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FARRWOOD GREEN CONDOMINIUM, PHASE II
ANNUAL ASSOCIATION MEETING
March 23, 2010 at 7 p.m.
Osgood Landing
1600 Osgood Street
North Andover, Massachusetts 01845

BOARD MEMBERS

Arcadiy Ivanov, Chairman
Sean O'Connell, Treasurer
Todd Lariviere (absent)

Maryellen Coughlin, RPR/CRR

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P R O C E E D I N G S

THE CHAIRMAN: I call this meeting to order. This is the meeting of Farrwood Green Condominium Association, Phase II. The time is 7:25 p.m. March 23rd, 2010.

The first order of business is establishing a quorum. We are going to perform a quorum call.

According to a rough calculation, right now we are at 45 percent, give or take. We will record everyone present, though.

The requirement of the bylaws is 30 percent present to be able to vote in the board and approve the budget, so we're well within the margin.

So here comes the quorum call.
Unit 49?

Could you please state yes you are present.

RESIDENT: Present.

THE CHAIRMAN: Unit 50?

RESIDENT: Present.

THE CHAIRMAN: Unit 51?

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RESIDENT: Present.

THE CHAIRMAN: Unit 53?

RESIDENT: Present.

THE CHAIRMAN: Unit 54, proxy to
the board. Unit 55, proxy to the board. Unit
56?

RESIDENT: Present.

THE CHAIRMAN: Unit 57, proxy to
the board. Unit 58, not present. Unit 59? Unit
60? Unit 61, proxy to the board. Unit 62?

RESIDENT: Present.

THE CHAIRMAN: Unit 63? Not
present. Unit 64?

RESIDENT: Present.

THE CHAIRMAN: Unit 65?

RESIDENT: I have the proxy.

THE CHAIRMAN: Proxy for Marie
Griffin. Unit 66? Not present. Unit 67?

RESIDENT: I have the proxy.

THE CHAIRMAN: Present by proxy.
Unit 68, present by proxy. Unit 69, present by
proxy. Unit 70, present by proxy. Unit 71?

RESIDENT: Present.

THE CHAIRMAN: Unit 72, present by

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1 proxy. Unit 73? Unit 74? Unit 75? Unit 76?
2 Unit 77? Unit 78?
3 RESIDENT: Present.
4 THE CHAIRMAN: Unit 79?
5 RESIDENT: Present.
6 THE CHAIRMAN: Unit 80? Unit 81?
7 Unit 82?
8 RESIDENT: Present.
9 THE CHAIRMAN: Unit 83?
10 RESIDENT: Present.
11 THE CHAIRMAN: Unit 84?
12 RESIDENT: Present.
13 THE CHAIRMAN: Unit 85?
14 RESIDENT: Present.
15 THE CHAIRMAN: Unit 86, proxy for
16 the board. Unit 87? Unit 88? Unit 89? Unit
17 90?
18 RESIDENT: Present.
19 THE CHAIRMAN: Unit 91? Unit 92,
20 proxy for the board. Unit 93? Unit 94? Unit
21 95?
22 RESIDENT: Present.
23 THE CHAIRMAN: Unit 96?
24 RESIDENT: Present.

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1 THE CHAIRMAN: Unit 97?
2 RESIDENT: Present.
3 THE CHAIRMAN: Hold the record,
4 please.
5 (Discussion off the record.)
6 THE CHAIRMAN: Unit 98? Unit 99?
7 Unit 100? Unit 101?
8 RESIDENT: Present.
9 THE CHAIRMAN: Unit 102? Unit 103?
10 RESIDENT: Present.
11 THE CHAIRMAN: Unit 104? Unit 105,
12 proxy for Sean O'Connell. Unit 106?
13 RESIDENT: Present.
14 THE CHAIRMAN: Unit 107?
15 RESIDENT: Present.
16 THE CHAIRMAN: Unit 108? Unit 109?
17 Unit 110?
18 RESIDENT: Present.
19 THE CHAIRMAN: Unit 111?
20 RESIDENT: Present.
21 THE CHAIRMAN: Unit 112?
22 RESIDENT: Present.
23 THE CHAIRMAN: Unit 113? Unit 114?
24 RESIDENT: Present.

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1 THE CHAIRMAN: Unit 1115?
2 RESIDENT: Present.
3 THE CHAIRMAN: Unit 116?
4 RESIDENT: Present.
5 THE CHAIRMAN: Unit 117?
6 RESIDENT: By proxy. No, I'm
7 sorry. I have 118. I'm sorry. I have -- isn't
8 it Driscolls 117, right? Matt?
9 RESIDENT: Yes.
10 THE CHAIRMAN: Yes.
11 RESIDENT: I have his proxy.
12 THE CHAIRMAN: Present by Proxy.
13 Unit 118?
14 RESIDENT: Present.
15 THE CHAIRMAN: Unit 119? Unit 120?
16 Unit 121? Unit 122?
17 RESIDENT: By proxy.
18 THE CHAIRMAN: Unit 123? Unit 124?
19 Unit 125? Unit 126? Unit 127?
20 RESIDENT: Present.
21 THE CHAIRMAN: Unit 128? Unit 129?
22 RESIDENT: Proxy.
23 THE CHAIRMAN: Unit 130? Unit 131?
24 Unit 132? Unit 133?

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1 RESIDENT: Present.

2 THE CHAIRMAN: Unit 134? Unit 135?

3 Unit 136?

4 RESIDENT: Proxy.

5 THE CHAIRMAN: Unit 137?

6 RESIDENT: Present.

7 THE CHAIRMAN: Unit 138, present.

8 Unit 139? Unit 140?

9 RESIDENT: Present, proxy.

10 THE CHAIRMAN: Unit 141.

11 RESIDENT: Present, proxy.

12 THE CHAIRMAN: Unit 142?

13 RESIDENT: Present, proxy.

14 THE CHAIRMAN: Unit 143?

15 RESIDENT: Present.

16 THE CHAIRMAN: Unit 144? Unit 145?

17 RESIDENT: Present.

18 THE CHAIRMAN: Unit 146? Unit 147?

19 Unit 148? Unit 149? Unit 150? Unit 151? Unit

20 152? Unit 153, proxy to the board. Unit 154?

21 Unit 155? Unit 156? Unit 157? Unit 158?

22 RESIDENT: Present.

23 THE CHAIRMAN: Unit 159? Unit 160?

24 Unit 161, proxy for the board. Unit 162? Unit

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1 163, proxy to the board. Unit 164?

2 RESIDENT: Present.

3 THE CHAIRMAN: Hold the record,
4 please.

5 (Discussion off the record.)

6 THE CHAIRMAN: Back on the record,
7 please. Unit 165? Unit 166? Unit 167? Unit
8 168? Unit 169? Unit 170?

9 RESIDENT: Present.

10 THE CHAIRMAN: Unit 171? Unit 172?
11 Unit 173? Unit 174?

12 RESIDENT: Present.

13 THE CHAIRMAN: Unit 175? Unit 176?

14 Just for the record, the following
15 proxies are held by the board, to make sure we
16 have a duplicate record, 54, 55, 57, 61, 92, 86,
17 153, 161, 163.

18 Just in case, some unit numbers who
19 have given their proxy to the board who are
20 actually present right now, your vote overrides
21 the proxy, so your physical presence makes the
22 proxy invalid for the purpose of this meeting.

23 Is everyone satisfied that the
24 quorum has been achieved and that the quorum is

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1 accurate?

2 Just a small note. If you rise to
3 speak, please state your name and at very least
4 the unit number. Name and unit number would be
5 preferable, but unit number only is fine. Yes,
6 please.

7 RESIDENT: Unit 71. What are the
8 figures of absentees? How did you get 45
9 percent?

10 THE CHAIRMAN: I'm sorry.

11 MR. O'CONNELL: How did you get 45
12 percent?

13 THE CHAIRMAN: Of common interest?

14 RESIDENT: Yes.

15 THE CHAIRMAN: With proxies. It's
16 the total of all proxies and votes present.

17 RESIDENT: Is 45 percent?

18 THE CHAIRMAN: Given that three
19 people signed up during the quorum count, I think
20 it's more now.

21 RESIDENT: Unit 71. Thank you.

22 THE CHAIRMAN: Is everyone
23 satisfied that we have a quorum?

24 RESIDENT: Yes.

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1 RESIDENT: Yes.

2 RESIDENT: Yes.

3 THE CHAIRMAN: Are there any
4 objections?

5 Thank you so much. Let's proceed
6 further.

7 We have a transcription of the
8 September meeting, so there are no minutes, and
9 they're not subject to approval. A transcription
10 is a transcription.

11 The annual meeting of March 2009,
12 the minutes have been sent to you on Saturday.
13 Does anyone have questions about the contents of
14 those minutes?

15 Yes, please.

16 RESIDENT: Unit 49. These are what
17 we're talking about (indicating)?

18 THE CHAIRMAN: Yeah.

19 RESIDENT: Okay. I don't know what
20 the page number is. There's nothing to indicate,
21 so I can't tell you. The question is, "What were
22 your findings about the roof ventilation?" The
23 answer was, "The ventilation looked good and was
24 antiquit and soffit vents were not blocked and .

1 . ."

2 I don't know if they're talking
3 about antiquated or adequate.

4 THE CHAIRMAN: Thank you.

5 RESIDENT: Unit 49. And there are
6 a number of questionable things.

7 THE CHAIRMAN: Okay. If you do
8 have other questionable things, the time to bring
9 them is now.

10 RESIDENT: Unit 49. Well, I
11 haven't gone through this to look at the other
12 things. I mean, that was one that really stood
13 out because it means two different things. It's
14 either good or it's bad.

15 THE CHAIRMAN: Yes. And we do have
16 a voice transcription of the, a voice recording
17 of the events, so we will clarify and
18 cross-reference this with the voice recording and
19 with the actual report so to make sure that --
20 it's likely, judging by the fact that the word is
21 antique, not antiquated or anything like that,
22 it looks like a typo during preparation of the
23 minutes, but we will make sure to clarify that
24 word. It's unlikely that the word good will be

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1 followed by antique. It's either antiquated or
2 good.

3 RESIDENT: Unit 49. Adequate.

4 THE CHAIRMAN: Right. Well, it's
5 either antiquated or good, or if it's good, then
6 it's probably adequate.

7 RESIDENT: Unit 49. Well, that's
8 not the way it reads.

9 THE CHAIRMAN: We will make sure to
10 clarify that point in the revision of the
11 minutes. Any other questions on the minutes?
12 Yes, please.

13 RESIDENT: Unit 174. I have
14 several questions. They can loosely be grouped
15 as items that were approved according to these
16 minutes and never have been performed.

17 THE CHAIRMAN: Sir, if you can't
18 speak up, could you please come here a few
19 tables, because there is a transcription going
20 on.

21 RESIDENT: My apologies. Is this
22 okay?

23 THE CHAIRMAN: That sounds good.
24 Thank you.

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1 RESIDENT: Unit 174. I have
2 several questions that can be loosely grouped
3 into the category of things that have been
4 approved according to these minutes and yet have
5 never been acted upon. Is this the appropriate
6 forum to bring this up?

7 THE CHAIRMAN: Yes, it would be.

8 RESIDENT: Okay. One of them is
9 the grass behind unit -- Building H. That
10 according to this is going to be taken care of,
11 and yet I have a letter from PMA saying they
12 refuse to do so.

13 Another one is the walkway leading
14 up to the portico. That also was brought to
15 PMA's attention and agreed to do it, and I think
16 we're just waiting for the good weather. I just
17 wanted to bring that up.

18 THE CHAIRMAN: I'm sorry. The last
19 point, was it in the minutes?

20 RESIDENT: Yes.

21 THE CHAIRMAN: Okay.

22 RESIDENT: And there are green
23 termite stations all around. There's mention in
24 here of reinstalling all of the termite

1 protection, and as I read it, it says the entire
2 complex. Is that going to be done for every
3 place?

4 THE CHAIRMAN: As far as I know,
5 it's already been done. It's actually been done
6 in the spring, early summer 2009.

7 RESIDENT: There are still green
8 units.

9 THE CHAIRMAN: Yes, the color of
10 the units hasn't changed, I guess. Some of the
11 units -- go ahead.

12 MR. O'CONNELL: Unit 50. The way
13 it was set up before was there were different
14 contracts through different termite companies
15 where they only covered half a building or one
16 and a half buildings, and what we did is we spent
17 quite a bit of money to -- no company would reuse
18 a terminal or whatever you want to call it of
19 another company.

20 RESIDENT: Mentioned in here, yes.

21 MR. O'CONNELL: So every company we
22 went to wanted to put in their own unit which we
23 had done, and from now on it's under, Farrwood is
24 under one account, or at least Phase II is under

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1 one account, and they'll reload them or put --

2 RESIDENT: So the units that have
3 not been replaced are from that company?

4 MR. O'CONNELL: There should be
5 termite control on every piece of property that
6 we have.

7 THE CHAIRMAN: According to A1
8 contract, old buildings are right now covered,
9 and they are essentially working to refill them
10 at several hundred dollars per year per unit.

11 RESIDENT: The part that caused me
12 some concern was what this gentleman just brought
13 up, that companies refused to use the units
14 installed by --

15 THE CHAIRMAN: That's true.

16 RESIDENT: So I guess at this point
17 I have to assume that the units that haven't been
18 touched are why the company --

19 THE CHAIRMAN: Well, I
20 unfortunately can't answer that question. We can
21 certainly address it with PMA because we do have
22 records of what units were brought in under A1
23 contract, but yes, I would assume that if the, if
24 the green -- what's it called, lure? -- traps,

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1 green trap is there it's been Al's, and it's been
2 reused by Al.

3 RESIDENT: Thank you for
4 clarifying.

5 THE CHAIRMAN: The present contract
6 is suppose to cover the entire property.

7 Hold on, Marie. Do you still have
8 more questions?

9 RESIDENT: Unite 174. Not that I
10 am prepared to deal with right now.

11 THE CHAIRMAN: Okay. Thank you.
12 As far as the grass behind Unit H, we would have
13 to see what Ferris told PMA and what PMA told
14 you. I can't address that right now. It should
15 have been done, and we've been actually talking
16 with Ferris about it for two years, even before
17 it was brought in. Actually, when we had a
18 walkthrough -- excuse me. When we had a
19 walkthrough, we saw the bold essentially ground
20 behind Unit H, and we've been talking about that
21 the soil is too acidic and they need to actually
22 put something alkaline there, and then we moved
23 on. So if it's not been done, it should have
24 been done, and I apologize if it's not been done.

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1 So we'll try to correct it as soon as possible.

2 RESIDENT: I would appreciate that.

3 Thank you.

4 THE CHAIRMAN: You're welcome.

5 MS. GRIFFIN: Marie Griffin, Unit
6 167. I just want to address the fact that the
7 contract was with Al Exterminators, and initially
8 half the buildings were done, and my building was
9 done several years ago. I have never seen them
10 change the bait in those traps, and I am holding
11 one down because the lawnmower -- Ferris, the
12 lawnmower people, they broke it, and I'm holding
13 it down with a brick. It's right off my patio.
14 In fact, I saw them going around the front of the
15 buildings last summer simply because I'm retired
16 and you hear the thing. When they test it, it
17 goes beep, beep, and you hear it come around, but
18 I never saw them in the back of the building, and
19 that's happened before in the past, that they
20 check part of the building but not the whole
21 thing. These termite traps are suppose to be all
22 the way around, front and back of the building
23 and sides.

24 THE CHAIRMAN: Okay. Hold the

1 record, please.

2 (Discussion off the record.)

3 THE CHAIRMAN: Back on record.
4 Elaine, could you please repeat that for the
5 record.

6 MS. ROMANO: It's usually once a
7 year, like when the renewal comes up, and the
8 office does get a report when we get the invoice,
9 and certainly I can get Marie a copy if she would
10 like.

11 MS. GRIFFIN: Thank you.

12 THE CHAIRMAN: Any other questions
13 on the minutes? So the only items so far I have
14 is that there is a concern that the word
15 "antiquate" is in question in the findings about
16 the roof ventilation, and there was a substantive
17 concern that the grass behind Unit H was not
18 planted, and the last one was about the traps
19 that potentially are not refilled and so forth.
20 Did I get it right? Does anyone have any other
21 questions about the minutes, objections to the
22 minutes. Yes, please.

23 MR. QUAN: Peter Quan from Unit
24 133. To Elaine, she should check to make sure

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1 someone signs off on the work because we've
2 actually, when I was on the board, had
3 contractors go to the other side of Farrwood when
4 they did the work. They confused the other side
5 for Phase II, that has happened on a couple of
6 occasions. So you can't assume that they did it
7 and went to the right place.

8 THE CHAIRMAN: Thank you, Peter.
9 About the minutes, not the substance on how to
10 check the traps. Thank you for your comment, but
11 we're talking about the contents of the minutes.

12 All in favor of accepting those
13 minutes as presented given the corrections
14 stated? All in favor say I.

15 Opposed?

16 RESIDENT: Opposed.

17 MS. GRIFFIN: I say opposed, too.

18 THE CHAIRMAN: Okay, we have two
19 opposed; everyone else in favor. Does anyone
20 require a roll call?

21 Does anyone want all the votes
22 counted by unit number?

23 The I's appear to have it. The I's
24 have it. The minutes have been accepted provided

1 certain corrections as stated above.

2 Okay. Now, let's move to the --
3 hold the record, please.

4 (Discussion off the record.)

5 THE CHAIRMAN: Back on record.

6 Now I'd like to talk a little bit
7 about the future plans, specifically about what's
8 happening with the roofs, what's happening with
9 the loan, what are the gas pipes, what are
10 parking issues, policy stickers and so forth.

