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SPECIAL ANNUAL MEETING
OF THE MEMBERS OF FARRWOOD GREEN CONDOMINIUM
ASSOCIATION, PHASE II

PANEL: Arcadiy Ivanov
Sean O'Connell
Todd Lariviere

VFW POST
64 Kenoza Avenue
Haverhill, MA
October 30, 2007 7:15 p.m.

Laura Naylor
Registered Professional Reporter

1 MR. IVANOV: I am going to say a few
2 words first just to get everyone up to
3 speed with why three of us are seated here,
4 and what are all the documents that you
5 have on your hands right now. Can everyone
6 hear me fine? I will try to be louder.

7 On the October 2nd meeting after the
8 presentation, people started leaving.
9 Having the October 1 petition taking effect
10 by the end of the meeting we did not have
11 the board or anyone acting as one.

12 So there was a call for volunteers
13 when there was no quorum present to act in
14 some capacity as the board to hold the
15 record, to collect the mail. And the three
16 of us have volunteered.

17 Now, the problem with the current
18 situation as I described in the letter is
19 that we have as of this moment an absolute
20 vacuum of power. There is not a single
21 person in this association who can write a
22 check on behalf of the association. There
23 is not a single person who can actually
24 sign a contract on behalf of the

1 association, or act in any fiduciary
2 capacity.

3 What we have to do today is to elect
4 some board and hopefully proceed with other
5 items on the agenda.

6 Now, let us introduce ourselves. My
7 name is Arcadiy Ivanov. I live at unit
8 138. I volunteered in the last minutes of
9 the meeting.

10 MR. O'CONNELL: I am Sean O'Connell,
11 No. 50. Like Arcadiy said, the end of the
12 meeting on October 2nd, nobody else to run
13 the board, or nobody else volunteering, so
14 the three of us stepped up. And hopefully
15 we can get some stuff done today that will
16 at least get us going in the right
17 direction.

18 MR. LARIVIERE: I am Todd Lariviere
19 from Unit 105.

20 MR. IVANOV: I would like to go over
21 with you, over the documents you currently
22 have on your hand. You have the Rules and
23 Procedures. Now, before you start
24 panicking, those are guidelines. This is a

1 very compressed version of the Rules of
2 Parliamentary Procedure. The actual
3 Parliamentary Procedure is 802 pages long.
4 This is two.

5 I tried to compress it the best I
6 could. This is not binding. This is not
7 part of the By-Laws. This is not an
8 amendment to the By-Laws. This is not an
9 amendment to a deed. This is essentially
10 outlining how we hopefully should behave
11 during this meeting.

12 Now, as to why we need them. On the
13 October 2nd meeting some people took their
14 personal notes, but there was no official
15 reporter or a clerk taking minutes. And
16 people who took their personal notes are
17 unwilling to share those notes as minutes.
18 We have no official record of anything
19 which went on October 2nd.

20 Since the board was removed, the
21 clerk was out of power. Since no one
22 organized for a clerk, we didn't have the
23 record. Now, these rules I submit to you
24 are necessary because we have a court

1 reporter present. Now, again, please don't
2 get scared of the word court. This is not
3 a court proceeding. No one is under oath.

4 She is here in the capacity to
5 record what is being said. That's it.
6 Having said that, in order to do that
7 properly, the reporter needs for you to
8 stand up in silence, announce your name and
9 unit number every time you stand up to
10 speak.

11 In order to proceed through agenda
12 in some orderly fashion, we need to
13 establish a chair person. Now, under these
14 rules the functions of a chairperson are
15 outlined. The functions and rights of the
16 members of the assembly are outlined.

17 Let me assure you that assembly
18 rules. That means that unanimous consent
19 overrides anything that a chairperson says.
20 So whatever decision that is made by a
21 chairperson can be overridden by unanimous
22 consent.

23 Now, as to the rules and procedures.
24 Before we start, we need to approve them or

1 not approve them. I really hope they will
2 help us maintain some order of record here
3 to ensure that people are not interrupted
4 unnecessarily and that we have a clear
5 record of what is going on.

6 Now, the first motion I submit to
7 you is to approve these rules and
8 procedures as you have them to be used
9 during this meeting in order to maintain
10 order and otherwise go through the agenda.
11 All in favor please raise your hand and say
12 aye.

