two-year treatment plan whereby the stations are monitored monthly and additional bait stations added where necessary. This method works on eliminating the whole termite colony as opposed to only killing the termites that the chemical reaches in the alternative method of treatment. The board decided it was wise to treat the contract renewals as insurance since it is much more costly to restake a building than to pay the renewal fees. This past fiscal year we have paid an additional \$4,291 in renewal contract rates, which resulted in a total of \$69,134 spent on termite elimination. We have been extremely fortunate to have had sufficient funds, thus far, available to take the appropriate action and did not need to charge a special assessment.

C. Dryer Vents

The Board of Trustees received a letter this past year from the Town of Natick's Fire Department stating that on a recent inspection of the property, per the request of a unit owner, they noticed numerous blocked dryer vents. Since each vent serves individual units, they are defined as the property of the unit owner. Natick Green's maintenance personnel installed bird preventer cages on the exterior of the dryer vents to prevent birds from building nests in the ductwork, which cause blockages that could potentially cause a fire. We strongly recommend that unit owners clean out their dryer vents on a regular basis. Our maintenance staff can clean them from the exterior of the building for the fee of \$20.00. For a more thorough cleaning on both inside and out, you may wish to hire a professional vent cleaning company.

D. Landscaping

This past year we contracted out tree pruning services. We had some trees on our Property that were overhanging an abutter's property. A couple of dead trees were removed and other areas of trees were trimmed. This went hand in hand with the maintenance staff loaming and seeding numerous areas throughout the Property that were in need of grass.

E. Trash

There was a Town of Natick Referendum held on December 16, 2003. The referendum was to do away with the current pay as you throw trash system adopted by the Town at their fall 2003 town meeting. It would have also meant that the Town would be responsible for picking up condominium owners' trash, which is at present a responsibility and expense of the condominium association. We mailed notices to all residents requesting that they go out and vote for the referendum. Unfortunately, it was voted down.

F. Loss Control Recommendations

The Trustees reviewed a letter dated May 10, 2004 from Middlesex Mutual Assurance Company, the master property insurance carrier. As a part of their loss control service, they inspected the property and presented the Trustees with mandatory risk improvements. The common area recommendations such as tightening all exterior railings were completed. A couple of the recommendations involve the assistance of unit owners and their tenants such as: no gas grills permitted above the first floor and the installation of drain pans on all electric water heaters. The ruling of the gas grills merely reinforced the Mass. State Fire Regulations that states "Storage or use of LP-Gas containers above the first floor of a building used for habitation is prohibited." The Board changed the wording in the revised Rules and Regulations on Page 11, Regulation #30 Gas Grills which states: "All grills must be stored, maintained and used on the patios or decks appurtenant to the units and may not be used indoors. In accordance with state regulations, gas grills may only be maintained and used on first floor units. Gas grills must have an approved safety valve in accordance with current code requirements. All units with operable grills must maintain portable fire extinguishers in a readily accessible place." Notices were provided to all residents indicating that all lp tanks seen on the second or third floor after 7/10/04 would be assessed a \$100 fine per diem. We are pleased to report that residents cooperated with this ruling. No resident may store the LP tank inside their condominium or storage shed as that is even more dangerous and also in violation of the Mass. State Fire Regulations.

In regards to the installation of drain pans under the water heaters, it was necessary to first replace the water main shut off old gate valves with new ball valves. The Board put the job out to bid and hired Nation Heating and Plumbing. That is why all of you experienced the recent water shut offs in order for the plumbers to complete this work. The Trustees also sought bids for the installation of the drain pans and hired Rodenhiser Plumbing and Heating. In preparation of the work, Rodenhiser performed a physical inspection of every condominium since the water heaters are in different locations and are plumbed differently. They inspected not only for the installation of the drain pans but connecting them to the drainage system in the building which means that if a water heater leaks, it will drain outside without causing water damage to that unit or its surrounding neighbor's units. Since the individual shut offs on the majority of the water heaters do not work, the Board was to mandate that they be replaced along with the installation of the drain pans. However, during Rodenhiser's inspection, they ran into a problem with the size of the current drainpipes in the building that they would be connecting to. The local plumbing inspector has stated that utilizing these pipes would not meet today's building code. The Trustees have written a letter to Middlesex Mutual Assurance Co. regarding this information and are awaiting their response.