11 The roofs. The engineer is right
12 now talking to GAF. This is the association
13 responsible for roofing certification, warranties
14 and so forth. They are working out the specific
15 engineering details of what would constitute a
16 roof covered under the GAF warranties in order to
17 ensure that the roofs are covered and the
18 contractor or the manufacturer of the shingles
19 cannot back out. After that, the engineer and
20 the GAF representative are going to find the
21 actual GAF-certified contractors to install the
22 shingles who would be submitted an engineering
23 proposal on which they will bid, and then the
24 engineer, the board and the GAF representative

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1 are going to meet with the roofing contractors.
2 We're going to compare their bids. We're going
3 to talk to them about what they can do for us,
4 and then the decision will be made on the roofing
5 contractor. The timeline for that as I
6 understand is April. By the end of April we
7 should know who is going to be building our
8 roofs, and I would suspect that it would take us
9 a couple of months to finish the roofing. Any
10 questions on that?

11 Yes, please.

12 MS. HILTON: Leslie Hilton, 143.
13 As stated in the master deed, I know they say
14 that you take the lowest bidder of the top three,
15 but they have to be qualified roofers or
16 qualified workers. Whoever does the work I want
17 them checked out in Boston, and that's easy
18 enough to do, Elaine.

19 THE CHAIRMAN: Thank you. One
20 second, please. Let me address that.

21 The qualification in this case,
22 certification, insurance, GAF certification,
23 that's why an engineer is right now getting the
24 specs in order and talking with a GAF

1 representative and looking for certified
2 contractors. We will probably check them with
3 the Better Business Bureau as well, but since GAF
4 certifications are strict enough, that might be
5 fine as well. Yes, please.

6 MS. STAVISH: 114, Barbara Stavish.
7 I just had a question. You were talking about
8 GAF certified. You were talking about the
9 engineer consultant. But all I heard about was
10 shingling. Are we going to go to the level of
11 assessing the wood, the sheathing and all of
12 that, that's included? We're not just talking
13 about shingling?

14 THE CHAIRMAN: The specifics of the
15 engineering spec include -- now, don't hold me to
16 that because the engineering spec isn't
17 finalized, but the original engineering spec had
18 the following procedure: First shingles were
19 removed, then the engineer would come on the
20 roofs. He would walk the roofs, inspect the
21 actual plywood and the soffits. If there is rot,
22 if there is an added thickness of the plywood,
23 all those will be replaced. The price for
24 replacement per square foot or per roof is going

1 to be stated on the bid. After that there's
2 going to be underlayment. Underlayment after
3 it's laid is going to be inspected as well.
4 Certain parts of the roofs might not be covered
5 with shingles because we discovered that the rise
6 on certain components of the roofs actually
7 contraindicates the use of shingles. You have to
8 actually use something like a rubber roofing, and
9 that wasn't actually done in our current roofs.
10 Their valleys are too shallow to be able to use
11 shingles.

12 So the engineer supervising that
13 was actually going to walk the roofs at all the
14 stages of the process, and the contractor will
15 have to secure their approval prior to proceeding
16 further.

17 MS. STAVISH: Can I just ask a
18 follow-up question?

19 THE CHAIRMAN: Absolutely. Go
20 ahead.

21 RESIDENT: Commenting on GAF
22 certification and membrane, 'cause I've had
23 experience with single membrane versus membrane
24 with seals. Is the certification, is GAF going

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1 to cover -- is the person who's going to install
2 the membranes be certified to install membranes,
3 because if they're not it can be a real problem,
4 a serious problem.

5 THE CHAIRMAN: We're going to
6 ensure that they're certified to do the entire
7 work.

8 RESIDENT: Okay. Whatever the --

9 THE CHAIRMAN: They're going to be
10 certified to lay the plywood. They're going to
11 be certified to lay the singles and the entire
12 work, that's why the GAF representative is on
13 site. We're making sure that the entire
14 engineering spec requires that all the steps are
15 in compliance with GAF certification so that the
16 contractor and the manufacturer cannot back out
17 of the warranty.

18 RESIDENT: Thank you.

19 THE CHAIRMAN: More questions on
20 roofs? Thank you so much.

21 MS. HILTON: Real quick. Leslie
22 Hilton, 143. Did you just have water troubles?
23 And what are you going to do, are you going to
24 use the same type of material where they abut the

1 portico units?

2 THE CHAIRMAN: I'm terribly sorry.

3 MS. HILTON: The standard units
4 about the portico units where you put down like a
5 gray flashing. They was just working on yours
6 last Monday.

7 THE CHAIRMAN: Oh, the valleys?
8 The valleys?

9 MS. HILTON: Mm-hmm.

10 THE CHAIRMAN: Once again, I'm not
11 going to comment on the engineering spec which is
12 right now in the works with an engineer, but
13 we've discussed the inadequacy of how the valleys
14 are right now done, the fact that the shingles
15 there have deteriorated faster. It's likely that
16 the end result will be the rubber, rubber channel
17 there, as opposed to the actual shingles
18 interlaying there, but once again, don't hold me
19 to it. I'm not writing the engineering spec. We
20 will be reviewing it, though. Yes, please.

21 MS. HARVEY: Debbie Harvey, 103.
22 Will they let us know ahead like which building
23 they're doing?

24 THE CHAIRMAN: Absolutely.

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1 MS. HARVEY: You know, get a little
2 bit of a notice?

3 THE CHAIRMAN: Absolutely.

4 MS. HARVEY: And cover everything
5 properly? I'm saying that for a reason. The
6 guys that painted the deck spilled a whole thing
7 of deck stain. It dripped inside my brand new
8 central air conditioner and spilled all over the
9 lawn. The lawn looked like radioactive. I
10 called Elaine to notify her of this. I was
11 furious. So I am concerned about that.

12 THE CHAIRMAN: Yes.

13 MS. HARVEY: With the cars parked
14 right in front, almost right at the building.

15 THE CHAIRMAN: As far as what
16 happened with decks, I live in the same -- I have
17 the same deck. I live in the same building.
18 They couldn't cover. The problem is that what
19 they did was they stripped the surface, and
20 unless they covered everything around a
21 particular deck --

22 MS. HARVEY: Not the deck. Down
23 below. Just the central air unit down below. I
24 didn't know they were going to spill a gallon of

1 stain into it.

2 THE CHAIRMAN: They did? That
3 probably would have been a claim. Elaine, could
4 you address that very quickly? Do you remember
5 any --

6 MS. ROMANO: Debra calling me, yes.

7 THE CHAIRMAN: Was anything done
8 about that?

9 MS. ROMANO: I asked Debra if she
10 wanted me to get the contractor to come back. We
11 talked about it. She said she didn't want it
12 touched. I did have the grass taken care of.

13 MS. HARVEY: Yeah. I mean, my unit
14 is under warranty. I'm not going to have these
15 guys that spilled, you know, stain start taking
16 my air conditioner part, forget it.

17 The lawn, though, that should be
18 fixed in the spring. I knew that was just a
19 discoloration. But that's just carelessness.
20 Before the roofers come out, I'm covering my air
21 conditioner, moving my car. I don't know what
22 else I'm going to do.

23 THE CHAIRMAN: Yes, Jim Toscano,
24 PMA.

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1 MR. TOSCANO: On the standard on
2 the roofs, the specifications call for -- to
3 strip a roof calls for the building to be draped
4 more or less --

5 MS. HARVEY: Okay.

6 MR. TOSCANO: -- if you can picture
7 what I'm saying.

8 They spilled the paint by error.
9 They tipped it over. (Unintelligible.)

10 Jim, you will have to speak up
11 because there's a transcription.

12 THE CHAIRMAN: Okay. Any more
13 questions on the roofs? No more questions on the
14 roofs. Thank you.

15 Gas pipes. I think it was summer
16 2008 one of the residents wrote us an e-mail
17 about how she was installing a new
18 air-conditioning and heating unit, and the gas
19 technician who was actually connecting her gas to
20 the heater noted that the pipes were rotting
21 away, the gas pipes. So since we had many more
22 problems to deal with before that, we kind of put
23 it on the back burner. Once we got those, the
24 loan, the roofs in the works, I had my meter

1 reinstalled according to Massachusetts laws, and
2 I actually mentioned that e-mail from the
3 resident to the technician from National Grid who
4 was installing it, and the guy actually walked
5 with me through I think at least four units. He
6 looked at my pipe. He looked at the neighbor's
7 pipes. And he told me, yes, the gas pipes are
8 rotting away.

9 So I asked him who is responsible
10 for it, and here's what he said. National Grid
11 is responsible for the pipe and the meter.
12 Everything which comes out of the meter is the
13 responsibility of the unit owner or the condo
14 association. So basically if you have a home as
15 a stand-alone house and you're an owner of that
16 house, the pipe coming out of the ground and
17 going into the meter, which is covered in gray
18 paint, that's National Grid's responsibility. If
19 there is a pipe coming out of the meter and going
20 into your unit, the entire length of that pipe
21 from the flange to whatever goes into your house
22 is the owner's responsibility.

23 The guy specifically pointed a
24 finger at where his responsibility stops. They

1 will certainly do it, but you would have to pay
2 them. So the gas pipes, depending on the unit,
3 some are in good condition which can be sanded
4 and painted. Others which looked like --
5 the surface -- if the texture looks like golf
6 balls, the pipe has deteriorated beyond the
7 repair and has to be replaced. There is no
8 actual physical immediate danger if the pipe is
9 not replaced. However, the pipe can start
10 leaking gas about the meter, and there might be a
11 smell of gas.

12 According to what National Grid
13 told me, a smell of gas constitutes an emergency
14 regardless of intensity or occurrence, how often
15 it occurs, so you have to call the gas company to
16 come and fix it. And if you smell gas
17 constantly, they have to come down constantly.
18 You might be forced to replace that piece of pipe
19 which leaks, either they do it and you pay them
20 or you do it with your own contractor, so that's
21 where the gas pipe item comes in.

22 We collected three proposals for
23 replacement of pipes and sanding of pipes. I
24 believe about 40 to 50 pipes will be replaced.

1 The other ones will be sanded and painted to
2 prolong their life. The pipes have not been
3 replaced since the units have been constructed.
4 Depending on the climate, pipes can either last
5 forever or rot away in three years. It depends
6 on the water and how much water actually drips on
7 the pipe. That's where the gas pipes come in.

8 The budget you've seen contains
9 essentially two versions. They're identical
10 except for the gas pipes. In one version of the
11 budget, excuse me. In one version of the budget,
12 the gas pipes are financed through a condo fee
13 increase. Another version of the budget the gas
14 pipes are financed through the budget -- through
15 the reserve expenditure authorization. These are
16 the only two differences between the two budgets.
17 So one budget contains the condo fee increases,
18 another one does not, and that's pretty much it.

19 We're going to talk about the
20 budget a little later, but I just wanted to let
21 you know where the gas pipes are mentioned and
22 how much they cost. One second, please.

23 Yeah, I think that's as far as I
24 can -- as much as I have on the gas pipes. So

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1 are there any questions about the gas pipes? The
2 gentleman over there.

3 RESIDENT: 174. You just mentioned
4 that the difference between the two budgets is
5 that one finances through an increase and the
6 other finances out of the reserves fund and yet
7 in the second budget it shows no expenditure for
8 the gas pipes at all.

9 THE CHAIRMAN: Elaine.

10 MS. ROMANO: I'm sorry, I couldn't
11 hear him back here.

12 THE CHAIRMAN: The gentleman thinks
13 that the second budget has no expenditure for the
14 gas pipes at all. It shouldn't come out of
15 the --

16 MS. ROMANO: It won't come out of
17 the operating before the vote was to take it out
18 of reserve, and this is an operating budget.
19 It's not a reserve budget.

20 RESIDENT: So you're saying it
21 shouldn't be in it?

22 MS. ROMANO: Correct.

23 RESIDENT: And how would that then
24 be addressed?

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1 MS. ROMANO: If the unit owners
2 approve it, then the money would be removed from
3 reserve into operating at that point, and then we
4 would amend the budget to show that.

5 RESIDENT: Thank you.

6 THE CHAIRMAN: BJ was next.

7 MS. STAVISH: I'm sorry, I'm not
8 understanding this. 'Cause when I look at with
9 the increase, there are zeros for the gas line
10 expense. So if we're increasing revenues to
11 cover an expense, what is the expense number?

12 THE CHAIRMAN: One second.

13 RESIDENT: There are two lines for
14 gas expenditures in there.

15 MS. STAVISH: Where, under what
16 section?

17 THE CHAIRMAN: Under "Grounds."

18 RESIDENT: Under "Grounds." Thank
19 you.

20 THE CHAIRMAN: Yes, Marie.

21 MS. GRIFFIN: I just have a
22 question. Unit 167, Marie Griffin.

23 I'm the last original owner to live
24 here. Come May 20th I'll have been here 32

1 years. My pipes have not been changed. My meter
2 has been changed. The gas company comes and
3 changes the meter. Now, they had to detach the
4 old meter from that pipe. As far as I can
5 recollect, that pipe coming out has never had one
6 speck of paint on it.

7 My feeling is that, yes, there is
8 rust on the outside. Some of that is oxidation
9 'cause you're talking about a cast iron pipe, but
10 my thing is that I believe, and I would be a lot
11 more comfortable that whoever was doing these
12 repairs if they were associated with National
13 Grid. If we're going to take 20,000 out to
14 repair, then pay the bill to them. I want
15 qualified people.

16 I've been told that if -- say
17 somebody indiscriminately went out to sand the
18 pipes on their own and there was a leak, you
19 could have a building explode, and that's not
20 taking care of our personal safety, any one of
21 us. And with some of the buildings -- like, I
22 live in Building B. The end of Building B,
23 Building C half of it is right in back of our
24 building. I'm sure if my building went up C

1 would go up. And the driveway between C and D is
2 so narrow that would go up. Then you'd have E go
3 up.

4 The point that I'm trying to make
5 is, if the pipes are taken care of by somebody
6 from National Grid or a contractor that they
7 fully approve in a license to do so, then I think
8 that's an okay thing to do, but I just don't want
9 to hire some little small plumbing contractor.
10 Because I've been told that if those pipes were
11 touched that National Grid would no longer ensure
12 our safety. So I think it should be done through
13 National Grid and just not any old contractor
14 because people's lives are at stake.

15 THE CHAIRMAN: Let me address that.
16 Folks, folks, could we please have order.

17 I've spoken about this with the
18 technician who was replacing my meter and asked
19 him, Well, what can happen if the gas pipe leaks
20 outside. He said nothing. The gas immediately
21 dilutes, and there is no possibility of explosion
22 if the gas leaks outside, not that we're going to
23 allow that to happen, obviously.

24 The danger with gas leaking and the

1 smell of gas outside is that there is no
2 relationship between the intensity of the smell
3 and the amount of gas. So the smell of gas in a
4 particular location can indicate a localized tiny
5 leak or it can indicate a huge pipe burst miles
6 away, and that's why the smell of gas is always
7 an emergency and has to be reported and has to be
8 taken care of.

9 Now, as far as our contractors, we
10 always require all contractors to be fully
11 licensed, present the copy of the license, to be
12 fully insured, 1 or 2 million including workers
13 comp, and that's applicable not only to our gas
14 technicians but to obviously the roofers,
15 everyone who works on the grounds, essentially,
16 and that, by the way, includes everyone who does
17 work in your units. You have to have everyone
18 licensed and insured before any work is done.

19 Lastly, National Grid has
20 outrageous rates. \$20,000, it's a number which
21 we came to after several bids. One of the
22 numbers I think was 30 something. So this is,
23 this is the lowest qualified bid. There was some
24 lower, but I think that lower was actually

1 willing to replace less pipes. So we've chosen
2 the one who replaces the most pipes for the least
3 money.

4 Obviously, they will have to be
5 insured. They will have been to be certified.
6 They will have to provide proof of both. And we
7 will not let them work on the grounds unless they
8 do so.

9 However, National Grid is extremely
10 expensive. We will contact National Grid if you
11 would like to make sure that the contractor has
12 good standing with them, if they have any such
13 notion.

14 Yes, Jim Toscano.

15 MR. TOSCANO: One other point, the
16 plumbing inspector has already been to the
17 property once, and he will have to inspect that
18 work prior to sign-off, so the plumbing inspector
19 from the city will also be heavily involved in
20 this project.

21 THE CHAIRMAN: Very good. So the
22 city inspector will be inspecting the work after
23 it's done, and we'll have it certified.

24 MS. GRIFFIN: I would think if they

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1 were working on gas pipes -- I mean, most of
2 them -- I do have a plan for the gas pipes for
3 our phase, and they're all underground, and I
4 know when they were doing work in my building you
5 have to call National Grid, and they painted, you
6 know, the gas pipe to make sure that it wasn't
7 sewage line, and we had -- years and years ago,
8 probably within five years after I bought there,
9 there was a water problem, and they built a
10 trench, but the gas company had to come out, and
11 they had to paint the grass where every one of
12 the pipes was.

13 THE CHAIRMAN: Marie, I apologize,
14 I'll interrupt you. We're not talking about
15 underground pipes.

16 MS. GRIFFIN: I'm talking about the
17 fact that if pipes are disconnected without
18 having a major shut off at the buildings --

19 THE CHAIRMAN: That's not true.
20 There is a shut off before the meter and after
21 the meter so the meter can be removed. I
22 actually observed them doing that, because they
23 have to be able to remove them. That's the same
24 way with your water. If you look at your water

1 meter, there is a shut off in front, shut off in
2 back, so that's the same for each unit, and they
3 have to do it, obviously. They have to shut off
4 the gas, and they'll do it one unit at a time.

5 MS. GRIFFIN: Okay. You answered
6 my question. Thank you.

7 MS. HILTON: 143. In last month's
8 bill from National Grid there was a whole flyer
9 talking about this. I spoke to two executives in
10 National Grid today, and they basically said the
11 same thing you did. Are we just going to be
12 replacing the pipe from the top of the meter that
13 we own into the building?