13
14 (The members say aye)

15
16 MR. IVANOV: I ask unanimous consent
17 to admit this vote without a detailed
18 count. Let the record show that the
19 consent has been granted.

20 Now, the second motion is to approve
21 a chairperson in the capacity stated in the
22 rules and procedures. Now, I personally
23 have prepared this agenda, these rules. I
24 would like to be a chairperson to try to

1 speed things along.

2 If you have objections, if there are
3 other people who want to be a chairperson,
4 please, are there any other volunteers who
5 would like to be a chairperson pursuant to
6 the rules and procedures. Please let the
7 record show that there are none.

8 I ask unanimous consent to be
9 approved as a chairperson for the purposes
10 of this meeting under the Rules and
11 Procedures, which you have. Unanimous
12 consent is stated by silence. Raise your
13 hand or voice if you have an objection, in
14 which case unanimous consent is not
15 granted. Let's try that again.

16 I ask unanimous consent to be
17 approved as a chairperson on the Rules and
18 Procedures submitted to you. Without
19 objection.

20 At this time I would like to finish
21 the quorum count because if we don't have a
22 quorum there is no reason for us to stay
23 here any longer. Once I finish adding the
24 people present physically to my Excel

1 spreadsheet, I would ask people possessing
2 proxies, other than the board, to stand up
3 and either pass these proxies -- actually,
4 it would probably be better to stand up and
5 approach the board and submit your proxies.
6 So if you could give me maybe 7 to 10
7 minutes to finish entering these to make
8 sure there is a quorum.

9 (A recess was taken)

10 MR. IVANOV: The quorum count is
11 69.335 percent of common interest for units
12 physically present.

13 The motion I am going to make right
14 now is the technicality which has to be
15 addressed. Many articles of the By-Laws
16 such as Article 2.2.2. states the
17 following:

18 Meetings of unit owners shall be
19 held at the condominium or in such other
20 suitable place convenient to the unit
21 owners and shall be held on the second
22 Tuesday of March of each year at 7:00 p.m.
23 The president shall call any special
24 meeting as directed by the board or by

1 petition signed by one third. The clerk
2 shall mail notice.

3 Unfortunately this particular
4 meeting wasn't organized by the president
5 in the absence of a president. Neither is
6 this the annual meeting.

7 For example, Article 2.1.1.
8 specifies that the board of managers shall
9 be composed of at least three but not more
10 than five elected for one-year term by the
11 majority at the annual meeting.

12 So we have the second problem. This
13 is also not an annual meeting, nor is it a
14 special meeting organized by the president.

15 So I move to approve the October 30,
16 2007 special meeting to be as effective in
17 all respects and for all purposes as the
18 annual meeting as defined by Article 2.2.2
19 of the By-Laws. All in favor say aye.

20

21 (The members say aye)

22

23 MR. IVANOV: All opposed? I ask
24 unanimous consent to admit the motion as

1 approved. Let the record show that the
2 consent has been granted.

3 Now, I want to at this time respond
4 to a letter sent out by Peter Quan to
5 answer some of your questions and concerns
6 with respect to that letter, if you have
7 any.

8 Now, with respect to the proxy, as
9 you see we are counting the interest and
10 the present in numbers. Now, the proxy
11 states that one proxy shall be considered
12 one vote for other reasons that Peter
13 outlines.

14 The one vote -- every unit has one
15 vote. The tabulation, the act which I
16 actually performed right now, with respect
17 to the common interest, is a different
18 story altogether. But every single unit
19 can cast only one vote.

20 And the reason I put one vote on the
21 proxy is because sometimes two people put
22 their signatures on two names and two dates
23 to make sure -- or if multiple copies of
24 the same proxy exist to make sure that the

1 proxy is only counted once. That is one of
2 the points that I wanted to make.

3 The other point I would like to make
4 is that this board, the previous board, I
5 am sorry, was removed by petition, which
6 secured 91 signatures, which at worse case
7 scenario results in approximately
8 68-percent by common interest, or 71
9 percent by count.

10 Now, I don't quite understand what
11 is the point Peter is trying to make with
12 respect to the board serving up until 91
13 signatures have removed them from power.
14 91 signatures is 75 percent. The previous
15 board was impeached.

16 Now, on the October 2nd meeting
17 during the presentation, pursuant to the
18 decision on, I believe, the August 22
19 meeting, the board was offered to make a
20 presentation with respect to us staying
21 under board management.