G. Pool Accessibility

The Board of Trustees voted to approve the purchase of a portable pool lift that enables disabled residents access to the pool. The equipment purchased meets the guidelines set by the Americans with Disabilities Act (ADA). The cost of the lift was \$5,895.48.

H. Maintenance Personnel Changes

As most of you know, Michael Mandino, Director of Maintenance announced his resignation. It was to be effective May 1, 2004, but he agreed to stay on as a consultant through December 31, 2004 to help with the transition. Mike had been our Director of Maintenance for 20 years and he will truly be missed. Michael McClay who had been Maintenance Laborer for 12 years, has been promoted to Maintenance Supervisor, to report to the Property Manager. Two new employees hired were Gregory Dutton, Maintenance Laborer, and Geraldo Vasconcelos, Landscaper/Cleaner.

I. Future Repairs

We will be focusing our attention on a mutually acceptable solution regarding the water heaters and drain pans and Newfield Drive. In addition, we are presently requesting bids for sidewalk, curbs and asphalt repairs. We have received two and attempting to obtain a third. We are hoping to be able to spread this work and expense over the next several years and perform repairs in order of necessity, much like the roof contract was performed. At last year's annual meeting, a discussion of reinstalling the speed bump on Post Oak Lane that had been torn up by the snowplow, and a new one by 48-40 Silver Hill. The trustees looked at portable speed bumps that could be moved during snowstorms but they found that the life expectancy of portable speed bumps is short lived. The Board intended on installing permanent ones but since we are going to be looking at major sidewalk, curb and asphalt repairs, it would be better to wait until that work is done depending on how long it takes.

VII. Financial Report, presented by Evelyn Wilcon, Secretary

Elliot Schwartz, former Treasurer of the Board of Trustees since 1987 resigned effective December 15, 2003 due to extenuating work commitments that did not allow him to continue to have the time he felt necessary in order to give 100% devotion to the Board. He was extremely knowledgeable and will be missed. Since Elliot was in attendance, Evelyn recognized him and owners applauded him for his dedicated years of service.

A. Financial Services Contract

Effective February 2000 we took on the performance of the financial services of the Association, namely the collection of condo. fees, payment of bills, monthly and year-to-date financial statements, delinquent collection attempts, etc., from an outside management company in-house. This saved the Association \$27,120 per year and results of independent audits have proven that not only was it a wise financial decision, but a prudent business decision resulting in more efficient services and accurate records.

B. Replacement Reserve Study

Replacement Reserves are designated funds to be used for major costs of repairs/replacement. Mass. State law states that Associations are required to maintain a "reasonable" amount of reserves. In order to help the board determine that reasonable amount, we chose to have reserve studies performed. A reserve study is performed by an independent company, usually by engineers who determine the major components of a property, their remaining useful lives and the costs needed to repair or replace them. Continental Building Consultants (CBC) has completed our reserve studies; the most recent reserve study was performed in January 2001. The cost of the study was \$2,800. CBC recommended that we contribute \$38,021 annually to our Reserve Fund.

C. Operating Budget

The Board reviewed the Proposed Operating Budget prepared by Nancy Mandino for the Fiscal year 7/04 – 6/05. The Board approved the budget, which included a 10% increase in condo. fees effective July 1, 2004. The Trustees also voted to increase the amount of late fees from \$25.00 to \$40.00 also effective July 1, 2004. The need for the condominium fee increase was primarily attributable to the 50% increase in the package property insurance and umbrella liability insurance policy premiums as a result of the large losses suffered last year. During the budget analysis, the Trustees read an article entitled "Handling Budget Deficits" written by Michael Keene, CPA which addressed the importance of a Board not to be reluctant to raise their monthly condominium fees in an era of tough economic times. Avoidance or inaction by a Board can lead to a downward spiral where the property could run at a deficit. A copy of the accepted operating budget was mailed to all unit owners. Since the inception of Natick Green Condo. Association in 1987, 18 years ago, we have only had 6 increases in condo. fees as follows:

10% in 1988

\$15.00/unit in 3/95

5% on 8/1/99

10% (rounded down to the nearest dollar) on 9/1/01

4.7% (rounded down to the nearest dollar) on 9/1/02

10% (rounded down to the nearest dollar) on 7/1/04

This means that the average condo. fee increase was only 2.76% per year. We continue to have one of the lowest condo. fees when compared to similar properties. The only special assessment that we have ever implemented was in 1990 for the replacement of the vinyl siding, which was approved by a majority of 75% of unit owners. Natick Green consists of 318 condos. and the current average condo. fee is only \$193/mo.