14 THE CHAIRMAN: Absolutely we have
15 no right to touch the meter below.

16 MS. HILTON: Or the rusty pipe
17 underneath the meter coming out --

18 THE CHAIRMAN: Okay, here's the
19 deal. Depending on the unit, the meters have
20 very different configurations but generally it
21 looks like this. There is a concrete slab.
22 There is a pipe sticking out. There are remains
23 of the gray paint on that pipe. The pipe is
24 thin. It's a high-pressure gas pipe. Then there

1 is a gray meter on top of it. Then there is
2 flange with a shut-off valve. It's also gray.
3 Now, at that level the National Grid stops. So
4 we do not touch anything which is gray
5 essentially at this point. Everything which is
6 rusted, and it can be 3-foot pipe, it can be
7 12-foot. Some pipes go across several units into
8 the unit, into the wall.

9 MS. HILTON: Right, that's the same
10 thing I was told.

11 THE CHAIRMAN: So we're touching
12 the rusted low pressure I think it's 1 inch pipe.

13 MS. HILTON: Right, exactly, that's
14 on top of the meter basically that comes into the
15 building that we own, because National Grid said
16 everything below that is all theirs, right out to
17 the street.

18 THE CHAIRMAN: Yup, we're not
19 touching anything which is National Grid's.

20 MS. HILTON: Are you doing all the
21 units.

22 THE CHAIRMAN: Yes, yes, because we
23 want to, we want to preserve those pipes which
24 can be reserved because every year they stay --

1 basically the difference is four times. It takes
2 about a hundred bucks to sand, prime and paint
3 the section of the pipe per unit. It takes 400
4 bucks to actually cut it out and replace it, so
5 we want to make sure that all the pipes which are
6 salvageable can be salvaged.

7 MS. HILTON: Thank you.

8 MR. QUAN: Peter Quan, Unit 133.
9 Now, is this increase just until it's done and
10 then it goes away or is it a permanent increase?

11 THE CHAIRMAN: Once again, with
12 every increase, essentially at every meeting you
13 can demand your fees to be lowered. If it's
14 lowered beyond the budget, I mean, the condo
15 association won't be able to operate.

16 So next year if there is nothing
17 else, yes, we will be able to decrease the fees,
18 if you so desire and if we actually go with that
19 option. We don't necessarily have to go with an
20 option for an increase. We could finance that
21 through reserves.

22 Folks, quiet down, please. So if
23 you don't want an increase, that's perfectly
24 fine, that's why we prepared two budgets. Hold

1 the record, please.

2 (Discussion off the record.)

3 THE CHAIRMAN: The board's opinion
4 is that we should finance it through reserves.
5 What you want will decide when the budgets gets,
6 when we talk about budget. Yes, BG.

7 MS. STAVISH: 114, Barbara Stavish.
8 In follow up on your comment before suggesting
9 the reserves, what is the real tradeoff we're
10 looking at? Forget the fact of increasing the
11 fees or not, what's the real tradeoff from an
12 inside in terms of do we have money or not have
13 money? What's your tradeoff.

14 THE CHAIRMAN: Absolutely. We
15 have -- let me see the actual numbers to tell
16 you. We have 290,000 in the reserves.

17 MS. STAVISH: (Unintelligible.)

18 THE CHAIRMAN: Can you please
19 restate?

20 MS. STAVISH: Okay. My question
21 was, when I looked at our cash in reserve
22 position, we have \$500,000 presented on this
23 piece of paper, but the reality is we pull out
24 302, which is from the Bank of Brookline

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1 designated for the roof, and our real cash
2 position without roof money that we're paying for
3 is 500 less the 302.

4 THE CHAIRMAN: Yes. Basically, if
5 you see the reserve account and you see the Total
6 Reserve line, 290,651.15, that's the reserve
7 account.

8 MS. STAVISH: So the Operating
9 Brookline is the roof loan money on deposit.

10 THE CHAIRMAN: Yup, that's what
11 we've drawn. Here's the real difference. Fanny
12 Mae actually requires you to have at least 10
13 percent, to put at least 10 percent of your
14 budget into reserves every year. So if we have a
15 budget of 274,000, we in all honesty in order to
16 comply with Fanny Mae have to actually put 27,000
17 into reserves. We don't, and the reason -- I
18 don't think there is a legal requirement. Dan?
19 There is no legal requirement to do that, but for
20 the sake of compliance with Fanny Mae and so that
21 the units can actually be sold, we would like to
22 be as close to that as possible. So in fact if
23 you increase your operating budget, you have to
24 increase the amount you put into reserves.

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1 However, if you look at the budget
2 without the increase, if you look at the reserve
3 contributions, they went from 18,000 to 24,000.
4 So if we finance this thing through reserves, by
5 end of the year we will have 4,000 in reserves
6 more than what we actually have right now. So
7 we'll take \$20,000 of reserves and put 24 over
8 the course of the year. So essentially this will
9 allow us to get the work done, not increase our
10 operating budget and actually put some money in
11 reserves or essentially break even.

12 With condo fee increase, we in all
13 honesty should be putting more into the reserves
14 to comply with Fanny Mae regulations. I don't
15 necessarily know if we want a condo fee increase
16 at this point.

17 RESIDENT: No, no.

18 RESIDENT: No.

19 THE CHAIRMAN: That's what we
20 thought, that's why we proposed two versions.
21 Peter Quan. And, folks, let's wrap up the gas
22 because we have other stuff to do.

23 MR. QUAN: On the gas matter,
24 wouldn't it make more sense to do a special

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1 assessment? I see it as like \$150 for a standard
2 unit for the year.

3 THE CHAIRMAN: As Dan Braese will
4 tell you, a special assessment, if it's assessed,
5 it cannot be collected, in the case of unit
6 defaults. It has to be assessed as a condo fee
7 increase temporarily.

8 So if we -- when the condo
9 association makes a special assessment and the
10 unit owner goes bankrupt or decides to default on
11 their condo fee obligations and we start
12 foreclosure procedures on that unit, the unit --
13 the association will not be able to collect the
14 special assessment in the case of bankruptcy
15 default or foreclosure. Condo fees, we're all
16 good for that, but special assessments, no.
17 That's why associations nowadays, when they do
18 the special assessment, they actually word it as
19 a temporary condo fee increase. So however you
20 put it. It could be over the course of a year.
21 It could be for one month and then we'll have to
22 do the recalculation. I don't think we want to
23 do it with condo fee increases or special
24 assessments, frankly. We do have sufficient

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1 money. Reserves were put out specifically for
2 that. It doesn't drain reserves beyond the point
3 where we don't have any reserves. The reserves
4 essentially break even. So it looks like a good
5 thing to do, but we'll discuss it a little later
6 after we're done with parking and go actually to
7 the budget. Are we done with gas?

8 RESIDENT: Yes.

9 THE CHAIRMAN: Thank you. Parking.
10 Now, folks, there is a general problem in the
11 association which is especially evident in the
12 winter. Problem number one, master deed
13 specifies that each unit has two assigned parking
14 spaces, one numbered and one unnumbered, so each
15 unit has a right to two cars. Note that they
16 have a right to two cars. It doesn't mean that
17 you can't have more than two cars. So if you
18 have three cars or four cars, the two cars have
19 to be parked on the association property, and the
20 rest are essentially in limbo. If you have space
21 somewhere, it will fit. You cannot with your
22 third car encroach on the right of other unit
23 owners to park their two cars. So that's one of
24 the problems. Some people have three or four

1 cars, and they decide to park them all in front
2 of their units, and we have to deal with that.

3 The second problem is that people
4 generally refuse to register the cars. We have
5 no idea whose cars are whose, that's especially
6 problematic when we have to tow and track down
7 the unit owner who obstructed the way or parked
8 incorrectly or basically the car is falling apart
9 and we don't know whose car it is.

10 The third problem is that some
11 people take the plates off their cars, so we have
12 cars parked which have no plates which can only
13 be identified by VIN number. Now, recent
14 registry of motor vehicle regulations, because of
15 the privacy concerns, prohibit retrieving the
16 records for, basically ownership records, for the
17 specific VIN number without being properly
18 authorized to do so. So without filling about
19 two pages of paperwork per incident, we cannot,
20 even paying 5 or \$15, I don't remember, and
21 sending it in the mail and waiting for the
22 results to come back, we have no idea whose car
23 is whose.

24 And, lastly, is that we can't tow

1 anyone. The problem with the laws in the state
2 of Massachusetts is that, depending on who is the
3 police chief in your locality, if you have a
4 property and you have a driveway on it and
5 somebody parks a car in that driveway, you cannot
6 tow the car even if it's trespassing. What you
7 have to do is you have to contact the police
8 department. You have to get written approval for
9 towing from the police commissioner of the
10 specific locality, then you have to -- and for
11 that you actually have to specify the owner, the
12 plate, the VIN, where it was and so forth.

13 Secondly, you have to have the
14 posted notice that you cannot park there or have
15 to park according to specific rules. So even
16 though we wanted to tow people for years, after
17 consulting with Dan Braese, after consulting with
18 the police commissioner in Haverhill, we cannot
19 do it in practice. In theory, we could, but it
20 would take forever, and towing companies are
21 generally reluctant to risk their livelihoods,
22 essentially, because I think it's a misdemeanor
23 if you tow someone incorrectly. It's a thousand
24 bucks for violation of towing regulations per

1 company and 100 bucks per person or something
2 like that.

3 So what we want to do is get the
4 parking and the cars in order. What the board
5 proposes, and I think that's general regulation,
6 you still have a right to park two cars. It
7 is -- you have one numbered spot, one unnumbered
8 spot. What's going to happen is that each unit
9 is going to be given two parking stickers for two
10 cars, and then you have to attach those to the
11 windshields so that we can track down the cars.
12 There are going to be two more placards for
13 visitors per unit. So if you have a visitor who
14 stays overnight, you will need to put the placard
15 on. In summer, everything is pretty much a
16 nuisance. So if somebody parked incorrectly in
17 summer, you can walk. It's warm. There is no
18 snow up to your ears, right? But in winter, some
19 cars park in a way which we cannot clean snow.
20 We cannot move the cars anywhere. So what we
21 need to do is basically put -- we're going to put
22 the notices. There are going to be signs, no
23 parking without sticker, no parking on snow day
24 and so forth. And the cars without the stickers

1 or in violation we'll be able to track them down
2 and actually tow them, because given the notices
3 we will be on much more solid legal ground as far
4 as tow.

5 Unfortunately, we don't see any
6 other way. Persuasion does not help. People do
7 not register their cars at all. We have
8 probably -- Elaine, how much approximately -- how
9 many cars approximately do we have registered out
10 of the total number we should have?

11 MS. ROMANO: Oh, I couldn't -- very
12 few. Yeah, very few.

13 RESIDENT: What do you mean
14 registered?

15 THE CHAIRMAN: Well, whenever you
16 move into the unit, you have a sign-in sheet.
17 You have to state -- according to MGL 183A, you
18 have to state who you are, where to contact you,
19 what's your mailing address, et cetera,
20 et cetera. You have to register with the
21 condominium once you move in.

22 RESIDENT: I don't know anything
23 about that.

24 MR. TOSCANO: We sent out the

1 forms.

2 THE CHAIRMAN: Yeah, in January, I
3 think, 2008.

4 MR. TOSCANO: Yeah, the unit owner
5 forms provide information, cell phones and so
6 forth, and in there includes car registration.
7 I'd say we definitely got well less than half of
8 them returned to us, and some of those that were
9 returned did not even have the registration.
10 It's to everybody's advantage to return those
11 forms. Another reason is there's phone numbers
12 there for emergency purposes for your own
13 property or there's an opportunity to leave a
14 number there if you're going to be away or if
15 there's a sibling or child, anything that you
16 want to leave an emergency contact. Those forms
17 are very important, but a lot people don't even
18 return those forms to us.

19 RESIDENT: If the last time you
20 sent them was 2008, I've moved in since then.

21 MS. ROMANO: You should have
22 received one with the packet, with the welcome
23 packet.

24 RESIDENT: I didn't get a welcome

1 packet.

2 THE CHAIRMAN: Folks, quiet down,
3 please. There is a transcription.

4 MR. TOSCANO: When you close, the
5 buyer gets a certificate for closing that
6 services the seller but, and the buyer, too, but
7 there's a form that has to be filled out for
8 information so that we can generate a 6D I
9 believe it's called. The form is filled out
10 usually by an attorney or a real-estate agent,
11 not too often by the person buying the home
12 because they're relatively new to a condominium
13 unit and they're unfamiliar with, but we get a
14 form back which generates the paperwork. So we
15 would have had it -- at some point in time we
16 would have gotten that form from whoever
17 represented you back then. But, again, I mean,
18 there are updates. There's always things
19 changing.

20 THE CHAIRMAN: I'm sorry, if you
21 speak, could you please speak up.

22 MS. CAMPBELL: 112. They should be
23 sent out more often than that. I got married.
24 We have other cars. There are just changes that

1 happen.

2 MR. TOSCANO: That can be arranged.
3 We can certainly do it once a year, that would be
4 fine.

5 THE CHAIRMAN: Well, also, I think
6 we can post the forms on the Web site so the
7 people can actually download them and fill them
8 out and mail them to PMA, because I don't
9 think -- I think we have a subscription for the
10 payments, automatic payments, but we don't have
11 that form there. We'll have to check.

12 Okay. But that's actually the
13 policy which is going to be implemented by the
14 board in several months, I guess. That does not
15 require any action by the association.

16 Any questions on the cars, parking
17 policy, towing, other stuff. Yes, please.

18 RESIDENT: 149. Is there going to
19 be -- are there going to be signs that are going
20 to show where visitors may park.

21 THE CHAIRMAN: Sean, you're the
22 author.

23 MR. O'CONNELL: Yes. 50, Sean
24 O'Connell. We were hoping to. We're just

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1 working out the kinks, but at the end of each
2 parking lot, we were hoping to mark the actual
3 spot with visitor and then leave the empty spots
4 as the deeded extra spots that we all have. So
5 if somebody has a third car or overnight guests
6 like everybody has on the weekends, they would
7 have to park towards the end of each parking lot.
8 I know Building C and D don't have too many extra
9 parking spaces, but A and B have tons at the very
10 ends.

11 The problem is, you specifically,
12 one night somebody parked in your spot, and then
13 when you put a sticker on their car, they
14 returned, took it off and stuck it on my car like
15 I was the one that put it on their car.

16 RESIDENT: Oh, really.

17 MR. O'CONNELL: Yeah. I'm looking
18 at the car, don't park here. I'm like what is
19 this.

20 RESIDENT: Well, it is a numbered
21 spot.

22 MR. O'CONNELL: Oh, absolutely. In
23 our parking lot we have people across the street
24 that have three, four, five cars sometimes on the

1 weekends, and like Arcadiy explained, they park
2 close as can be, and then it ends up being a unit
3 owner that comes home and there's no space, the
4 closest space is seven units away, and we're
5 trying to avoid that, because there are so many
6 people that have live-in other halves or people
7 that visit on the weekend, kids, grandchild, that
8 come and stay over for the weekend and take up
9 prime spots, and we're trying to eliminate those
10 as much as possible.

11 And, also, the snow issue. The
12 snow issue is there's cars in A and B that park,
13 nobody knows who they are, they're in the way.
14 They slow down snow plowing, can't be moved,
15 can't be fined, and they just cause havoc during
16 the wintertime. You know, if every car was
17 accounted for, not so much towing, but if it has
18 a placard that says visitor for Unit 50, somebody
19 could go to Unit 50 and knock on my door and say,
20 Hey, we need this car moved, there's an
21 emergency, or you know, The snowplow is here can
22 you move this car. Now we're searching around
23 looking for empty spaces and nobody has any idea.

24 Leslie.

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1 MS. HILTON: Okay. Sorry, to have
2 to ask you this, but are these stickers going to
3 be permanent on the glass --

4 MR. O'CONNELL: No.

5 MS. HILTON: -- or can they just be
6 put there?

7 MR. O'CONNELL: They do --

8 MS. HILTON: Then you got people up
9 at Forest Acres that have to have stickers and
10 placards, Section 8 housing in Andover and
11 Lowell. I mean, this is what it's turning into.
12 It's worked pretty good so far, but I'm just
13 having problems as to all these extra stickers
14 and placards that people are going to need. I
15 think there's is going to be trouble. I mean,
16 you've got a numbered spot, that's it, and it's
17 right on your deed, and then you have another
18 numbered spot -- unnumbered spot.

19 THE CHAIRMAN: Yes, it's two spots
20 and --

21 MS. HILTON: And if you have a
22 party, then you might have 10 cars which people
23 understand.

24 THE CHAIRMAN: The problem is that,

1 if you have 10 cars, all of them cannot park
2 overnight.

3 RESIDENT: Well, we got
4 unregistered cars and we got --

5 THE CHAIRMAN: That's why we want
6 to bring order to chaos in this case because we
7 cannot accommodate -- when all the units have
8 more cars than they actually have the right to,
9 we have no parking spaces, and we have to ensure
10 that the people -- people who have the two cars
11 or one car, they can park where they have a right
12 to park.

13 MS. HILTON: You mean if you get
14 the VIN number, you can't go up to the police
15 department and find out who that is.

16 THE CHAIRMAN: No, we can't. Hold
17 on a second. We can, but it takes several weeks.

18 MS. HILTON: Okay, I understand
19 that. But I'll tell you something, Elaine, when
20 you put those orange stickers on some of those
21 unregistered cars, bingo, all of a sudden they
22 had plates on them, and I don't know whose plates
23 they were, but they had plates on them. Believe
24 me, it worked. You know what I'm talking about.

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1 THE CHAIRMAN: But it's several
2 days later, and during the snow emergency, we do
3 have to move cars in order to clean. We have to
4 make sure that the cars are not obstructing
5 anything.

6 RESIDENT: Okay. Well, we all know
7 that.

8 THE CHAIRMAN: Yup.

9 MS. HILTON: But if people get out
10 of bed and move their cars, that's another issue.
11 But the thing is, they have three or four cars.
12 They know they have to move the three or four
13 cars, Arcadiy.

14 THE CHAIRMAN: Yes, but they don't.
15 And if they don't, we can't track them down
16 without registration, that's the problem.