22 The board, as I believe, refused.
23 Am I stating this correct? Is it your
24 statement, Peter, that you, in fact, would

1 like to make that presentation or to
2 restore the old board and make a motion to
3 that effect?

4 MR. QUAN: No. Peter Quan from unit
5 133. No. As past president I just wanted
6 to point out in the past when we did a vote
7 it was by percentage, which is what you
8 stated.

9 MR. IVANOV: But you are not
10 challenging the petition which removed the
11 board from power?

12 MR. QUAN: No. I spoke with the
13 rest of the board. If there are that many
14 unit owners who felt we did not do a good
15 job, I can live with that.

16 MR. IVANOV: Thank you. Are there
17 any other questions with respect to Peter's
18 letter in relationship to the letter I sent
19 out with the invitation to this meeting?
20 Any questions, concerns we need to address,
21 any clarifications which need to be made?

22 MR. SANDERS: Unit 174. If I
23 remember correctly, you said that the
24 quorum count came up to 69.3.3.5 percent.

1 MR. IVANOV: By common interest.

2 MR. SANDERS: By common interest.

3 That is fine. I am just curious about on
4 the agenda item 3.c.4 which states that we
5 need greater than 66-2/3 percent of those
6 attending, which means proxies cannot be
7 counted.

8 MR. IVANOV: This is actually a very
9 peculiar point.

10 MR. SANDERS: I am simply asking for
11 clarification.

12 MR. IVANOV: Absolutely.
13 Absolutely. The Article 2.1.3 of the
14 By-Laws as amended in the year 2003, and I
15 know of no other recent amendment, states
16 the following:

17 The board may employ for the
18 condominium and managing agent at a
19 compensation established by the board and
20 for a term not to exceed two years to
21 perform such duties and services that the
22 board shall authorize including but not
23 limited to those duties described in
24 subparagraph a, b, c, d, i, and j of

1 section 212.

2 And the amendment in 2003 is as
3 follows: By an affirmative vote of more
4 than 66-2/3 percent of those attending an
5 annual meeting plus proxies.

6 MR. SANDERS: Plus proxies.

7 MR. IVANOV: Are there any other
8 concerns we need to address with respect to
9 quorums and vote counts? Yes?

10 MS. CHANDLER: Mary Chandler, Unit
11 58. It says two-thirds of the people who
12 are attending. So if 9 people attend and
13 you have 6 people voting, that doesn't make
14 sense.

15 MR. IVANOV: That is absolutely
16 correct. That is a mistake in the By-Laws,
17 I believe. Indeed, the lady is right. By
18 an affirmative vote of more than 66-2/3 of
19 those attending an annual meeting plus
20 proxies. This is not the number with
21 respect to common interest. This is a
22 number with respect to present interest.

23 So if today there would have been 9
24 of us present here, this article, poorly

1 worded, would have given us the right to
2 elect the management board because this is
3 the By-Laws as they are registered.

4 MS. CHANDLER: You know, I have
5 attended every single meeting for the past
6 20 some odd years, and I don't ever
7 remember that.

8 MR. IVANOV: This is proposed by law
9 changes to be voted at the March 11, 2003
10 meeting. I have actually seen the copy of
11 those amendments with the deed stamp on it.

12 It was a photocopy received from the
13 Office of Deeds. So these amendments were
14 actually passed. I believe someone
15 actually showed me Peter's signature with
16 the Office of Deeds as a clerk. You were
17 serving as a clerk at the time you
18 submitted them to the Office of Deeds.

19 So these amendments, however -- even
20 though I didn't have them originally.
21 Leslie was very kind to bring them to me
22 and also B.J. brought me the actual
23 proposed amendments and the copies from the
24 Registry of Deeds.

1 MS. CHANDLER: You don't think
2 someone kind of misinterpreted what we
3 voted on and this is what came out? It
4 doesn't make sense.

5 MR. IVANOV: That is entirely
6 possible. Unfortunately, I can't testify
7 to something that was done in 2003. I
8 wasn't a unit owner in 2003.

9 Unfortunately that is the situation.
10 This is either a typo or a poorly worded
11 amendment, or some other type of omission.
12 I cannot testify. I will, however, because
13 we are all here and we actually have the
14 quorum, hopefully we will come to the
15 overwhelming agreement with respect to the
16 management company and we will not need to
17 actually haggle over the percentages of
18 these particular paragraphs because the
19 support will be either unanimous or close
20 to being so.