We have been able to keep the condo. fees down due to the excellent management and maintenance services that the Association's employees perform. The Association generates income from our Lease and Make Ready services and Interior Maintenance services. In addition, we save thousands of dollars each year by performing a multitude of management, financial and maintenance services in-house rather than contracting them out.

D. Financial Investments

In December 2003, the Board invited Gus Gerulskis of Capital Advisors, who came highly recommended by our CPA, to provide the Trustees with a financial prospectus and a proposal that included investment opportunities to attempt to maximize the Association's assets while minimizing risk. The Trustees decided to leave all accounts as is for the time being until a decision has been made regarding how to fund the repairs to Newfield Drive. Newfield Drive has not been included in prior Replacement Reserve Studies since ownership of the road was unknown.

E. Funding of Newfield Drive

At this point in time, we have only received the engineer's estimates, most recently totaling \$832,405, of which Natick Green's portion, or 14.2% would be \$118,201.51 not including attorney's fees. Since we have not received any bids from contractors as to the final cost for the repairs to Newfield Drive, no decision has yet been made as to how to fund this expenditure. In order to prepare for the funding of the expense of the repairs to Newfield Drive, the Board researched mortgage rates and equity lines of credit that could be used with

the Association owned condominium as collateral. In 1990, the Association purchased the condominium located at 8 Post Oak Lane #15 at auction for the price of \$60,000. This has proven to be a very wise investment. Although the Trustees do not wish to implement a special assessment for this expense, it is one means that will be considered. The sale of the association owned condominium is another consideration.

F. Audit for 7/1/03-6/30/04

In 2003, the Board signed an audit engagement letter with Murphy and Liscombe & Edwards, PC, which reflected an increase in audit fees from \$3,750 to \$4,000 per year for the three fiscal years ending 2003, 2004 and 2005. Charles Murphy and Michelle Goncalves of the recently named, Murphy, Edwards, Goncalves and Ferrara, PC, Certified Public Accountants and Business Advisors presented their findings of their audit and financial statements of revenues, expenses, and changes in trust members' equity, and cash flows for the Fiscal Years ending June 30, 2004 and 2003. They also provided the Trustees with a management opinion. Ms. Goncalves who performed the physical audit commented that she found all records to be extremely organized and made easily accessible to her and found the established internal controls to be in place. She remarked that Nancy Mandino and Jennifer Saponaro do an incredible job with the fiscal management functions of the Association. Ms. Goncalves pointed out that the majority of the net income realized in 2004 was due to the insurance proceeds from the two fires which resulted in a net profit of \$85,800 due to good contract negotiations and performing much of the work in-house. Without that, the Association would have realized a net loss for the year, as had been budgeted. Therefore, since we can't and don't want to rely on insurance proceeds and certainly not fires, it was a wise decision for the Board of Trustees to vote to increase the condominium fees 10% effective July 1, 2004. Even with the 10% increase, cash will be tight for the upcoming fiscal year. In addition, as a result of the fires, the Association's property insurance premium increased from \$55,321 to \$80,550, a 46% increase, of which only 3.5 months were expensed in 2004 since the policy dates are 3/16/04-05. The remaining 6.5 months will be expensed in fiscal year end 6/05.

Goncalves and Murphy also added a disclosure in this year's notes to financial statements in regards to the amount designated for future major repairs and replacements based on the latest reserve study performed by Continental Building Consultants on January 22, 2001 as follows:

"Because ownership of property known as Newfield Drive was unknown when the 2001 reserve study was completed, costs to repair this private way were not included. It has since been determined that this private way is owned 14.2% by Natick Green. Recently estimated cost of repairing the road was determined to be \$832,405 of which Natick Green would be responsible for \$118,202. The adjoining property owners and Natick Green have met with the Town of Natick in an attempt to have the town accept the road as a public way, so the future costs of maintaining the road would not fall on the Association. Whether the town will accept the road has not yet been determined."

Attendees were provided with a copy of the Natick Green Condominium Trust Financial Statements for Fiscal Years June 30, 2004 and 2003. If you were unable to attend but would like a copy, please feel free to pick one up at the Natick Green Office.