17 RESIDENT: Well, if you got a
18 visitor, how do you know who is visiting who.

19 THE CHAIRMAN: Put the placard on.
20 The placards are numbered.

21 RESIDENT: That's the placard, but
22 what about the -- okay, so the placards are going
23 to be numbered also?

24 THE CHAIRMAN: Yes, the visitor

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1 placards and the unit placards will be num -- the
2 unit stickers and the placards will be numbered.
3 They will be numbered randomly so they cannot be
4 tracked down to the unit without actually having
5 the list whose unit number -- which unit number
6 responds to which sticker. But, once again,
7 we're just giving you a general idea. We haven't
8 actually voted. The board hasn't voted.

9 RESIDENT: I think there should be
10 a general vote on this by the association. I
11 don't go for it personally, but I just really
12 would like to put it out for a vote.

13 THE CHAIRMAN: The association vote
14 is not required for that.

15 MS. HILTON: No? Okay, but --

16 THE CHAIRMAN: This is not a --

17 MS. HILTON: There's going to be a
18 lot of stickers, I'm telling you.

19 THE CHAIRMAN: This is the rules
20 and regs. This is the procedure on how the rules
21 are enforced. This is not an association. Yes,
22 please.

23 RESIDENT: No. 85. What you're
24 proposing as a solution does not guarantee every

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1 unit owner two spaces at any given time. The
2 only thing that would do that is if you
3 designated two spaces per unit, numbered, two
4 numbered spaces. Because if you have a lot of
5 people that have visitors, there's no guarantee
6 that you're going to have an empty space.

7 MR. O'CONNELL: Absolutely, there
8 will be. If in a parking lot there's 32 units,
9 then you have 64. Well, you'd have 32 numbered
10 spots and then 32 unnumbered spots. There's your
11 spots, and the visitor spots will be marked
12 specifically visitor, and those will be the extra
13 spots. So outside of 64 spots, there will be --

14 RESIDENT: Well, rather than giving
15 people decals, why can't we just number two
16 spaces --

17 THE CHAIRMAN: Because that would
18 require an amendment to the master deed and
19 bylaws.

20 RESIDENT: If you're suppose to
21 have two spaces, why can't you just number your
22 two spaces?

23 THE CHAIRMAN: Because the wording
24 is one numbered and one unnumbered. We talked

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1 about that among us.

2 RESIDENT: I just don't think that
3 that's going to guarantee people two spaces.

4 THE CHAIRMAN: Well, if the visitor
5 encroaches on someone else's right to park, the
6 visitor can be towed. Yes.

7 RESIDENT: Campbell, 112. You're
8 talking about numbering the guest spaces with a
9 sign that says guest, not numbering them but
10 identifying the guest spaces. Why not identify
11 other than just on the cement which gets covered
12 with snow and ice the actual numbered spaces in
13 some sort of an evaluated way, because my spot is
14 taken all the time. I made my own sign.

15 MR. O'CONNELL: Unfortunately, then
16 you'd have a hundred signs in the parking lot.

17 THE CHAIRMAN: Yeah, that would
18 actually look like a forest.

19 RESIDENT: Not necessarily.

20 MR. O'CONNELL: You know what I
21 mean. If every spot had a sign or every other
22 spot had a sign to say these spots are assigned,
23 it would look like --

24 THE CHAIRMAN: But, remember, it's

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1 not Florida, so we can't put them this high off
2 the ground. It has to be at least person high.
3 So what you will see from your window looking out
4 is basically the fence of signs. Go ahead.

5 RESIDENT: Hi. No. 84. I have a
6 question. I have two children who both have
7 cars. So what would happen in my case, one of
8 them would have to be a visitor?

9 THE CHAIRMAN: How many cars do you
10 have total per unit?

11 RESIDENT: Three.

12 THE CHAIRMAN: Okay. One of those
13 cars is parked on the availability basis.

14 RESIDENT: My children park at the
15 end where visitors park basically.

16 THE CHAIRMAN: Yes, then they will
17 have to park -- everything beyond two cars,
18 whether it's yours or somebody is visiting you,
19 is visitor.

20 RESIDENT: Mm-hmm.

21 MR. O'CONNELL: One of the cars
22 would have to have a visitor plaque in it.

23 THE CHAIRMAN: Always, and it might
24 have to move out if for some reason the snow

1 prevents the use of other --

2 RESIDENT: Well, they would move
3 that any way if the plow is coming to plow.

4 THE CHAIRMAN: Yes, of course.

5 MR. O'CONNELL: This is mainly so
6 somebody on the board or whoever is monitoring
7 the parking lot during a storm can look at the
8 sticker and go, all right, Unit 114, I'm going to
9 go over, knock on her door and ask her, Excuse
10 me, you have a car out here, can you move? By
11 the way the plow has been out here beeping for 25
12 minutes, you're in violation, you're going to get
13 fined. The problem is people don't, they don't
14 move until the plow has been out there for 20
15 minutes, and the guy is just sitting there
16 waiting.

17 RESIDENT: Everybody is sleeping.

18 MR. O'CONNELL: Exactly, everybody
19 is sleeping when they know there's a pending
20 snowstorm, and there's four or five cars in every
21 parking lot still sitting there with a foot of
22 snow on them, and we have no -- there's no
23 repercussions. So they sit on their butt and
24 think it's great that they don't have to move

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1 their car, and there's no repercussions. So this
2 is hopefully a motivating factor to get people to
3 move their car when they're suppose to. It has
4 happened to certain people that I know whose car
5 they are, and I fine them. They move now 'cause
6 they're getting fined, but there are people.
7 We're not exactly sure -- I'm sorry, I'm not as
8 good as Mrs. Quan at hunting everybody down like
9 she use to hunt me down, like she use to hunt me
10 down. I'm just not that ambitious to knock and
11 yell at people. I don't want to sit in a
12 snowstorm and yell at somebody about moving their
13 car. Everybody is an adult. I want to be able
14 to just wipe their window off and go, oh, well,
15 98 didn't move again.

16 THE RESIDENT: They won't put the
17 placards on anyway.

18 MR. O'CONNELL: Then eventually we
19 hope that if people aren't in compliance and
20 there's signage up and they're out of compliance,
21 we can have them towed until they figure out,
22 gee, this is costing me a lot of money, maybe I
23 should listen, that's all.

24 THE CHAIRMAN: Okay. Folks, quiet

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1 down, please. One second. People leaving --
2 sir, sir, did you leave your proxy?

3 Thank you so much. I appreciate
4 it. Have a nice night. Yes, Mr. MacDonald.

5 MR. MacDONALD: 95. It has to do
6 with parking in the sense of the parking lots.
7 It may have been this past winter or last winter,
8 but after a snowstorm, there were a lot of holes.
9 I mentioned it to one of the men that shovels out
10 your entrances to the house. I said, Jesus, it's
11 like Bagdad and Iraq, you know, bomb craters, and
12 the next morning they were all filled, and I was
13 really appreciative of that. The squeaky wheel
14 gets the grease. But my question is, going way
15 back, when are the lots going to be repaved. I
16 know A and B were, and we've been waiting a long,
17 long time.

18 THE CHAIRMAN: And A and B weren't
19 repaved.

20 MR. MacDONALD: Well, I can
21 remember when they were. They got repaved.
22 Maybe it's going way back.

23 THE CHAIRMAN: Yeah, as far as I
24 know, A and B are right now are in very good

1 shape, in the best shape.

2 MR. O'CONNELL: Yeah, we're in the
3 best shape, but yeah, there are issues.

4 MR. MacDONALD: So I was just
5 wondering is that on the future --

6 THE CHAIRMAN: We do have about
7 \$10,000 allocated per year for pavement repairs.

8 MR. MacDONALD: I just thought it
9 was a good chance to ask that question.

10 THE CHAIRMAN: Yeah. If you have
11 problems with specific pavement problems or
12 walkway problems --

13 MR. MacDONALD: I did, and it was
14 rectified, but that's only patches.

15 THE CHAIRMAN: Well, folks,
16 complete repavement of everything according to
17 the inspection costs about \$1.5 million, so we're
18 not going to do that, unless you want, what,
19 15,000 special assessment per unit, or more.

20 Yes, please.

21 RESIDENT: 62. As far as the
22 deeded space and the undeeded space, how is that
23 going to go? Are you going to go numbered,
24 unnumbered, numbered, unnumbered or is it going

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1 to be a free for all as far as the unnumbered
2 cars go. Are they going to be in close proximity
3 to your condo?

4 THE CHAIRMAN: No, and that's not
5 according to our rules and regs. It's according
6 to either master deed or bylaws. The unnumbered
7 are on first come/first serve basis. The only
8 thing we will ensure is that the unnumbered will
9 be dedicated to the second -- one of the two cars
10 which you have a right to park.

11 RESIDENT: Okay. So it could be
12 anywhere?

13 THE CHAIRMAN: It could be
14 anywhere, and we cannot do anything about it.
15 You'd to have a bylaws amendment for that, and we
16 don't have a quorum for that.

17 Folks, I'm going to take two more
18 questions and that's it. Peter.

19 MR. QUAN: 133 again. Did you take
20 the signs down that says, "Unauthorized parkers
21 will be towed at owner expense"?

22 THE CHAIRMAN: I'm sorry.

23 MR. QUAN: Did you take the signs
24 down that said, "Unauthorized parkers will be

1 towed at owner expense"?

2 THE CHAIRMAN: Yes. There is much
3 more that is required for that, and once again,
4 in order to -- let's say we put that sign, if we
5 don't know whose car it is, we cannot notify the
6 police department about whose car it is we're
7 towing, and unless we can do that, we cannot
8 comply with MGL, so we cannot actually tow. So
9 regardless of signs we put in, unless we can tell
10 police this is the person, this is his plate,
11 this is the registration, we're towing them
12 because they violated whatever notice. Unless we
13 can give all that information, we simply cannot
14 tow.

15 MR. QUAN: Yeah, but we use to put
16 those yellow stickers signs on the windows.

17 THE CHAIRMAN: It doesn't matter.
18 Because even if you put that sticker, unless we
19 have information about whose car it is, we cannot
20 notify the police department to actually act on
21 that notice.

22 RESIDENT: It sends a message,
23 though.

24 THE CHAIRMAN: It does send a

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1 message and people do act on it several days
2 afterwards, if they do.

3 MR. QUAN: If you don't put it up,
4 they're not going to react at all.

5 THE CHAIRMAN: Well, what we're
6 going to do is post --

7 MR. O'CONNELL: We have in some
8 cases. In some cases, like he said, a few days
9 later they do react and move to a different spot.
10 In my parking lot there's a Mustang that was
11 parked on the B side of the parking lot on the
12 grass, front tires on the grass, nobody knows
13 whose it is. It's somebody in Building C.
14 Elaine put a sticker on it. He moved to A side
15 with his front tires on the lawn, you know.

16 RESIDENT: I know who it is. I
17 would be happy to tell you afterwards. He has
18 six other cars, too, actually.

19 MR. O'CONNELL: See, exactly.

20 THE CHAIRMAN: Folks, one more
21 question. You, sir.

22 MR. CAMPBELL: Yes, sir. Jonathan
23 Campbell, Unit 112. If you're coming home at
24 night, it's very difficult to see the markings on

1 the pavement.

2 Are there any plans to repaint the
3 markings on the parking lot, the designated
4 numbers, and physically will there be any
5 difference between your second unmarked space and
6 a visitor space.

7 THE CHAIRMAN: According to what
8 we're thinking right now, the visitor spaces will
9 have signs against them or there will be paint on
10 the, on the asphalt saying that, yes, it's a
11 visitor spot.

12 As far as repainting, we do have an
13 item for this year, once the spring actually
14 kicks in and there is a spring cleanup, because
15 we did have some patching done, and we have to
16 repaint those anyway. Specifically we can
17 address the markings which have come off the
18 pavement. So if you have a specific issue with
19 your units --

20 MR. CAMPBELL: There were several.

21 THE CHAIRMAN: Yeah. Then please
22 do notify us because we really don't want to
23 repaint all of them unless it's necessary.

24 Okay. I'm sorry, we have to move

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1 on.

2 RESIDENT: Well, that's what I was
3 going to suggest.

4 THE CHAIRMAN: You have to say your
5 unit number.

6 RESIDENT: No. 71. Why don't you
7 schedule a board meeting, people can come and
8 discuss it.

9 THE CHAIRMAN: That's exactly what
10 we plan to do. Stop the record.

11 Folks, quiet down, please. We have
12 to move fast now. Ed LaPointe is here finally.
13 He got me a little worried. So we have to right
14 now go through the budget very quickly and vote
15 for the board before Ed can actually give his
16 presentation.

17 Now, the budgets have been in your
18 possession for several days. You hopefully had a
19 chance to review them. First of all, let me see
20 a general show of hands, who wants the condo fee
21 increase budget? And who wants the budget
22 without condo fee increases?

23 Okay, we're going to talk about the
24 budget without a condo fee increases. We're

1 going to talk about the budget with a reserve
2 expenditure for the gas pipes.

3 Okay. Who has questions on the
4 budget as it's been presented to you? I would
5 just like to address a few points.

6 We did remove certain items which
7 we had zeros there for several years. Legal unit
8 owner fees, it's never budgeted, but there are
9 numbers there. Those will be refunded to us once
10 the units are closed. So this is -- we never
11 budget for those, but we actually incur expense
12 preemptively, and then once the units are closed,
13 the monies will be transferred back to us.

14 What else. We added the actual
15 annual meeting expenses now because the court
16 reporter costs money, Attorney Braese costs
17 money, Ed LaPointe costs money. And since we now
18 are going to have transcriptions done for every
19 annual meeting, we are going to pay for it and
20 budget it.

21 Obviously, street lighting, which
22 is main roads, security lighting, which is ours,
23 water for lawns. Some of the items have been
24 shrinking dramatically. We actually haven't been

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1 spending as much as we budgeted originally in
2 some areas.

3 We have roofs which if you notice
4 we have zero budget for the roofs for this year
5 because the actual line item was from the past
6 year, so the money has been already allocated.

7 One second, let me just go through.
8 We added things which we have to do every year
9 about catch basin cleanouts and so forth.

10 Main road cleanup. This is pending
11 approval. This has been approved in last March
12 meetings. We want to budget it now. It costs
13 about 1500 to clean up the entrance into Farrwood
14 Drive, the southern entrance, and we usually
15 split it with Farrwood I. So they take whatever
16 percentage according to the number of units.
17 That's about it.

18 Oh, the reserve contributions went
19 from 18 to 24 to satisfy 10 percent Fanny Mae
20 requirement as much as we could. Loan payback is
21 there, and the budget is balanced.

22 Does anyone have questions on the
23 budget as it has been presented? Yes, please.

24 RESIDENT: Yeah, 49. I guess I

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1 didn't realize last time when we voted the money
2 for the roofs. I thought the roofs were going to
3 be getting repaired.

4 Now, I mean, I just figured out,
5 and I have paid \$534 in increased condo fees,
6 that's a lot of money for 12 months.

7 THE CHAIRMAN: Yes.

8 RESIDENT: And yet there has been
9 nothing done with the roofs. What has happened
10 to the money?

11 THE CHAIRMAN: The money is there.
12 There is a Brookline account which has 302,000 in
13 it waiting to be spent on the roofs pending the
14 engineering spec and everything else as we just
15 discussed an hour ago.

16 RESIDENT: Well, I'm sorry, but I
17 would think, if I were to do this again, next
18 time I would put something on there that says the
19 increase in condo fees will take place as soon as
20 the money needs to be spent on the roofs.

21 THE CHAIRMAN: The money is being
22 spent on the roofs through pay back of the loan.
23 The money was actually to finance -- the condo
24 increase was to finance the pay back of the loan

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1 and the respective percentages, and we are paying
2 percentages and paying back the loan every month,
3 so that money is actually being spent.

4 RESIDENT: Maybe we took out the
5 loans too early before we --

6 THE CHAIRMAN: Well, we tried to
7 take them early, and we had to delay that because
8 of all the procedural rumblings we had. So we
9 couldn't actually take it until, what was it,
10 September 30th, September 30th, early October,
11 2009, given that we started getting the offers in
12 early 2009 -- early spring, 2009, summer 2009.

13 MR. TOSCANO: Yeah, the proposals
14 came in at that time, but the money was not
15 available to spend.

16 THE CHAIRMAN: Because we couldn't
17 secure the loan because of all the bureaucracy.

18 RESIDENT: Does this mean that at
19 some point when we -- I guess the loan is for
20 years, right?

21 THE CHAIRMAN: Yes. Depending on
22 how we want to pay it out, it's five to eight
23 years.

24 RESIDENT: But the majority, the

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1 majority of the money hasn't been paid out yet.
2 It's the interest on the loan.

3 THE CHAIRMAN: The majority of the
4 money hasn't been paid out?

5 RESIDENT: Yeah, we're not paying
6 for the roofing.

7 MR. TOSCANO: Oh, paid out for the
8 service, you mean? No, the money has been paid
9 for engineering services and design, but nothing
10 has been paid for replacement of the roofs, as
11 you've seen.

12 RESIDENT: That's right.

13 MR. TOSCANO: That will be coming
14 up now. The money was borrowed in September in
15 anticipation of working now.

16 RESIDENT: Well, it's a whole year.

17 THE CHAIRMAN: No.

18 MR. TOSCANO: I don't believe so.

19 MR. BRAESE: Let me just address
20 that for a second. I think the answer to your
21 question is, when you take the loan out, there's
22 a certain amount of years it has to be paid back.
23 Whether you do the work on the roof 10 years from
24 now or 10 months from the time you allocate that

1 money, you still have to pay it back over that
2 certain many years. So the theory, if I remember
3 correctly, and correct me if I'm wrong, is that
4 interest rates were so favorable at the time that
5 they took it out that they wanted to take that
6 money at that interest rate because of the
7 jeopardy of that interest rate increasing later
8 and hence increasing your cost. So that money
9 has to be paid back over a certain amount of time
10 anyway, no matter when you do the work, so it was
11 advantageous for the association to take the
12 money at the time because the interest rates were
13 so low.