21 However, if necessary, Mr. Brace is
22 here, I believe. And he will probably
23 guide us towards a resolution if the
24 dispute arises. Are there any other

1 questions or concerns?

2 MR. DABNY: Peter Dabny, Unit 127.
3 Can't we just change the By-Laws? We have
4 the quorum. Is that a problem?

5 MR. IVANOV: We can change the
6 By-Laws. I do have two amendments I am
7 proposing. There will be a floor open for
8 motions by the audience, by the assembly.
9 And you will be able to make any motions
10 you want to make, any statements you want
11 to make.

12 Statements will be admitted on
13 record, and so forth. By I hope right now
14 we can get through the agenda first. I ask
15 unanimous consent to proceed with the
16 motions and the agenda. Let the record
17 show that consent has been granted.

18 Now, number 6 is the board
19 elections. I personally would like to stay
20 on the board until March 31 to make sure
21 that we have started the audit properly,
22 that we have restored our books and
23 records, we found all the monies which are
24 missing as a result of nonpayment of condo

1 fees, and otherwise -- and basically
2 restore the operation of the association.
3 Do you guys want to volunteer?

4 MR. O'CONNELL: Yes.

5 MR. LARIVIERE: Yes.

6 MR. IVANOV: Are there any other
7 volunteers for the board at this time? In
8 this case I would like to ask --

9 MR. YUSKA: Unit 63. I would just
10 like to ask for some clarification on
11 staying on until the 31st, roles, duties,
12 and everything else and how those are going
13 to be divided up. And that way if there
14 are people who want to join in or offer
15 support for a role on the board, it makes
16 it a little easier for someone to
17 volunteer.

18 MR. IVANOV: Absolutely. Now,
19 Article 3 of By-Laws state that once the
20 board of managers is elected then the board
21 elects officers from within itself. The
22 officers which are defined are president,
23 clerk, and treasurer.

24 The volunteers from the association

1 itself can be employed by the board as an
2 agent of the board to perform tasks on
3 behalf of the board and can be reimbursed
4 up to \$10 an hour for such services as
5 outlined in Article 210.

6 The board will serve in a
7 supervisory capacity if we elect the
8 management company. It will mean that the
9 management company will assume the duties
10 to perform maintenance, to keep the books.

11 Let me -- operation, care, and
12 upkeep and maintenance of common elements
13 incurring common expenses required for the
14 affairs of the condominium, collection of
15 assessments from unit owners, employment of
16 personnel necessary, obtaining insurance
17 for the condominium, and making repairs,
18 additions, and improvements.

19 Those all can be transferred to the
20 management company, relieving this board of
21 its management obligations. Now, it
22 doesn't mean that all of these powers have
23 to be transferred. It doesn't mean that
24 only these powers have to be transferred.

1 We might leave the board the right and the
2 obligation to sign the checks as opposed to
3 giving it to the management company. It
4 will depend on the contract with the
5 management company and the wording. Off
6 the record.

7
8 (Off record discussion)

9
10 MR. IVANOV: Back on the record.

11 MR. MACDONALD: John MacDonald, Unit
12 95. What about legal representation for
13 the condominium exclusive of the management
14 company?

15 MR. IVANOV: Pursuant to article
16 2.1.2 the board has a right and duty to
17 employ personnel necessary or appropriate
18 to the operation and affairs of the
19 condominium. We will get counsel outside
20 and independent of the management agency
21 because otherwise it creates too much of a
22 conflict of interest, in my opinion, unless
23 you guys decide otherwise.

24 MR. MACDONALD: John MacDonald, Unit

1 95 again. I was thinking basically when I
2 raised that point, we are supposed to be
3 working with the other associations about
4 the major road and the problems we are
5 having with it being maintain, and it is a
6 big, big problem. It is going to be even
7 bigger.

8 MR. IVANOV: Could you please repeat
9 that? John MacDonald has a concern that we
10 are working with other associations with
11 respect to the common road, and it is
12 concerning to him.

13 MR. MACDONALD: So we will have
14 legal representation.

15 MR. IVANOV: We will have
16 independent legal representation
17 representing the association exclusively,
18 and we might have actually more than one
19 representation because of the allegations
20 of fraud and the necessity to investigate.