BALANCE SHEETS
June 30, 2004 and 2003

| | | |
|-----------------------------------|-----------------------------|-----------------------------|
| CURRENT ASSETS: | 2004 | 2003 |
| Cash and Cash Equivalents | \$409,799 | \$371,065 |
| Accounts Receivable - Unit Owners | 5,918 | 4,114 |
| Prepaid expenses | <u>25,871</u> | <u>23,812</u> |
| Total Current Assets | \$441,588 | \$398,991 |
| PROPERTY AND EQUIPMENT, NET | 64,472 | 85,394 |
| TOTAL ASSETS | <u>\$506,060</u> | <u>\$484,385</u> |

LIABILITIES AND TRUST MEMBERS' EQUITY

| | | |
|---|-----------------------------|-----------------------------|
| CURRENT LIABILITIES: | | |
| Accrued Expenses and Security Deposit | \$ 35,324 | \$ 29,022 |
| Assessments and Fees Recv'd in Advance | <u>56,867</u> | <u>45,457</u> |
| Total Current Liabilities | 92,191 | 74,479 |
| TRUST MEMBERS' EQUITY: | | |
| Designated for Future Major Repairs And Replacements | 370,885 | 361,496 |
| Undesignated | <u>42,984</u> | <u>48,410</u> |
| Total Trust Members' Equity | 413,869 | 409,906 |
| TOTAL LIAB. & MEMBERS' EQUITY | <u>\$506,060</u> | <u>\$484,385</u> |

STATEMENTS OF REVENUES AND EXPENSES

| | | |
|----------------------------------|--------------|--------------|
| | 2004 | 2003 |
| REVENUES: | | |
| Condominium Fee Income | 674,040 | \$669,414 |
| Lease Make-Ready Income | 35,130 | 33,225 |
| Laundry Income | 12,720 | 12,952 |
| Late Fees | 3,375 | 2,150 |
| Collection Fees | 151 | - |
| Rental Income, Net | 8,343 | 7,960 |
| Interest Income | 104 | 156 |
| Interest Income - Repl. Reserves | 9,389 | 14,621 |
| Application Fees | 2,205 | 1,300 |
| Miscellaneous Income | <u>2,870</u> | <u>3,961</u> |
| Total Revenues | \$748,147 | \$745,739 |
| EXPENSES: | | |
| General and Administrative | 134,079 | 124,714 |
| Repairs and Maintenance | 226,360 | 321,385 |
| Utilities | 118,944 | 87,714 |

| | | |
|--|------------------|------------------|
| Club and Pool | 23,813 | 29,082 |
| Ownership | 68,933 | 53,777 |
| Leasing | 57,544 | 54,956 |
| Landscaping | 25,383 | 25,221 |
| Miscellaneous Taxes | <u>766</u> | <u>473</u> |
| Total Costs and Expenses | 655,822 | 697,322 |
| NET INCOME BEFORE DEPRECIATION & INCOME TAXES | 92,325 | 48,417 |
| DEPRECIATION | 18,741 | 16,748 |
| NET INC. BEFORE INC. TAXES | 73,584 | 31,669 |
| PROVISION FOR FEDERAL & STATE INCOME TAXES | <u>-</u> | <u>-</u> |
| NET INCOME | <u>\$ 73,584</u> | <u>\$ 31,669</u> |

G. Delinquencies

Accounts receivables as of 6/30/04 were \$5,918, slightly up from last year's figure of \$4,114.
We received \$56,867 Assessments paid in advance, \$11,410 higher than last year's \$45,457.

IX. Open Discussion

An open question and answer period took place.

X. Adjournment

Susan Peters adjourned the meeting at 9:00 pm.

The next Board of Trustees' Meeting is scheduled for Wednesday, November 3, 2004 at 6:00 pm at the Natick Green Clubhouse. As usual, all unit owners are welcome to attend for observational purposes. If you wish to address the Board regarding a particular matter, kindly submit a written agenda request stating the nature of your business at least ten (10) days in advance of the meeting. This assists the Trustees in planning an organized meeting. Since the Trustees are volunteers, please respect their personal time and privacy rights and maintain communications via their mailing address at Natick Green Condominium, 7 Silver Hill, Natick, MA 01760.

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