14 RESIDENT: Well, all I see is an
15 increase in condo fees and a very stiff increase.
16 I mean, that's a lot of money to have an
17 increase.

18 MR. BRAESE: Understood, and that
19 would have come to fix the roofs no matter when
20 you fixed the roofs, but the advantage of doing
21 it when they did it was the level of the interest
22 that you're paying on this which is very low. If
23 you had waited six months, interest rates may
24 have gone up, you would have had to pay more for

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1 the same product.

2 RESIDENT: Maybe the cost of the
3 roofing would have gone up, too.

4 MR. BRAESE: Yeah, I mean, it's
5 possible, but it's sort of a gamble in that way
6 in that you're trying to minimize the cost as
7 much as possible, and that was what we went
8 through that whole meeting last fall to explain
9 to everybody.

10 RESIDENT: I thought it was all
11 right then, but when I went through 12 months and
12 I don't see anything done with it and I know that
13 I've had \$534 extra expense in condo fees --

14 THE CHAIRMAN: But once the roofs
15 are being done, that 300 is going to dissipate
16 within, within several weeks.

17 RESIDENT: You mean we'll get that
18 money --

19 THE CHAIRMAN: We already have that
20 money. It's in our bank.

21 RESIDENT: Our condo fees will be
22 lowered?

23 THE CHAIRMAN: No, the condo fees
24 are not going to decrease until the loan is paid

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1 off.

2 MR. BRAESE: Well, what you need to
3 do is what we talked about last year, which is
4 every year when you look at your budget, look at
5 where that loan is. When you get to the end of
6 that loan, it's going to be up to the association
7 to decide am I going to lower the condo fees or
8 do I have another project I have to do, but it's
9 up to the people here to make that decision.

10 THE CHAIRMAN: Okay, folks, let's
11 concentrate on this budget, not what we've done
12 before this particular budget, because we have to
13 move right now very quickly. We have two items.
14 Yes.

15 RESIDENT: Real quick. My first
16 question is management, is that paid on salary
17 or --

18 THE CHAIRMAN: You mean the
19 management line item?

20 RESIDENT: Yes.

21 THE CHAIRMAN: No one is on salary
22 for condo. Board is volunteer. The contract
23 with PMA is for lump sum for the entire year. So
24 whatever number is there, that's what you're

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1 paying no matter what.

2 RESIDENT: So it went up, though,
3 from --

4 THE CHAIRMAN: It went up \$1,700
5 which comes to just about \$1 per unit per month.

6 RESIDENT: Why?

7 THE CHAIRMAN: Huh?

8 RESIDENT: Why has it gone up?

9 THE CHAIRMAN: Jim, why has the fee
10 gone up?

11 MR. TOSCANO: It mostly went up
12 when we looked at the hours, the transition hours
13 that we put in. We had to work with the
14 attorneys. We had to work with the accountants.
15 There was a substantial amount of work that it
16 just drove the cost. A little bit probably more
17 than we anticipated initially. We didn't
18 increase it the first year. It went two years
19 without an increase, and then the increase came
20 in this year. So it is actually two years, and
21 then it's guaranteed for two more years not to go
22 up. So essentially it's a \$1700 increase over --
23 overall it will be a four-year period, the two
24 years that we first started and two years in the

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1 past and two years coming up. It's every other
2 year, but we haven't had an increase in some
3 time, and there were a fair amount of hours,
4 particularly in the financial end, as you'd
5 imagine. They're astronomical. It hadn't gone
6 up last year, and it won't go up next year. It's
7 a locked in contract.

8 RESIDENT: So this increase is just
9 for next year, and then how long --

10 MR. TOSCANO: There is no increase
11 next year.

12 THE CHAIRMAN: No, this increase
13 starts April 1, 2010. We have fiscal year which
14 goes from April 1st to March 31st. So our fiscal
15 year for our association and respective contract
16 with PMA starts on April 1st, and this is the
17 budget which goes from 04/01/2010 to 3/31/2011.

18 RESIDENT: Is it something that's
19 going to happen every year?

20 THE CHAIRMAN: The budget?

21 RESIDENT: The increase in the
22 cost?

23 THE CHAIRMAN: No, no.

24 MR. TOSCANO: We are still running

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1 on the same fee that we had two years ago right
2 now, and that will expire March, and then when
3 the new fiscal year begins, that increase will go
4 into effect, and there will not be an increase
5 the following year, that stays the same.

6 THE CHAIRMAN: Okay. Sir, you had
7 a question.

8 RESIDENT: I just want to know the
9 term of the loan. You had said it, and I didn't
10 hear it.

11 THE CHAIRMAN: It's flexible. It's
12 locked for 5, maximum at 8, refinance possibility
13 after 2.

14 RESIDENT: The term we're on now,
15 though. If we were to continue payment as is, it
16 ends in five.

17 THE CHAIRMAN: I think it ends in
18 eight. I think it ends in eight.

19 RESIDENT: And it started in
20 September of '09?

21 THE CHAIRMAN: Yeah. Yes, sir.

22 MR. CAMPBELL: Jonathan Campbell,
23 112. Under security lighting under utilities, we
24 reported last year the security light on the side

1 of 112 is out and has never been fixed. Does
2 this include that?

3 THE CHAIRMAN: You would have to
4 talk to PMA about that. Certainly we can verify
5 with them. It's rare that --

6 MR. CAMPBELL: It overlooks the end
7 of that parking lot.

8 THE CHAIRMAN: 112.

9 MR. CAMPBELL: Building B.

10 THE CHAIRMAN: Okay. We'll have to
11 talk to PMA about that. It's in the budget that
12 all security lights should be fixed as they get
13 broken.

14 MR. CAMPBELL: Okay. It's been
15 basically at least a year, so.

16 THE CHAIRMAN: Okay.

17 MR. TOSCANO: That's not the one
18 that's out permanently? There's one that's moved
19 permanently.

20 THE CHAIRMAN: Oh, 112. I'm sorry.
21 112, as I recall, it was actually pointed at
22 someone's window, and the person has requested --
23 it was a quality of life issue. I think we shut
24 it off. We'll have to check.

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1 MR. TOSCANO: It's been shut down.

2 THE CHAIRMAN: It probably was shut
3 down, but it was two years ago.

4 RESIDENT: That's the front one.
5 It's the back one that's out.

6 THE CHAIRMAN: Yeah, I think the
7 back one was --

8 MR. TOSCANO: The back one is out,
9 isn't it?

10 THE CHAIRMAN: Yeah, I think so,
11 but once again, I remember something about a
12 light being shut off, but we'll have to pull up
13 records. It's been two years.

14 MR. CAMPBELL: Well, it overlooks
15 our parking spot, that's why I'm asking.

16 THE CHAIRMAN: Well, if it's in
17 back.

18 MR. CAMPBELL: Yes, our parking
19 spot is -- we have the one parking spot that's on
20 the back fence there.

21 THE CHAIRMAN: Elaine, could we
22 please make a note to verify that.

23 MS. ROMANO: Yes.

24 THE CHAIRMAN: Yes, sir.

1 RESIDENT: You pointed out that
2 many of the line items on this budget decreased
3 dramatically, and you can see that in the total
4 of all expenses. What happened to administrative
5 expenses. Why is there a significant increase in
6 them?

7 THE CHAIRMAN: Administrative
8 expenses. Our legal fees went up, our audit fees
9 went up because for this year we're going to
10 finance the remainder of the -- we actually
11 budgeted the last bill from LaPointe. The --

12 MR. TOSCANO: Legal collections, I
13 think, right?

14 THE CHAIRMAN: Yes, the legal --
15 legal went up due to certain expectations about
16 legal. Management went up 1, engineering 4500,
17 that's because we have now, we're paying for the
18 roofs, so the roof engineering, and that
19 engineering is actually here.

20 The office supplies went up
21 slightly. So we're talking, what. I'm just
22 trying to figure out. Yes, we have --
23 essentially we have 4500 in engineering up and
24 6,000, 2,000 in legal, audit fees are 4,000 up,

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1 and so forth, so that's why.

2 RESIDENT: Thank you.

3 THE CHAIRMAN: You're welcome. Any
4 more questions on the budget as it's presented to
5 you?

6 MR. QUAN: Just a quick question.
7 This is Peter from 133. In the past on anything
8 over \$5,000 everything goes out to bid every
9 three years.

10 THE CHAIRMAN: 10,000.

11 MR. QUAN: Okay. Every three years
12 everything goes out to a bid just to see?

13 THE CHAIRMAN: Every contract which
14 actually expires goes to bid. We are not doing
15 it every three years. We're doing it as
16 contracts expire, and I don't think we're signing
17 any contracts for three or more years, so. I
18 think landscaping is one or two years.

19 Oh, PMA? We're doing yearly
20 contracts. So this is the second or third year.

21 MR. TOSCANO: Third year.

22 THE CHAIRMAN: So the next year we
23 would have to actually bid it. Yes, Marie.

24 MS. GRIFFIN: Could I ask one last

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1 question, please? Marie Griffin, 67. We know
2 that Building H the roof was replaced, and
3 Lampert did it. He's a very reputable roofer. I
4 just want to know if any consideration was being
5 taken into getting a bid from him.

6 THE CHAIRMAN: We haven't actually
7 finalized the specs. So before that, we can't
8 even consider contractors. We will consider them
9 if they're GAF certified. If they're not --

10 MS. GRIFFIN: Well, I'm sure he is.
11 He has a very good reputation.

12 THE CHAIRMAN: Well, the fact that
13 he has a reputation doesn't mean that he has GAF
14 certifications probably.

15 MS. GRIFFIN: But if he does.

16 THE CHAIRMAN: Yes, we will. We
17 will consider anyone who will give us a good
18 price.

19 MS. GRIFFIN: Thank you.

20 THE CHAIRMAN: You're welcome. Any
21 more questions on the budget as it's presented?

22 Yes, please, sir.

23 RESIDENT: 164. I was just curious
24 about -- you mentioned something about the roads

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1 getting repaired, and I was confused if it was
2 going to be parking lots or the massive potholes
3 that formed.

4 THE CHAIRMAN: The massive potholes
5 on Farrwood Drive we're not repairing. This is a
6 whole ongoing issue with who owns the road and
7 Weinstein and everything else.

8 RESIDENT: The potholes are going
9 to stay there?

10 THE CHAIRMAN: I'm sorry.

11 RESIDENT: The potholes are going
12 to stay there?

13 THE CHAIRMAN: Unless we want to
14 fix them which we can which will cost
15 approximately \$2,000 per foot. We can certainly
16 do that if you want, but we won't.

17 RESIDENT: Is that to pave or is
18 that just to fill them?

19 THE CHAIRMAN: Well, you can't just
20 pave it. You actually have to remove it. No,
21 filling, they actually do fill it on a yearly
22 basis. Just the amount of filling isn't adequate
23 for the overall road deterioration, but let's not
24 talk about Farrwood Drive right now. It's a

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1 discussion for years.

2 Let's talk about the budget. Any
3 more questions on the budget? Okay, I will ask
4 again. Any more questions on the budget, isn't
5 something clear? Wonderful.

6 I move to approve the budget that's
7 been present to you, the operating budget from
8 04/01/2010 to 03/31/2011 with no increase in
9 condo fees and \$20,000 allocated for the gas pipe
10 replacement and renovation. Do I have a second?

11 RESIDENT: So moved, 118.

12 THE CHAIRMAN: Do we have a second?

13 RESIDENT: Second, Unit 53.

14 THE CHAIRMAN: Unit 53 seconded.

15 All in favor say I? Opposed?

16 No opposed. Does anyone require a
17 roll call? Does anyone would like to have all
18 votes counted? The I's appear to have it. The
19 I's have it. The motion is passed.

20 Next item. Folks, I will be
21 leaving the board. We need at least three people
22 for the board. Are there any volunteers to take
23 the third place on the board?

24 RESIDENT: I have a question. What

1 does it consist of to be on the board?

2 THE CHAIRMAN: It consists of
3 attending a meeting every year -- oh, I'm
4 sorry -- every month. The meeting is from one
5 and a half to three hours once a month. It's
6 usually Tuesdays, the second Tuesday of the
7 month.

8 Generally you will answer questions
9 from PMA which PMA cannot decide over e-mail,
10 over phone. You write documents which PMA cannot
11 write, basically responses on behalf of the board
12 if you're president. If you're not president,
13 you generally don't write anything. Sometimes
14 you can I guess reallocate that writing to some
15 other people on the board, but mostly it's
16 answering e-mails and answering questions for
17 PMA. Depending on the amount of crisis in every
18 specific instance in the association, it could
19 take you several hours a day or it could take you
20 several hours a week or sometimes several hours a
21 month. There isn't really any way to tell you
22 upfront.

23 If you're getting sued, it's a lot
24 of time. If you're not getting sued, it's not

1 much time. Yes.

2 MR. O'CONNELL: As somebody who is
3 not the president, it doesn't take that much,
4 just showing up at meetings and giving your
5 opinion. Yes, he does a lot of work. He
6 probably does more work than most people on most
7 boards that PMA deals with. Every month, except
8 December, we have a meeting. Like he said, an
9 hour, a hour and a half. Actually, an hour and a
10 half to three hours. I think one meeting went
11 three hours because we had some unit owners come
12 in and ask us questions and had a few things,
13 which doesn't happen very often. I think it
14 happened twice all year where unit owners
15 actually showed up for our monthly meeting to
16 discuss a certain issue. That happened twice,
17 which usually prolongs the meeting about an hour
18 or so.

19 There's also been times where our
20 accountant or our lawyer will come in on certain
21 issues if we're being sued or something like
22 that, which also prolongs the meeting. But for
23 the most part . . .

24 THE CHAIRMAN: Basically writing

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1 rules and regs, amendments and so forth, this is
2 the responsibility of the board, not of PMA.

3 You could theoretically allocate it
4 to Dan Braese, but Dan is going to charge you 200
5 bucks an hour, and you probably don't want to do
6 that.

7 MS. CABRERA: I will volunteer.

8 THE CHAIRMAN: You'll volunteer?

9 MS. CABRERA: I will volunteer.

10 THE CHAIRMAN: Okay. Any more
11 volunteers?

12 MR. O'CONNELL: Come on.

13 THE CHAIRMAN: We actually can have
14 up to five people on the board, so the more the
15 merrier, then responsibilities can be split.

16 MS. POORE: Theresa Poore, 79, and
17 I will volunteer.

18 THE CHAIRMAN: Thank you so much,
19 and thank you so much.

20 So ladies could you please come up
21 here and for one minute talk about yourself,
22 basically so that the association knows who you
23 are.

24 MS. POORE: I didn't know we had to

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1 do that. Unit 79.

2 RESIDENT: Could you tell us your
3 name, dear?

4 MS. POORE: Theresa Poore. And
5 what do you want to know?

6 THE CHAIRMAN: Just generally how
7 long have you been in the association, what you
8 do -- anything you would like.

9 MS. POORE: I moved in a year ago.
10 I am the director of the West Newbury Council on
11 Aging. I work closely with a lot of boards in
12 West Newbury, so I am familiar with some of that
13 stuff. I also work for the Safe Harbor Program.
14 I am a parent aid/mentor/case manager, but I
15 still have plenty of time. I like to keep busy.
16 I like to go out and help people. I like to, you
17 know, state my opinion, that kind of stuff. I'm
18 open to new ideas and to working with people.

19 THE CHAIRMAN: That's a perfect
20 characteristic for a board member.

21 RESIDENT: What was the number?

22 MS. POORE: 79.

23 THE CHAIRMAN: Yes, sir.

24 MR. CAMPBELL: If you're looking

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1 for a fifth, I will volunteer.

2 THE CHAIRMAN: Thank you so much,
3 sir.

4 MR. CAMPBELL: Jonathan Campbell,
5 112.

6 THE CHAIRMAN: Could you introduce
7 yourself, if you would like.

8 MR. CAMPBELL: I'm Jonathan
9 Campbell. I moved in with my wife Allison. I'm
10 an air traffic control with the Federal Aviation
11 Administration. We've been here for, what, a
12 year and a half?

13 Yeah, she's been here longer. She
14 bought the unit originally. I've been here about
15 a year and a half. And hopefully we can do
16 things that help make it better.

17 THE CHAIRMAN: Thank you so much.
18 And you, ma'am. Folks, quiet down
19 please.

20 MS. CABRERA: My name is Gisette
21 Cabrera. I live at Unit 62. I have a son and a
22 fiance. I have a bachelor's degree and a law
23 degree, and hoping to take the bar at some point
24 when I can afford it. I work at Black Hawk

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1 Capital Partners in Portsmouth, New Hampshire
2 which I recently started working for, and that's
3 me in a nutshell.

4 THE CHAIRMAN: Thank you so much.

5 Okay. Folks, there are ballots.
6 You have been all issued ballots.

7 I have a question. Do we have to
8 have ballots, because it will take some time to
9 count them all. Can we --

10 RESIDENT: By a show of hands.

11 THE CHAIRMAN: Yeah. If we have
12 unanimous consent, I think we can do it very
13 quickly.

14 MR. TOSCANO: By acclamation?

15 THE CHAIRMAN: By acclamation. So
16 I'll just state the unit numbers who volunteered.

17 In addition to Sean O'Connell, Unit
18 50 and Todd Lariviere from Unit 105, we have Unit
19 62 volunteering, Unit 112 volunteering, and I'm
20 sorry, the third unit?

21 MS. POORE: 79.

22 THE CHAIRMAN: Unit 79
23 volunteering. Since I guess I'm not running, I
24 can move to elect the stated unit owners to the

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1 board. Do we have a second?

2 RESIDENT: Second.

3 THE CHAIRMAN: I need a unit
4 number, ma'am.

5 RESIDENT: Unit 64.

6 THE CHAIRMAN: Unit 64 second. All
7 in favor say I? Opposed? Is anyone opposed to
8 candidates as stated? There are no opposed.
9 Does anyone want a roll call?