21 MR. MACDONALD: And down the road we
22 need traffic lights.

23 MR. IVANOV: Absolutely. We will
24 definitely discuss that. Before we vote on

1 the board, are there any other questions
2 and concerns with respect to the board?
3 Are there any other volunteers for the
4 board? And, please, if there are
5 volunteers we don't want a four-person
6 board with no one breaking the tie. So I
7 can't preclude anyone from volunteering,
8 but if we get two volunteers or none, that
9 would be fine.

10 I ask unanimous consent to proceed
11 with the motion to elect the board members.
12 Let the record show that the consent has
13 been granted. I move to approve Sean
14 O'Connell, Todd Lariviere, and Arcadiy
15 Ivanov as the members of the board of
16 managers of the association. All in favor
17 say aye.

18
19 (The members say aye)

20
21 MR. IVANOV: All opposed? I ask
22 unanimous consent to admit the motion as
23 passed. Please let the record show that
24 the motion has been admitted as passed.

1 Off the record.

2

3 (Off record discussion)

4

5 MR. IVANOV: Back on the record.

6 Folks, we decided we will basically stay

7 after we adjourn this meeting to pass the

8 motion inside the board. I would just like

9 to outline certain things we are going to

10 authorize.

11 Because we were volunteering and

12 acting in the capacity of the board, we

13 will need to retroactively authorize our

14 actions from October 2nd to October 30th.

15 That is what we are going to do. We are

16 going to elect the officers pursuant to

17 Article 3.

18 We are going to authorize expenses

19 by the unit owners other than those

20 volunteering for the board for their

21 expenses with respect to their time as

22 outlined in article 2.1.10 of the By-Laws.

23 They will be able to bill the

24 association for their services up to \$10 an

1 hour and basically any expenses as far as
2 tolls, gasoline. They will have to provide
3 detailed invoice and receipts. If there
4 are none then we won't be able to authorize
5 it. Yes?

6 MS. LAHEY: My name is Lorraine
7 Lahey, Unit 122. I thought this board was
8 volunteers.

9 MR. IVANOV: It is.

10 MS. LAHEY: I am confused.

11 MR. IVANOV: Yes. The board, the
12 three of us volunteered for the volunteer
13 board. We will not be subject to the
14 reimbursement under Article 2.1.10.

15 However, for example, I don't know,
16 if Ron Vercellone spent his time doing
17 business with respect to finding the
18 management companies, collecting
19 information from them, talking to them on
20 the phone, he spent his personal time
21 acting as an agent of the association.

22 And he was not on the board and was
23 not charged with any duties with respect to
24 duties of the board. He has the right

1 under Article 2.1.10 to get reimbursed.
2 Obviously, any purchases made, such as
3 paper, ink, anywhere you had to drive on
4 the authorization from these volunteer
5 boards in the period between October 2 to
6 October 30th, provided that you have
7 receipts and provided that you sent a
8 detailed invoice, you can be reimbursed for
9 actual expenses and your time up to \$10 an
10 hour. Off the record, please.

11
12 (Off record discussion)

13
14 MR. IVANOV: Back on the record.

15 MR. QUAN: Peter Quan, Unit 133. I
16 thought at the August meeting the
17 volunteers performed on the committee, I
18 can understand paying back expenses, but no
19 one mentioned anything about being paid at
20 that time.

21 MR. IVANOV: That's a good question.
22 Under Article 2.1.10 they have the right to
23 be reimbursed. Whether they want to be
24 reimbursed is another story. If the person

1 declares they are acting in the capacity as
2 a volunteer and if we have a record that
3 they acted in their volunteer capacity --

4 MR. QUAN: When we created the
5 committee, it was my understanding they
6 were volunteers.

7 MR. IVANOV: Right. My problem here
8 is that as of October 2nd the chain of
9 command is broken. So unless we can agree
10 in this case -- yes?

11 MR. VERCELLONE: Ron Vercellone,
12 unit 70. Let me assuage your fears. The
13 copies that I paid for I gladly donate so
14 that this association can get on with the
15 business of becoming an association again.
16 I am not looking for a dime for anything.
17 If that puts your fears at ease, not the
18 time or the expenses.

19 MR. IVANOV: Peter, it is actually a
20 very legitimate concern, and thank you for
21 bringing it up. We can right now make a
22 motion to not honor those invoices with
23 respect to those volunteers, but I think
24 there is an easier proposition. Is there

1 anyone who is going to submit invoices for
2 the expenses covered? Yes?

3 MS. STADISH: The only thing I am
4 going to submit for is the binder and other
5 things that I spent out of my pocket, which
6 is about a hundred dollars. All the hours
7 I spent, which were billed out at 250 an
8 hour, I offer free of charge. There will
9 be no charges by me or anybody else on the
10 legal board that presently comes in at an
11 hourly rate.

12 MR. IVANOV: In this case we will
13 then authorize the expenses, but not the
14 charges under Article 2.1.10 if everyone
15 agrees to that.

16 Do we have unanimous consent on that
17 issue? Please let the record show that the
18 association has agreed to compensate
19 volunteers for their actual expenses with
20 respect to purchases and otherwise.

21 Let's proceed with number 8. And
22 this motion was introduced in response to
23 Peter's letter. This motion is to make a
24 principal decision by the association to

1 contract a managing agent pursuant to
2 Article 2.1.3 of the By-Laws.

3 It doesn't mean by this motion
4 choose the association, but we make a
5 principal decision to go under management
6 and then the floor will be open to
7 deliberations as to what management company
8 we employ. So I move to make a principal
9 decision by the association to contract a
10 management agent pursuant to Article 2.1.3
11 of the By-Laws. All in favor say aye.

12
13 (The members say aye)

14
15 MR. IVANOV: Opposed? I ask
16 unanimous consent to admit this motion as
17 passed without a detailed vote count.
18 Please let the record show that the motion
19 has been admitted as passed.

20 Now, number 9, I would like to open
21 the floor for deliberations with respect to
22 which management company we are choosing to
23 contract and to serve as the actual manager
24 of the association.

1 If there are no objections, I would
2 like Ron Vercellone, who has been
3 intimately involved with the process of
4 information gathering, to give whatever
5 introduction he deems necessary to make.

6 MR. VERCELLONE: Ron Vercellone,
7 Unit 70. The three proposals that we
8 received back from the companies we
9 contacted, and I tried to flesh out for you
10 a side by side comparison of the basic
11 services they provide, and particularly
12 what services and fees are covered in their
13 services.

14 I have one correction to make.
15 Under Property Management of Andover, under
16 insurance you will see it says purchases
17 insurance in bulk for all associations. We
18 actually give the option. You can keep it
19 at the individual association level or you
20 can choose to participate in his bulk
21 buying program. So that is the only
22 addition that I have to the information you
23 have for clarification.

24 I just want to make sure that I

1 clarify for people the piece about cost per
2 unit. I told you what they are charging
3 us. I wanted people to understand that
4 does not mean what your condo fee is going
5 to be going up. What that means is this is
6 what they are charging us.

7 Now, in our budget we are paying for
8 a peg board, phone, stationery. We were
9 paying actually for somebody to balance the
10 checkbook on a regular basis.

11 Those costs we would no longer
12 incur. So that means that has been set
13 aside in the budget and would actually go
14 towards the payment of the management
15 company.

16 It may be as in Sutton Management's
17 case, he made the case publicly here as
18 well when he was here at the last meeting
19 that in the first year that he was at phase
20 I. Through savings in their budget there
21 was absolutely no increase in their fee in
22 that first year. He has only been with
23 them a little over a year now.

24 I just wanted to make you aware of

1 that. Especially those of you who are
2 retired and looking at a fixed income and
3 you are thinking another \$19 a month or
4 another \$16 a month or another \$15 a month.

5 No. That is not additional to what
6 you are paying. Does that mean that you
7 might not have some kind of a jump? No, it
8 doesn't mean that either.

9 But when we were trying to cost it
10 out for folks, if it costs the association
11 \$5,000 more a year to have a management
12 company in and you divide that by 120 units
13 and then you divide that number yet again
14 by 12 months, because we pay on a monthly
15 basis, the cost would be roughly, correct
16 me if I am wrong, about a \$165 more a
17 month.

18 As you can see, sometimes when you
19 are looking at that big number you are
20 forgetting to break that down into the
21 applicable chunk of money, the actual
22 monthly payment we are talking about. So
23 just a head's up on that.