10 MS. GRIFFIN: I just want one
11 thing. We've had three volunteers in addition to
12 the two members of the board. Can we vote for
13 all five of them, the three that have volunteered
14 as well as the two previous board members?

15 THE CHAIRMAN: We're voting for all
16 of them right now.

17 MS. GRIFFIN: Good. Okay, thank
18 you.

19 THE CHAIRMAN: Does anyone want a
20 roll call? Does anyone want to have all votes
21 counted?

22 Having voted unanimously and
23 affirmative and no objections, the I's appear to
24 have it. The I's have it. Units 50, 105, 62,

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1 112 and 79 are now the new board members as of
2 April 1, 2010. Thank you so much, people.

3 Now, finally --

4 RESIDENT: Can we take a
5 five-minute break?

6 THE CHAIRMAN: Absolutely. Ed will
7 you mind a 5 to 10-minute break?

8 MR. LaPOINTE: No, I have no
9 problem with that.

10 THE CHAIRMAN: Okay. Folks, we are
11 adjourned for 10 minutes. Please be back. Thank
12 you.

13 (A break was taken.)

14 THE CHAIRMAN: Folks, I call this
15 meeting back to order. We do have one more
16 procedural motion to go through as I've been
17 pointed out.

18 Since the budget does not contain,
19 the budget we approved does not actually contain
20 the \$20,000 line because it's removed from the
21 reserves, and we're talking about operating
22 budget, we need to pass a motion about taking
23 that money out of reserves. So is there any one
24 willing to make that motion?

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1 MS. TAYLOR: Kathy Taylor, Unit
2 118. I move to transfer 20,000 from the reserve
3 account to the operating account for the purpose
4 of the gas pipe repairs.

5 THE CHAIRMAN: Do we have a second
6 on that motion?

7 MR. QUAN: I second. 133, Peter
8 Quan.

9 THE CHAIRMAN: We have a second.
10 All in favor say I. Opposed? Is anyone opposed?
11 Does anyone require a roll call? Does anyone
12 want all the votes counted by unit number?

13 The I's appear to have it. The I's
14 have it. The motion is passed.

15 Now, to tell us about the ongoing
16 situation with the forensic investigation or
17 forensic audit is Ed LaPointe.

18 MR. LaPOINTE: Good evening to
19 everyone. My name is Ed LaPointe. I am
20 president of our accounting firm, LaPointe,
21 Torrissi, Stanley & Company. We are in Bedford,
22 New Hampshire, and we're also in North Andover,
23 Massachusetts. I'm originally an Andover boy.
24 Sorry for you North Andover folks. We always had

1 this great rivalry in high school.

2 I was asked tonight to update you
3 all on what's really been happening from our
4 perspective with regard to reporting back to you
5 on the funds that were missing and subsequently
6 replaced to some extent.

7 We're not quite done with our
8 report at this point because we are -- one of the
9 handicaps that we've had to deal with was the
10 absence of invoices to support expenditures that
11 were in fact made and whether or not they were in
12 fact approved by a board three years to date.

13 What we have done is we've done an
14 exhaustive amount of work in looking at the
15 deposits, accounting for every single deposit
16 that has come into your treasury since the '03-04
17 year through the July 31st of '07 -- August 17th
18 date of '07.

19 We've also done a cash proof which
20 for a lot of you people who don't know what that
21 really is, it's a way of measuring what the bank
22 actually received as compared to what was
23 reported by your outside accountants and looking
24 at explaining variances between what your outside

1 accountants were given as well as what cleared
2 the bank.

3 And if you go back in time and you
4 look at what actually transpired, is you had a
5 situation where somebody of authority had check
6 signing authority and had the ability to write
7 checks for his or her own personal reasons and
8 yet declare them differently. The payee on the
9 check was different than what was actually
10 reported on the check register. That check
11 register would be in fact given -- tabulated and
12 summarized by expense type, whether it be
13 accounting, you know, marketing, rubbish
14 disposal, whatever it may be, and that accounting
15 sheet was what was given to your outside
16 accountants at the time, and back in the '03-'04
17 period I believe it was MFA, and subsequent to
18 that it was Rosatone & Bell.

19 Now, because you didn't have a
20 level of service that would have caught that type
21 of error occurring, you had a tax return
22 preparation model in play, and you had a
23 compilation of a set of financial statements.
24 Well, a compilation is the lowest level of

1 service you can receive for financial statements,
2 and basically what it is is the client gives us
3 data, we put it into our reporting format. There
4 may be footnotes for a bank, because some banks
5 require that, and it basically tells the reader,
6 we've compiled this, but we have no
7 responsibility for that, and that's the level of
8 service you have all received from either MFA or
9 Rosatone & Bell.

10 When you do that type of level of
11 service and you also do a tax return preparation,
12 generally you rely on the information that's
13 provided to you by a bookkeeper, and one in
14 particular, if you've worked with them for a long
15 time, which I believe at least in Rosatone &
16 Bell's case they had, had full faith and
17 confidence and relied on what they had.

18 If you look back in time and say,
19 well, we know that money has been missing, we
20 know that the check amount was -- the check payee
21 was to somebody else other than what was recorded
22 in the register, you say if we look back in time
23 were there signals along the way that would have
24 caught that, and the answer is, yes, if you had

1 had a -- the second tier of financial statements
2 set which is a review of financial statements.
3 More than likely it would have been caught there,
4 because in our practice what we do when we do
5 review sets of financial statements is we do take
6 the bank statements, we do account for all the
7 deposits, whether it be insurance proceeds coming
8 in, member deposits for your unit membership
9 obligations, whatever the source is, and we also
10 account for all the disbursements. When you do
11 do that, in the year '05-'06 there was a
12 notification made in the accounts work papers
13 that they couldn't account for the cash, and one
14 of the reasons for that was checks were made out
15 to MBNA. You all may or may not know that was a
16 large credit card company that was acquired by
17 Bank of America. And those obligations were done
18 through an electronic transfer of funds mostly.
19 I think there was a check in one or two cases.
20 And the accountants didn't know what to do with
21 that. And when they inquired about it, they were
22 led to believe it was for the purchases of
23 capital assets for your association, and so they
24 capitalized it on the tax return or the set of

1 financial statements, and everybody lived happily
2 ever after until July of 2007.

3 So if you were to look at your tax
4 returns today, you will find that there's still
5 fixed assets on there that are being depreciated
6 that are not fixed assets, so there will need to
7 be some changes there. But our effort at this
8 point was to try to secure -- a number of bank
9 accounts existed for -- you have reserve
10 accounts, you have operating checking accounts at
11 a number of different banks from River Bank to
12 obviously Sovereign Bank, which is your principal
13 bank at this point, and we have sent out
14 independent confirmations to them asking them for
15 the existence of any and all CDs, savings
16 accounts, money market accounts that go back even
17 when First Essex was in existence, and I believe
18 Sovereign ended up buying First Essex. Because
19 of the Patriot Act and even with the powerful
20 signature of Arcadiy here, to some extent that's
21 been a long drawn-out process, longer than I
22 anticipated, but we definitely need to have that
23 because there is a discrepancy that occurred
24 between the old accountants over to Rosatone &

1 Bell that Rosatone & Bell picked up, and that
2 discrepancy was a transfer of about \$12,000 that
3 understated income in the year that MFA had it
4 in. Again, Rosatone & Bell discovered it and
5 recorded it as revenue in the year that they
6 noticed it, another bell that could have gone
7 off, that could have said is something wrong in
8 terms of the timing of when revenues and expenses
9 are being recorded. So at this point, we don't
10 have, other than from one bank, satisfaction of
11 the accounting from an independent perspective of
12 accounts that we may not know about or you may
13 not know about.

14 We did obtain from your
15 accountants, your old accountants, Rosatone &
16 Bell their work papers for the past three years.
17 They were very nice. They were concerned we were
18 there, but they were very, very nice. They
19 printed everything for us, and we were able to
20 audit them and say, you know, what did they do
21 with this, how did they know about this and how
22 did they come to a conclusion on it. But in any
23 of their services, they were not audit services
24 that, you know, we as independent accountants

1 would do with a set of financials going out to
2 the bank for reliance either for a roof loan, a
3 paving loan or whatever it may be. It was
4 strictly a compilation and a preparation of a tax
5 return.

6 So at this point, we have roped our
7 arms around accounting for all the deposits and
8 all the disbursements, accounting for outstanding
9 checks. We took each one of you individual unit
10 holders, and we did it by year. We said what,
11 based on the type of style home you have, what
12 should your condo fee be based on your bylaw
13 approvals in those respective years, what in fact
14 was collected globally, and we worked backwards
15 to try to create an accounts receivable balance
16 for each of the three and a half years that we
17 were working with. That was very, very difficult
18 to do because John Michaud, who I believe is your
19 existing tax preparer and compilation accountant,
20 he wasn't focused on trying to measure the point
21 at any fiscal year end of March. He was trying
22 to globally get a handle on, you know, what did
23 you all pay, what did you all owe and did a very,
24 very great job with that, but our mission was

1 really trying to narrow down the respective years
2 in terms of what should you have received versus
3 what should have been billed and trying to
4 account for that, recognizing that there are
5 discount opportunities if you prepay or if you
6 don't pay there are no discount opportunities,
7 but that would be a valid obligation there, and
8 we've been wrestling with that which is one of
9 the reasons why we also need to receive the bank
10 verification that we need to move on with.

11 At this point we have sent out nine
12 confirmations to outside vendors who have worked,
13 like LaValley, LaPlume, the list goes on. I'm
14 sorry, I can't remember them all. It's tax
15 season, so many things have been going through my
16 brain. Asking them to send us an independent
17 verification of what they have billed the
18 organization and what they have been paid. We
19 obviously had proof, and we have copies of the
20 checks both front and back for every single
21 disbursement that was made, and we were able to
22 tie that down, but because they viewed us
23 probably as though we're I.R.S. agents, we
24 weren't received very well, and therefore I had

1 to get in my car and go visit a couple of them to
2 get the answers, particularly for the bigger
3 guys, and I think we're waiting for three or four
4 more of those to come in, and they're significant
5 enough where we need to really know what units
6 they were working on, that they were specific,
7 and were they in fact approved by your board
8 minutes, because it's difficult -- when you look
9 at a disbursement to a flooring company or to a
10 painting contractor, they're not insignificant
11 expenditures as you know. You talked about your
12 budget here tonight. The question is are they
13 approved and are they justified for the
14 disbursement or are they a hidden personal
15 expenditure that we need to add to our tally, and
16 that's pretty much what we were doing.

17 If I were to guess, you know, when
18 we would be complete, I guess at this point I
19 need to look to the board to assist me in working
20 with the banks to receive the independent
21 confirmations. A lot of your board members, not
22 your board members. A lot of your association
23 members have put a lot of time and effort into
24 compiling records, and we have them all. We've

1 gathered them. We've tabulated them. We've
2 reviewed every one of them. We've asked
3 management of the board at the time did you have
4 anything more in archive storage that they think
5 would be helpful to us. Their answer was no. We
6 still felt it was our duty and obligation to go
7 to the warehouse on a creepy Saturday morning,
8 very, very cold, by the way, and to grab control
9 of the records that we thought might be helpful
10 in our investigation, and we do have those in our
11 possession, all of which will be returned when
12 we're complete.

13 So at this point, that's kind of
14 where we are. We think the tabulation is
15 probably a couple of thousand dollars more at
16 this point. I think it's going to be more when
17 we're done, but I can't really comment on that
18 until we get the independent verification from
19 the sources I talked about a minute ago.

20 So I hope that's a complete
21 synopsis, realizing it's late for you all, of
22 what we've done and where we're going, and I'm
23 open to having anybody ask me any question they
24 want to ask about the process. If I can answer

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1 it, I will. If I can't, I'll defer to a later
2 date.

3 THE CHAIRMAN: Okay, folks, you can
4 now ask the questions, because Ed and his company
5 have actually been working on the forensic
6 investigation since, preliminary investigation
7 since September. The actual investigation since
8 January, in depth. So they have spent total
9 almost six months doing that.

10 MR. LaPOINTE: It's difficult when
11 you have records that are missing, because,
12 again, if I have an expenditure for something,
13 even though it was -- I went out of my way to
14 hide the name of the vendor on my disbursement
15 check from the payee, I still need to know what
16 the purpose of that expenditure was, and we're
17 not looking at anything under really a hundred
18 dollars. We're looking for sizeable purchase
19 here that can help alleviate a lot of your
20 concern and get you the money that you're
21 entitled to get if it's there. Yes.

22 MR. CAMPBELL: Jonathan Campbell,
23 112. I guess a lot of this predated our moving
24 into Farrwood, but based on what you know right

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1 now, can you make an estimate on the total amount
2 or a guess as to how much was misappropriated?

3 MR. LaPOINTE: Well, it was very
4 obvious in terms of looking at the books and
5 records based on the check payee being different
6 than the one in the check register. It looks
7 like it's about \$23,000.

8 THE CHAIRMAN: Unit 138. Was there
9 any money returned?

10 MR. LaPOINTE: Yes, there was two
11 checks from the treasurer. There were two checks
12 paid back. One was for \$15,000 and another one
13 for \$5,000. I was not involved in soliciting
14 that money. That was done by your internal
15 association at the time. There was also a
16 situation included in that number of the 23 that
17 I talked about. There was, I believe, about
18 \$2,300 of back condo fees that were not paid by
19 the treasurer, that she paid on top of the 20,000
20 which I have check copies of, and I believe Peter
21 set up a separate account at the time when he was
22 in charge to corner that money, and I don't know
23 where it is today, but I suspect you all know
24 where it is.

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THE CHAIRMAN: Leslie.

MS. HILTON: Leslie Hilton, 143.

When you were doing your forensic audit where you included, and basically the past condo board, that the reserve account was suppose to have 20,000 deposited in, and did you find that 20,000 deposited in 2004, 2005, 2006 and 2007? Did you also, on a second question, check the insurance claims that were filed with Tufts and also with the Industrial Accident Board looking for any claims filed by any workers that worked on the property? This is information that I was privy to from an individual on the board.

MR. LaPOINTE: There were several thousand pages, I'm kidding, several hundred pages of board of director minutes that we did in fact look at.

As said, we have gathered all the deposits and looked at them in totality for the period of time. The reason for the independent verification with the banks is we're asking for periods prior to the period of time that we're looking at, because if there was a CD floating out there or a CD matured -- if I'm the treasurer

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1 of an organization today, which I am actually for
2 my firm, I can go to any bank and open up an
3 account in the name of the association without
4 telling anybody, my other partner or anybody
5 about it, and redirecting money there if I want
6 to which is one of the reasons why I chose to go
7 to Pentucket Bank with the approval of Arcadiy
8 here to ask them. You do not have accounts
9 there, but your treasurer did or does, and I was
10 interested at any point in time did the
11 association ever have an account open as far back
12 as they can recall, and they didn't. I was sent
13 to several departments, the bank secrecy
14 department, probably the CIA, but I did receive a
15 call back saying that there were -- the I.D.
16 number that was provided and the official name,
17 none ever did exist under that name, which I was
18 pleased to hear, actually.

19 In terms of the insurance matter, I
20 only know one or two insurance claims, and what
21 we were planning to do subsequent to tonight,
22 before we get to the end, is really to sit down
23 with some of the members of your association who
24 played a part in pulling together some records,

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1 'cause they did an outstanding job. You should
2 compliment all of them. And in doing so, sort of
3 the things you talked about will in fact come up.
4 We were aware of your road account. We were
5 aware of the disbursements that took place out of
6 your road account. At this point I have not gone
7 back to your board of directors and in essence
8 sought the authority to release and pay as
9 quickly or as timely as you did, but that will be
10 done, of course, if we can actually find the
11 board of directors minutes. I don't know. I
12 hope I answered your question. Did I?

13 MS. HILTON: Pretty much.

14 MR. LaPOINTE: Yes.

15 MS. STAVISH: Resident 114, Barbara
16 Stavish. I just want to ask you to clarify from
17 what you have what our books and records are,
18 because it's been said many times and put in
19 print that there were no books and records for
20 this business, and I think the group needs to
21 hear there are books and records even if it's on
22 an envelope or invoices or incomplete bank
23 statements.

24 MR. LaPOINTE: Yeah. Actually, for

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1 the size of the association you are, it was very
2 disappointing to find out that you really didn't
3 have good books and records which is really why
4 your event occurred as it did.

5 The event that did occur, the type
6 of scheme that occurred, the authorized check
7 maker's scheme is a very popular one. You just
8 recently saw it at St. John's Prep if you all
9 read the newspaper. It's one where somebody of
10 authority can easily redirect payments under the
11 disguise of a falsified invoice or whatever.

12 So your association -- going back
13 to BJ's question, your association really relied
14 on its outside accountants to sort of maintain
15 your general ledger. A general ledger is the
16 original -- the books of original entry for an
17 organization, and they're suppose to be followed
18 by a chart of accounts which means that every
19 expenditure group, every revenue group has an
20 account for which money is suppose to reside in
21 and be posted accurately, as well as a list of
22 balance sheet assets from a cash account to a
23 membership receivable account to property/plant
24 equipment if you have that and trade payables and

1 so forth. It's your responsibility, the
2 association's responsibility, really to do that.
3 People have defaulted by using the outside
4 accountant.

5 And so what has been happening is,
6 if we go back to the earlier years right after
7 Ruth retired, a summarization process would occur
8 of every check that was written in a given month,
9 and right, wrong or indifferent, the payee on the
10 check might have been different than the check
11 disbursement sheet that she gave your account in.
12 And at the very, very bottom she would summarize.
13 If your expenditures for the month were \$30,000,
14 she would say -- and there's like several
15 payments for utilities or whatever is in there,
16 she would say on the bottom that 30,000 goes to
17 utilities, accounting fees, whatever it is, but
18 there would be a summarization at the bottom.
19 The accountants would take that, and they would
20 maintain, probably on a variety of systems, we
21 happen to use Quick Books if we do that for small
22 organizations, and use that chart of accounts
23 that creates every activity account you have and
24 function it for you. But in doing that -- we're

1 just talking at this point about disbursements.
2 We're not talking about deposits. She in some of
3 the earlier years provided what the actual
4 deposits weren't posted, and then that's how they
5 would discover that there was a discrepancy
6 between what the bank reconciliation balance was
7 versus what the ins and outs were that the
8 treasurer would give her. Do you see?