24 The final three sheets there, rather

1 than trying to re-type all the information,
2 the final three sheets in that bundle are
3 just the things they are telling us are not
4 covered in their fees.

5 And some of them tell us exactly
6 what they charge for those things. Others
7 they list it, but they didn't give us fees.
8 That is what they gave us in their
9 proposals. That is what I gave you. That
10 is what they sent, so that is what I am
11 sharing with you there. So that's it.
12 That is all I have to say about that unless
13 you have specific questions about these.

14 MS. HARVEY: Debbie Harvey. This
15 was very good, by the way. The property
16 services, I am looking in the middle column
17 under property management. It states how
18 they provide services. It mentions
19 plumbing and heating.

20 MS. VERCELLONE: Yes.

21 MS. HARVEY: What is that about?
22 These services are only talking about the
23 outside buildings and all that, so what is
24 plumbing and heating?

1 MR. VERCELLONE: What he is saying
2 is you can opt to go out and get your own
3 or he already has people who work for him
4 in those capacities and this is what they
5 bill.

6 MS. HARVEY: To come into your house
7 are you talking?

8 MR. VERCELLONE: Yes, to come into
9 your house or it could be the common areas
10 as well.

11 MS. HARVEY: So these are the common
12 areas and they provide you services at
13 their rate for unit owners.

14 MR. VERCELLONE: Correct.

15 MS. HARVEY: Member of CAI and then
16 all these initials. I don't know what
17 these initials mean. I would like to know.

18 MR. VERCELLONE: CAI I believe is
19 condominium association, I forget what the
20 I is, incorporated, I believe it is. And
21 then Condominium Management Association,
22 Incorporation I believe is CMAC.

23 Again, I don't think it is
24 applicable to us because that has to do

1 with real estate in general. But again, if
2 they listed it as a licensure that they
3 hold, I just listed whatever they gave me.

4 MS. HARVEY: That's good. Thank
5 you.

6 MS. GRIFFIN: Marie Griffin, unit
7 67. I think it is necessary to say that
8 some of the condo groups that these people
9 are in charge with, sometimes some of the
10 condo associations their heat and their
11 water is included. We pay as if we were a
12 single-family home.

13 So my question would be if it was an
14 issue of plumbing, I think most of us have
15 our own plumbers. I think a lot of
16 associations they supply the heat and the
17 water.

18 MR. VERCELLONE: And that is why the
19 wording right out of their contract is on
20 an as-needed basis.

21 MS. GRIFFIN: I just wanted to clear
22 it up.

23 MS. STADISH: B.J. Stadish, Unit
24 114. The document that number 3 sent us

1 delineates all of the acronyms.

2 MS. MORRIS: Stacy Morris, Unit 94.

3 Is it safe to say that we not going to
4 know what our monthly fee is going to be
5 until we chose a company?

6 MR. VERCELLONE: Yes, until you
7 choose one and you have actually signed a
8 contract with them. It could be that your
9 voluntary board, it may be a 30-day
10 transition period before they can fully
11 come on and take everything over. So your
12 fee would remain the same unless you are
13 otherwise notified.

14 MR. MACDONALD: John MacDonald, unit
15 95. In the plumbing and the sewage, before
16 we always took it as being the building
17 themselves or surrounding area, like
18 sometimes a sewage block up on pipes
19 outside your house, and that would be fixed
20 by the association.

21 MR. VERCELLONE: Correct.

22 MR. MACDONALD: When we had problems
23 with storm drains we had to have the whole
24 road done. I can't remember his name. He

1 was the head of the association. He did a
2 very good job.

3 And then down where I live at the
4 end of building C and D, that is where the
5 major pipe goes. I can see where the lot
6 is sinking. There is always a puddle of
7 rain. That is going to be big job down the
8 road. Is that what this covers? The
9 management company, would they be
10 responsible for all of this?

11 MR. VERCELLONE: Yes, but that would
12 be coming out of your budget. They would
13 oversee that kind of thing, put out bids
14 for contractors, oversee all of that. They
15 would be in charge of overseeing that.
16 Thank you very much.

17 MR. IVANOV: I would look to open
18 the floor for any statements with respect
19 to preferences of the unit owners with
20 respect to particular management companies
21 so we can get the idea of the general
22 consensus or the lack thereof about what
23 management company to choose, because
24 having a general idea of who you guys want,

1 we can not make a motion -- we can not make
2 a motion to hire them. So if anyone would
3 like to speak as to which company to hire
4 or not hire, please stand up or make a
5 statement.