9 So it was really your
10 responsibility to maintain it on Quick Books.
11 You were too small to do it. You had a small
12 nucleus of board as you do today with -- other
13 than the fact that you're using an outside
14 service bureau, PMA, I think that's what you're
15 called.

16 THE CHAIRMAN: Yes.

17 MR. LaPOINTE: You had no
18 segregation of duties. So you had no situation
19 where -- if I was your treasurer and I was
20 writing a check, what should have happened is the
21 original invoice and that check should have gone
22 to another party on the board who knew nothing
23 about it and would only approve or sign that
24 check if there was an original invoice there, not

1 a copy of an invoice where you can alter very
2 easily, as you all know, with the advent of
3 computers today.

4 The other control device you could
5 have put in play was the bank statements could
6 have been mailed directly to an unrelated board
7 member who doesn't sign checks who would open it
8 up and would definitely have raised questions
9 because the MBNA was so easy to detect. I didn't
10 detect it. It was detected by members of your
11 association who pulled all that work together.
12 It was so blatantly obvious that somebody would
13 have seen that at the time, and you could have
14 nipped it in the bud back then.

15 So the general ledger is a very,
16 very important device, and I suspect that you're
17 using John Michaud to do that for you today, and
18 he's probably using Quick Books, as I recall,
19 'cause he's maintaining your receivable positions
20 for you but, you know, under the premise of trust
21 but verify. Even though you're using an outside
22 service, it is still the board's responsibility
23 to make sure that what they're getting is really
24 in fact what depicts the reality of the events

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1 for that given month or whatever period of time
2 you're looking at.

3 THE CHAIRMAN: Unit 138. Were the
4 books and records in any useable coherent state
5 as they were maintained by the previous board?

6 MR. LaPOINTE: No. They were only
7 useable by securing the outside records from the
8 accountants. As I said, Rosatone & Bell did
9 provide us with journal entries, monthly
10 transaction registers that they received from the
11 treasurer, deposits that they received that
12 illustrated to us what the journal entries were.
13 A journal entry is an adjustment you make to the
14 general ledger because of something that may have
15 been misposted or somebody wasn't recording.
16 Like, for example, if the association were to go
17 out and get a loan and drawn a \$10,000 advance on
18 a line of credit, that will show up on your bank
19 statement as a deposit for you to use it for
20 whatever its intended purpose was, but a journal
21 entry would generally be booked to record that
22 \$10,000 loan advance because it's not a usual and
23 customary deposit like your association member
24 dues are.

1 And so we were able to look at all
2 of the journal entries which made us ask the
3 question, you know, why did you allow the fixed
4 assets to be booked and not raise the question
5 any further, and it goes back to the level of
6 service that you all paid for. Really, that's
7 what it comes down to.

8 We don't as a practice do
9 compilations today because there's so much risk
10 associated with it, as was in your case, that it
11 doesn't really give the reader any high degree of
12 comfort in terms of looking at your data to be
13 able to say, you know, you're financially sound
14 or yes, I want you to get this \$300,000 loan to
15 do your roofs or whatever the case may be.

16 MS. HILTON: Just one quick
17 follow-up, one question.

18 When I was dealing with Hub after
19 this first happened, there was a Mr. Ippolito
20 that worked down there. You might want to deal
21 with Eileen Harp, VP of Hub in Wilmington. He
22 would come up every June and inspect the books.

23 THE CHAIRMAN: What was he looking
24 at?

1 MS. HILTON: He would go to her
2 place and allegedly look at the books. So I
3 don't know what he was looking at, but you might
4 want to check if you haven't already with Hub
5 down in Wilmington.

6 MR. LaPOINTE: Okay. Thank you.
7 One of the things we were concerned about was
8 that there might be -- as you may or may not all
9 know, one of the most popular software
10 applications out there is Quick Books. You see
11 it on TV. It's a very forgivable type of system.
12 It's a self-balancing set of books. So if you as
13 a layperson don't know where to put a credit or a
14 debit, the system will find a home for you. We
15 were convinced that you had a system, just by
16 talking to a number of people that we did, that
17 you had, that there was a Quick Book set of
18 financials out there, and they were either
19 destroyed. As I said, we went to your warehouse
20 on a Saturday morning, and we found a laptop in
21 there, that laptop was not useable. Peter Quan,
22 and I talked about that, and determined that that
23 wasn't the one anyways, but in the box was -- in
24 the box of records we did obtain from PMA was a

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1 software application. Somebody -- Peter did buy
2 or somebody bought Quick Books at some point. I
3 think it was the 2006 or 2007 version. The
4 software I have, which means that at some point
5 someone tried to load it, but unless you're
6 coaxed into doing it or taught how to do it --
7 it's very, very simple. It's just that if you're
8 trying to hide something, you're probably not
9 going to use it. At this point we do not have a
10 useable set of Quick Books. So everything that
11 was gathered from the treasurer's room to look at
12 was actually paper print. I don't believe from
13 what I see from the outside accountants in any
14 way they were providing quarterly and monthly
15 reports to anybody.

16 THE CHAIRMAN: Unit 138. Were you
17 successful in opening the Quick Book files which
18 I sent to you?

19 MR. LaPOINTE: Yes, but there was
20 really nothing useful to us there, but we were
21 able to do it. Thank you. After that virus
22 warning, we were very concerned.

23 THE CHAIRMAN: Okay, I have to ask
24 a certain procedural question. MGL 133A mandates

1 that an association of our size has a review at
2 least once every two years, if I'm not mistaken.

3 MR. LaPOINTE: A review in the
4 sense that I just described with you?

5 THE CHAIRMAN: A review as in the
6 sense of a level of service, an accounting level
7 of service.

8 MR. LaPOINTE: Okay.

9 THE CHAIRMAN: Does what you do now
10 exceed that requirement of level of service or do
11 we have to conduct yet another set of separate
12 reviews to satisfy that MGL requirement?

13 THE LaPOINTE: What I'm doing has
14 nothing to do with meeting the MGL requirements.

15 THE CHAIRMAN: Yes, but if MGL
16 requires the review every one or two years, I
17 don't remember specifically, if you're doing it
18 for 2004-2007 period, would that actually satisfy
19 the requirement of MGL to have a review?

20 MR. LaPOINTE: No. In my opinion,
21 no, unless Dan has got a different view on it
22 or --

23 MS. STAVISH: Can you explain the
24 difference between the various service levels?

1 MR. LaPOINTE: Sure.

2 MS. STAVISH: You have your
3 forensic audit, the compilation review audit.
4 Arcadiy is talking about a review, you provide a
5 forensic audit service, someone else provides tax
6 services, they are all different animals, and
7 that is a major source of confusion here because
8 the terms are all used loosely and they don't
9 overlap.

10 MR. LaPOINTE: Yes, there are three
11 levels of financial statement preparation. And
12 when I say financial statement, I'm talking about
13 a balance sheet of a company, a statement of
14 profit and loss, a statement of cash flows and
15 footnotes. These are types of reports that
16 bankers get to comply with the Mass. General laws
17 on an annual or every two-year basis. The
18 compilation is the lowest level of service that
19 you can possibly get. And, again, you were
20 paying, I looked at one of the invoices that -- I
21 think it was Rosatone & Bell -- you were paying
22 600, \$650 for. It wasn't a very big report, it
23 was a four-page report, but it meant nothing. It
24 was like whatever the treasury gave them, they

1 put it together, made it look like a nice set of
2 financials and gave it to whoever, probably the
3 board. It met someone's internal requirement
4 probably, but it was not of any help to you.
5 It's part of the problem of why you are where you
6 are today.

7 The second set is a review set of
8 financials. Did you want to interject?

9 MR. TOSCANO: Just simply you take
10 the treasurer's numbers and print them on the
11 stationery of the accountant?

12 MR. LaPOINTE: With an opinion that
13 says we have compiled this, but we have no
14 responsibility for it which is the first element.
15 You say, well, why would I do this, but in a lot
16 of cases people don't have the money to assemble
17 a financial statement in a meaningful format, and
18 they need to have something either to meet a
19 banking requirement or something else, a bonding
20 requirement. In some cases, strictly a bonding
21 requirement. Most people today -- as I said, I
22 don't think we have any in our practice.

23 On the review side, the review is
24 where you sit down with management or the board

1 and you ask the treasurer and you ask them
2 specific questions about what's happened in the
3 past year, were there some insurance settlements,
4 was there equipment that was acquired, are they
5 aware of any fraud that occurred, how often are
6 they reconciling cash, and then -- the list is
7 very, very length, actually. It's getting
8 tougher and tougher because of the way, you know,
9 financial reporting is becoming, which is a good
10 thing, actually. Enron has helped us in a big
11 way in that regard. But it's a point where you
12 actually do in a financial analysis sort of what
13 we're kind of doing now in a lot of ways on some
14 of your lower level expenditures. We're
15 identifying -- I will give you an example. We
16 identify what your norm would be for say a
17 cellular phone bill, say it's \$50 a month, and
18 then we run some type of regression analysis, and
19 when something pops out of that normal range,
20 what we have found is that someone piggybacked
21 that \$50 a month payment with personal
22 expenditure, the monthly expenditure was \$172,
23 which made it a variance. What happened that
24 month? Let's go look at it. Now, in a review

1 situation, you won't get that micro on it. We're
2 doing it because we're trying to identify really
3 what in fact has in fact been missing, but a
4 review is a more comprehensive measure.

5 Going back to your point, we're not
6 issuing a -- this is what you and I talked about
7 in the engagement letter. The issue that came up
8 was we were not issuing a set of financials of
9 the organization that were going to give you
10 footnotes or a statement of cash flows or a
11 balance sheet or a P & L. What our job really
12 was is to say this array of financial data is out
13 there right, wrong or indifferent. In some
14 cases, it was wrong. And does it need to be
15 changed and how bad is it in terms of reporting,
16 is it materially different than what the reality
17 of life. That's what we're trying to work on,
18 that's what our mission is.

19 So at the end of the day, we will
20 not have a review opinion that says we have --
21 going back to Mr. Toscano's comment, there would
22 be an opinion with a review that says we reviewed
23 the financial statements of the company and
24 relied on the representations of management and

1 the ethical procedures employed. More often than
2 not you do detect errors and irregularities with
3 a review, you do.

4 The third level of service
5 obviously is the audit. Some of the audit
6 procedures that we do as part of our practice
7 that we're employing here, independent
8 verification, calling vendors. There are a
9 number of vendors on the back of the checks that
10 I didn't believe were there signatures.

11 I will give you an example.
12 Without naming the vendor right now, we had 15
13 checks to one vendor. They were all sizable. 9
14 of them had a for deposit only stamp, which was,
15 you know, stamp it and put it in the bank, TD
16 Bank North. The other 6 had two initials. So I
17 tried for a long time to secure an answer to it,
18 and I was able to do it. He proved to me that
19 that was his signature. But when you see that
20 type of thing, you're wondering did somebody, you
21 know, create a check to somebody and open up
22 another account and endorse it. It's really easy
23 to do, actually, particularly when nobody is
24 watching and saying, you know, I must as the --

1 not the treasurer of the board but another member
2 of the board, I want to see all the checks, if
3 you were not using PMA, for example. You do the
4 checks, you give me the invoice, I will sign
5 them, and somebody else will reconcile the
6 account.

7 THE CHAIRMAN: Follow-up question,
8 138. Would you be able to conduct a review for
9 those years or would we have to secure another
10 accountant for those purposes.

11 MR. LaPOINTE: I think we'd be able
12 to, but at this point I don't know the answer to
13 that question. That's something we'd have to
14 talk about internally.

15 Going back to one other point. We
16 talked about the three level of services, and I
17 hope I made it clear. I know it's late, and if I
18 were you, I don't know if I would be interested
19 enough to know about them, but. The tax return
20 service feeds off of those three levels of
21 services. So if I'm doing a tax return for the
22 association and it's a review, I still have my
23 antenna up because I know it's a review. I have
24 a higher level of responsibility to my customer,

1 whoever it may be, to make sure that the
2 financial report is accurate 'cause I'm feeding
3 the tax return from it.

4 In your situation, you're unique to
5 most business enterprises, let's call it, because
6 you're a condo association. You do file a
7 corporate tax return, your year-end is March
8 31st, but the only income that you're assessed a
9 tax on is the interest and dividend earnings that
10 you would have.

11 So when you look at, you go back
12 through all this gyration, like I said earlier
13 there were fixed assets that were recorded that
14 were required to be depreciated over five years.
15 It's an internal gimmick for you guys to
16 understand, you know, that you have fixed assets.
17 So someone could say, well, what did we buy, a
18 snowblower? Did we buy a big plow for Peter's
19 truck or something like that, and it would raise
20 a question for you but from a tax point of view.
21 It all gets eliminated by some revenue procedure
22 that's out there, and you only pay interest and
23 dividends -- a tax on the interest and dividends,
24 so. But the tax return always feeds off an

1 audited set of financials, a reviewed set of
2 financials or a compilation set of financials,
3 and obviously the audit is the most accurate one,
4 that's the one with the highest level of risk,
5 but a lot of independent verification.

6 THE CHAIRMAN: And what level of
7 service are you providing right now?

8 MR. LaPOINTE: I am providing a
9 specialized service outside of those three arenas
10 with a specific focus looking for a target,
11 that's what I'm doing.

12 THE CHAIRMAN: Okay.

13 MR. LaPOINTE: Knowing everything I
14 know. And, as I said, one of the follow-up
15 procedures we're going to be doing is meeting
16 with anybody who played a part in pulling the
17 process 'cause we want to be as thorough as we
18 can and make sure that nothing gets missed.

19 One of the things I can't tell you
20 is I can't tell you -- if I'm one of your vendors
21 and you paid me \$80,000 last year for snow
22 plowing or roofing or whatever it is whether I
23 received an illegal gratuity from somebody or
24 whether there was a bribe included in that

1 payment and I asked you to stuff the vendor
2 payment so I can receive money in the backdoor.
3 I can't tell you that, but that's why as a
4 general procedure you all should obtain three
5 bids when you're doing that type of work.
6 Somebody talked about that earlier tonight with
7 the roof, because that's probably the only way
8 that you're going to be able to detect that type
9 of thing. Your three most highest paid vendors,
10 two of them so far I've asked those questions,
11 and the answers were no, that they were never
12 asked to participate in a bribe payment scheme or
13 they paid an illegal gratuity to somebody on the
14 board to be able to solicit that type of work for
15 them.

16 MS. CAMPBELL: Why would they
17 answer that accurately?

18 MR. LaPOINTE: Well, because they
19 know -- they know that I wrote everything down.
20 They do know that if push comes to shove they'll
21 have to deal with it at a later date. I don't
22 have the power to make them swear under the
23 penalties of perjury, right, nor do I want that
24 authority. But I have to ask. You don't ask,

1 you don't find out sometimes. You know what it
2 is, in our business it's all about body language,
3 that's why I generally will go to their office,
4 and I'll sit down and talk with them, rather than
5 on the phone 'cause I'm very interested in
6 people's body language.

7 We just had a case -- just a side
8 note. We were doing a fraud, a set of financial
9 statements for a company that was going to a
10 bank, it was an audit, and we interviewed a guy
11 who actually was skimming, and when we were
12 sitting there talking with him, we asked him
13 every year, 'cause he's a powerful player there,
14 and he didn't really execute that until 2009. In
15 interviewing him and after all the training I've
16 had in terms of tapes, you begin to realize what
17 you should be looking for, and he was very
18 nervous about this, very, very nervous, and what
19 he was doing was dropping shipping product in,
20 getting paid, and it was internally because of
21 somebody else through a collusive effort, very,
22 very difficult to detect, but it was detected,
23 so. But the scheme that you had going on here is
24 one that's very, very popular when there were no

1 internal controls to assess what somebody was
2 doing?

3 MS. CAMPBELL: From what you were
4 able to see, is it the work of a single solitary
5 person?

6 MR. LaPOINTE: From all the work
7 that I've done so far I would say it's a single
8 solitary person, nothing knew has come to my
9 attention that otherwise would draw me to change
10 my mind on that at this point.

11 THE CHAIRMAN: 138. Would you give
12 us the estimate on when the report would be
13 available to us? And you don't have to swear by
14 that date.

15 MR. LaPOINTE: Yeah. I'd like to
16 say the latest would absolutely be April 30th,
17 but my hands are tied with regard to the banks
18 and some of the vendors we're chasing. I'm going
19 to ask -- when are you leaving?

20 THE CHAIRMAN: My term expires I
21 guess 12 p.m. on April 1st.

22 MR. LaPOINTE: Okay. I'm going to
23 ask for some help in trying to get that and speed
24 that process up, and then probably in about a

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1 week or two I will meet with some of the other
2 members of your association who played a part,
3 again, to be as complete as possible and to not
4 leave anything unturned. At some point, though,
5 we will say based on everything we've seen,
6 because, as I said, I can't tell you if there's a
7 collusive effort going on unless somebody drops a
8 dime. And quite often what we do in situations
9 with clients like you, we ask people to feel free
10 to call us if you're aware of something, that's
11 how we're going to find out. Somebody doesn't
12 want to tell us their name and their unit number,
13 but they're more than likely to talk on the phone
14 to give us the lead which is generally how a lot
15 of frauds are detected and followed up on that I
16 wouldn't know about. You may know somebody
17 giving cash to somebody behind a Dumpster, you
18 know, and you recognize that guy as the
19 electrician or, you know. It's crazy things
20 going on out there, but it's the world we live
21 in. BJ?

22 MS. STAVISH: Where we use PMA as a
23 third party now to help manage and they're
24 involved in our financial transactions, do you

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1 provide a service which is an internal controls
2 review --

3 MR. LaPOINTE: Yes.

4 RESIDENT: -- to assess how PMA is
5 doing in relation to how we're doing?

6 MR. LaPOINTE: Yeah. There is a
7 lot of government agencies that require that.
8 One of them is the department of education. We
9 do that for them because there are service
10 providers out there who provide department of
11 education services. And where so many schools
12 rely on that service provider, everybody --
13 nobody wants to audit that service provider 1800
14 times, so you do it once and rely on the report
15 of the CPA firm. I'm not suggesting an audit but
16 really more of an internal control type thing
17 because you are still responsible for the work
18 that they do. I mean, you are. It's your data.

19 THE CHAIRMAN: 138. But the scope
20 of your work actually extends to 2007?

21 MR. LaPOINTE: Yes.

22 THE CHAIRMAN: So PMA wasn't there
23 at the time.

24 MR. LaPOINTE: No, she meant in the

1 future.

2 MS. STAVISH: My question wasn't
3 relevant to his current fraud task. It was just
4 a general, 'cause I don't know if PMA has their
5 own internal controls that you've done.

6 MR. LaPOINTE: Do you?

7 THE CHAIRMAN: Jim, could you
8 answer that question, please?

9 MR. TOSCANO: I'm sorry, what was
10 the question?

11 MR. LaPOINTE: As a service
12 provider, do you have accountants calling you on
13 a continuous basis who are using your service and
14 want to see an audit report of your organization
15 to say we don't need to go in and audit that
16 service provider because somebody else already
17 did and use that as a basis to -- like if I was
18 auditing this company, this association today, I
19 would want to know what types of controls you
20 have.

21 MR. TOSCANO: You mean transition
22 time or you mean on an annual basis?

23 MR. LaPOINTE: On an annual basis.

24 MR. TOSCANO: Yeah, every year the

1 accountant comes in, John Michaud.

2 MR. LaPOINTE: But not for your
3 numbers, like your revenues and expenses, but
4 really more of the types of services you provide,
5 and they test transactions to say we pulled 60
6 checks that you paid for Farrwood Condominium
7 Association and you had adequate documentation
8 behind those, and all the deposits are posted
9 correctly, and you're either running the AR
10 correctly or you're not. I don't know if you're
11 doing that or John is. But, in other words,
12 they're basically opining on the fact that your
13 organization has tight internal controls in
14 place.

15 MR. TOSCANO: John will do that in
16 the name of each association. The accountant has
17 to come in every year and look at each individual
18 association and determine if we're running proper
19 controls for that association. His contract is
20 with the association. If there was an issue
21 with -- say, for example, my procedures were
22 fine. However, something went wrong with XYZ
23 condo association. His letter of engagement is
24 with that association. It's not with my company.

1 So if there was something wrong with that
2 association, my controls are great but he didn't
3 test them on this particular XYZ property, he
4 would be in serious trouble. So he has to test
5 those controls on every individual association.

6 MR. LaPOINTE: But does he offer an
7 opinion that says he has evaluated the controls
8 of PMA?

9 MR. TOSCANO: In his review he
10 does. He does say similar to what you would
11 probably say -- the letters an accountant -- no
12 offense here, but the letters an accountant puts
13 on his first letter saying who he is and what
14 he's done has changed over the last few years.
15 It's gone from being very definitive in terms of
16 what they're willing to put their neck out on the
17 line for and to, yeah, our neck is out there,
18 however there is this exception, that exception,
19 the other exception. They seem to be a lot more
20 protective of their own. For obvious reasons
21 protective of their own.

22 MR. LaPOINTE: Not us.

23 MR. TOSCANO: They word their
24 letters extremely carefully is I guess what I'm

1 saying, but it does say specifically even in the
2 reviews, not even in the audits, just in the
3 reviews that they have done, that they have done
4 their tests or -- he doesn't use the word test,
5 checked his procedures and found no obvious signs
6 of -- I don't know if he used the word fraud. Do
7 you use the actual word fraud in your statements?

8 MR. LaPOINTE: Defalcations or
9 irregularities.

10 MR. TOSCANO: Irregularities and
11 some other adjectives but not the word fraud.
12 They've gotten away from fraud audits. You use
13 to call the fraud audits and now you call them
14 forensic audits.

15 MR. LaPOINTE: Forensic audits.
16 It's a softer word.

17 MR. TOSCANO: I guess that's it.
18 They have softer words now. And each individual
19 property has those, and those words are used in
20 every single review that they do for us, if that
21 answers your question. I guess technically it's
22 tested -- if you have 30 properties, it's tested
23 30 times every year, and that's required, that is
24 under 133A.

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1 THE CHAIRMAN: Any more questions?

2 Yes, Peter.

3 MR. QUAN: What does that cost an
4 association when you do that kind of test?

5 MR. TOSCANO: Well, it depends on
6 the size of the association. They will range
7 from -- I think the least expensive is around
8 \$950 for 20 units. I think the most expensive
9 is --

10 MR. LaPOINTE: \$1500, something in
11 that area.

12 MR. TOSCANO: Yeah, maybe \$1500 to
13 \$1800. \$1900 max, I think.

14 THE CHAIRMAN: Ours is I think
15 about \$2,000 per year.

16 MR. TOSCANO: For a full audit?

17 THE CHAIRMAN: For a review.

18 MR. TOSCANO: Okay. I thought you
19 were talking about this document.

20 MR. QUAN: In the future, once we
21 get through all this.

22 THE CHAIRMAN: Well, it's not in
23 the future. For example, fiscal year 2008 was
24 reviewed by John Michaud, and the report is

1 available on-line. You can request a hard copy
2 of it. I think it was about \$2,000.

3 MR. TOSCANO: And the largest we
4 have for our associations is 300 homes, and it's
5 a little more than that.

6 MR. LaPOINTE: Yeah, considering
7 your balance sheet is strictly a cash balance
8 sheet, really, you know cash and equity -- I know
9 that when you get loans out in place for the
10 roofing that you're talking about doing it will
11 become more intensive on the liability side, but
12 you know, it's really that plus making inquiries
13 of management and analytical procedures and
14 looking to -- what I always tell people is when
15 they look at a set of financials, whether it be a
16 balance sheet or a statement of income, the most
17 important one to me is the statement of cash flow
18 because it tells you, it bridges the balance
19 sheet, the statement of income and says where did
20 my money come from and where did it go. Now,
21 it's true in a situation like yours it was hidden
22 and buried in the line items, you wouldn't see it
23 in a general presentation, but if they were
24 reviewed and analytical procedures were applied

1 correctly, you know, and data mining was being
2 done and all that other wonderful stuff that you
3 do, particularly in critical areas, it would be
4 detected. It would be.

5 One of the things that was never
6 done in your balance sheet because it wasn't
7 required for tax reasons is a declaration of
8 accounts receivable for members at the end of
9 the -- your fiscal year end, that made my job
10 incredibly difficulty because I didn't have that
11 data available. So as I'm looking at your tax
12 returns, it says it's accrual basis, but it's
13 really not, but again, it doesn't matter because
14 the only thing you're paying taxes on is the
15 interest and dividends, but for me trying to
16 recreate and say did everybody get billed what
17 they should have and did we eventually collect
18 money from everybody. As reasonably well as I
19 can do within, you know, a budget, it's difficult
20 to do.

21 MR. TOSCANO: That's what you
22 worked with with John Michaud. He spent a fair
23 amount of time.

24 MR. LaPOINTE: Yeah, he spent an

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1 enormous amount of time, and that was all very
2 helpful, but he didn't depict it at the end of
3 each year end because he had so much to try to do
4 at one time coming at him that it was difficult
5 for him to do that.

6 MR. TOSCANO: There was no
7 definitive line when it ended.

8 MR. LaPOINTE: Right, but I
9 understand from here on out, March 31 of '09, he
10 has that data available.

11 MR. TOSCANO: Yeah, we keep good
12 books. It makes his job easier.

13 MR. QUAN: Just for the record, I
14 did not buy anything for my truck because I don't
15 own the truck.

16 MR. LaPOINTE: See, I thought you
17 and Scott Brown were friends. Can I answer
18 anything else for anyone? Yes, sir.

19 RESIDENT: No. 71 the reserve
20 deposits are quite large. Did you ever review --

21 MR. LaPOINTE: Yes. We took all of
22 the cash accounts, number one, that we were made
23 aware of, either from way back when Moody,
24 whoever they were. What did I say their name

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1 was? RMA I think it was called. We're doing it.
2 They said here's our listing of all the accounts
3 including the reserves, which, by the way, missed
4 one. That's why I need the bank verification, to
5 make sure that that did exist and it did get
6 deposited where it should. And then each
7 accounting year end provided us with a list of
8 the accounts and the balances. What we did was
9 say tell us what happened in between by me
10 looking at the bank statements, and someone did
11 an enormous amount of work in soliciting bank
12 statements that otherwise wouldn't be available
13 because of either water damage in one of the
14 units, and that was helpful for me because I was
15 doing a global cash accrue for each year to say
16 can I tell somebody that you collected \$198,000
17 in that given year, and 3600 was an insurance
18 claim you got for whatever the reason was, and
19 the balance of it was member collections less the
20 interest you received of \$8,000 from all your
21 accounts including your Smith Barney or a city
22 account. We looked at it globally with each
23 account listed funding the transactions in
24 between, yes. If there were transfers within, we

1 verified that they got there. My mission in
2 trying to solicit data from banks in another way
3 is to say are there other accounts out there we
4 didn't know about. And if there were, are they
5 closed. And if they did close, when were they
6 closed and can I trace the deposit into one of
7 your checking accounts. I'm trying to do that
8 with four banks. It's difficult, very difficult.

9 RESIDENT: Are you issuing
10 summonses or not?

11 MR. LaPOINTE: No. Sovereign has
12 been the most difficult and that's your bank,
13 actually. If you try to call Sovereign Bank --
14 they don't know me at the local level. I happen
15 to live in Londonderry, New Hampshire. There's
16 one there. They don't know me, and they want to
17 know why I'm inquiring of somebody in Haverhill,
18 Mass -- Ward Hill, Mass. Is Ward Hill and
19 Haverhill the same name? Are they a suburb like
20 Ballardville is to Andover?

21 RESIDENT: Bradford and Haverhill
22 are.

23 MR. LaPOINTE: So they're wondering
24 who am I. One of them asked me to prove that

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1 Arcadiy had authority to do so. I go, well,
2 here's his e-mail. It says what his title is, it
3 came from him, and it happened to be the letter
4 from Pentucket that he had given me which was the
5 bank that was originally giving me the toughest
6 time. But if you try to call Sovereign, you get
7 these, you know, recorded messages, and you have
8 to know a party connection. I left two with the
9 fraud department, and I left one with the bank
10 secrecy officer and still no return calls. So at
11 this point -- sort of like when you all chase
12 down your bank statements or your cancelled
13 checks, somebody went with the treasurer, another
14 officer, and was able to solicit it pretty
15 easily. I need that. I definitely need that. I
16 can't conclude otherwise comfortably, without a
17 caution or caveat which I don't really want to
18 do.

19 RESIDENT: You don't realize
20 Sovereign has been bought by Santander, I think,
21 which is a Spanish bank.

22 MR. LaPOINTE: Yes, I am aware of
23 it, yeah.

24 RESIDENT: Okay.

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1 MR. LaPOINTE: Yes, but they still
2 answer the phone in English. They didn't ask me
3 for a choice of language.

4 THE CHAIRMAN: Any more questions?
5 So we should expect -- without
6 holding you to it, we should expect the report to
7 be available approximately April 30th.

8 MR. LaPOINTE: On or about that
9 date. Who will be the board chairman after you
10 leave?

11 THE CHAIRMAN: That will have to be
12 decided later on by the board at the board
13 meeting. I will be the president of the board
14 until April 1st.

15 MR. LaPOINTE: Yeah, I will be
16 communicating with you like probably tomorrow.

17 THE CHAIRMAN: Yeah. If you need
18 to grab me to go somewhere, let's do that.

19 MR. LaPOINTE: And then after that
20 date, whoever they may be I will be in contact
21 with to keep you abreast as to where we are,
22 because at this point I need reinforcements from
23 the internal board to get there for obvious
24 reasons, and I respect that, but it frustrates

1 me.

2 THE CHAIRMAN: Any more questions?

3 MR. LaPOINTE: If anybody knows
4 anything that's ever gone on over the past three
5 years and you want to call me anonymously, please
6 do so.

7 MR. CAMPBELL: Want to give your
8 number.

9 MR. LaPOINTE: 1-800-743-1117. An
10 enormous amount of fraud tips come through that.
11 Believe it or not, people just don't want to be
12 recognized, but it gives you the lead as to where
13 to go instead of spending a lot of time in a lot
14 of other areas.

15 There's one other point I want to
16 make. We told Arcadiy that what we would do
17 is -- we told him what we thought it would cost.
18 We told him also that, if we got to a point where
19 we hit a road block, we would stop, and we have
20 done that, because there's no need in churning
21 hours if you can't get the end game. We need the
22 end game at this point. So we're very sensitive
23 to that, and we'll continue to work in that
24 regard for you all. But he's been great. I'm

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1 saddened to see that you're leaving for the short
2 times I worked with you, and I'm sure everybody
3 else is as well.

4 THE CHAIRMAN: Thank you so much.

5 MR. LaPOINTE: Thank you.

6 THE CHAIRMAN: Okay. Folks, this
7 includes the Q & A section about the forensic
8 investigation. I'd like to open the floor for
9 general questions if there are any. Anything
10 that the association or the board can address or
11 Dan Braese can address. Yes, please.

12 MR. CAMPBELL: Jonathan Campbell,
13 112. With the plowing and I guess also the
14 parking. This winter or this last fall you put a
15 no parking sign there at the corner of the end of
16 the building by 112, and people many times park
17 right in front of the sign, but there's been a
18 lot of erosion, especially in the last few weeks,
19 with the rain and the plowing in that area,
20 that's where they push the snow, and the parking
21 there. There's a big dug up portion where the
22 pavement meets the grass, and then when it drains
23 down back --

24 THE CHAIRMAN: I'm sorry, sir, I'm

1 going to interrupt you. This is a simple
2 maintenance issue with PMA. So definitely once
3 the snow and sand go away if you notice something
4 is broken -- Ferris. If it's related to plowing,
5 Ferris is going to be fixing that. If they don't
6 fix it, please report it. We generally don't
7 know about things which transpire in the
8 association unless you report it or unless Elaine
9 every Tuesday or Wednesday, whenever she actually
10 walks the grounds, notices it. So please do
11 report violations, illegal parking, trash, roads,
12 buildings, everything. You don't report, you
13 don't participate, we can't actually do anything.

14 Yes, BJ.

15 MS. STAVISH: Earlier you had -- I
16 didn't want to interrupt the flow, but earlier
17 you were commenting on how we have our reserve
18 requirement funding on an annual basis. Every
19 year we're suppose to be funding our reserve, and
20 you mentioned 10 percent.

21 THE CHAIRMAN: No, not exactly. We
22 do have to put into reserve --

23 MS. STAVISH: But here's my -- can
24 I just ask my question?

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1 THE CHAIRMAN: Yeah.

2 MS. STAVISH: Every year we have
3 this annual funding requirement into the reserve.
4 If our roofs cost us more than \$300,000 and we
5 just took 20 out, what's the situation after
6 that?

7 THE CHAIRMAN: In that situation
8 we'll probably come back to you and ask for more
9 money to be authorized from the reserves. I
10 don't see how seven roofs are going to cost more
11 than 300,000.

12 MS. STAVISH: I don't know. My
13 concern is just when they open --

14 THE CHAIRMAN: From the bids we
15 had, it doesn't look like 300,000. It looks much
16 less. I think it was 35,000 per roof. But, once
17 again, we are amending the engineering specs, and
18 there is a GAF certification, and obviously the
19 warranty costs will be built into the price which
20 we pay for the roofs. Obviously all the
21 potential expenses the contractors can go through
22 because they have to warranty the roof for 15 or
23 20 years, they will put that cost into the cost
24 of the roofs upon initial construction.

1 Any more general questions?

2 Okay, that includes the Q & A
3 session.

4 Any motions by the association
5 members or any issues?

6 MR. TOSCANO: Can I say something?

7 THE CHAIRMAN: Yes, absolutely.
8 One second.

9 MR. TOSCANO: Before we adjourn.

10 THE CHAIRMAN: Before we adjourn,
11 yeah. Any motions by association members? No
12 motions by association members. Jim Toscano.

13 MR. TOSCANO: I will be brief. It
14 was touched upon earlier, and as you know, this
15 gentleman is leaving. Just to let you know, the
16 amount of work that he has done was very unique.
17 Someone touched upon it a few minutes ago, I
18 guess we are all getting tired, about how much
19 work board members do, what the job requirements
20 are, and we sort of put Arcadiy in the upper 10
21 percent, but realistically, I don't think I've
22 come across a board member who has put in the
23 kind of time or the technical expertise that he
24 has, so I just want to make that point, and he

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MR. CAMPBELL: I'm sorry, 112.

Motion to adjourn.

THE CHAIRMAN: 112 adjourn.

RESIDENT: 118, second.

THE CHAIRMAN: All in favor say I.

Opposed?

We're adjourned. Thank you so much

everyone.

(Annual meeting adjourned at 9:40 p.m.)

C E R T I F I C A T E

I, Maryellen Coughlin, a RPR/CRR and
Notary Public of the Commonwealth of
Massachusetts, do hereby certify that the
foregoing is a true and accurate transcript of
my stenographic notes of the Farrwood Green
Condominium, Phase II, annual meeting taken at
the place and on the date hereinbefore set
forth.

I further certify that I am neither
attorney nor counsel for, nor related to or
employed by any of the parties to the action in
which this deposition was taken, and further
that I am not a relative or employee of any
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MARYELLEN COUGHLIN, RPR/CRR