6 MS. HILTON: Leslie Hilton, Unit
7 143. The middle one, the Andover
8 Management, I believe they take care of
9 phase 6. And I have spoken to a few people
10 over there just driving by, just speaking
11 to different people who live there asking
12 them if they are satisfied. If they liked
13 the management company.

14 I have been doing it for the past
15 couple of months. I have got positive
16 responses. I have also heard from other
17 people at other units, four and five of the
18 association. They are going to be going
19 pro-management. Apparently, this is
20 something that they are all looking into. I
21 think I will be voting for the middle one.
22 I have heard positive things.

23 MS. SWITCHELL: Martha Switchell,
24 Unit 132. I defer to Leslie. I know a

1 lot of properties that he manages. And
2 after reviewing the documentation, I know a
3 little bit about Sutton Management. And
4 having seen the other ones, I think number
5 2, Property of Andover, I believe would be
6 the best choice.

7 MR. VERCELLONE: I concur with them.
8 Having had a call through the various
9 people that they listed as references,
10 obviously when you put somebody as a
11 reference you know they are going to say
12 positive things.

13 They would never slice their own
14 throat. I would say that two of the people
15 that I called for property management that
16 they really felt like the gentlemen who
17 owns and operates it, when he attended
18 their meetings he listened to what the
19 individual unit owners had to say.

20 It was obvious that he took them
21 seriously. He didn't brush them off. Two
22 of them went out of their way to say if
23 there was an issue he really cared and he
24 was really hell bent that people were

1 satisfied. They might not -- it might not
2 be a hundred percent the way you wanted it
3 but that people were satisfied with the
4 final decision that came down.

5 In all fairness, I think I need to
6 share that with all of you. All of the
7 references say good things, but two of the
8 references were very quick to point that
9 out. For what it is worth, I share with
10 you.

11 MS. MORRIS: Stacy Morris, Unit 94.
12 I think you all make a good point about the
13 second one, but the first one is the only
14 one that is a one-year contract. The other
15 are both two. So if we don't like it, we
16 are only stuck with it for one year as
17 opposed to two.

18 MS. VERCELLONE: There is actually,
19 if you look at the terms of the contract,
20 some of them offer a termination clause.
21 So the first one gives a 30-day termination
22 clause, 60 days.

23 He said at the meeting he might even
24 be willing to go 30 days. Of course, that

1 is not in the bid. The second one says
2 90-day termination. So if you think he is
3 doing a lousy job I can give 90-days
4 notice, and you can break the contract.
5 That is a good point.

6 MR. IVANOV: Arcadiy Ivanov, Unit
7 138. I am afraid to be wrong, but I
8 believe Chapter 183(a) of Massachusetts
9 condominium law allows a 30-day
10 notification for termination for cause, and
11 90-days notification for termination
12 without cause regardless of contract.

13 So we will if I am not mistaken have
14 the opportunity to terminate within 90 days
15 regardless of contract, if I am not
16 mistaken about Chapter 183(A) Any other
17 statements?

18 MS. KESSER: Barbara Kesser, Unit
19 85. I think on the second contract, I
20 think the point of that is they are
21 guaranteeing their rate is not going to go
22 up for two years. I don't think it means
23 you are stuck with them. The other two are
24 not guaranteeing that after the first year

1 they are not going to go up.

2 MR. IVANOV: Once again I believe
3 that the Massachusetts laws provide for us
4 to terminate within 90 days without cause
5 regardless. So contract or no contract I
6 believe we are covered with respect to our
7 ability to terminate within 90 days.

8 MS. GAKURU: Shirley Gakuru, Unit
9 58. On the Great Northwestern Management
10 one clarification here where it says
11 provide maintenance and maintenance
12 services to include but are not limited to,
13 blah, blah, blah, lawn care, snow removal.

14 Isn't that included in our condo
15 fee? And then it says at the cost of \$45
16 an hour. Is that in addition to what we
17 are already paying?

18 MR. VERCELLONE: No, that is not
19 included. It is included in your condo
20 fee. What I am saying -- what they are
21 saying is if you choose to go with their
22 lawn people and their snow plow people,
23 this company is so big they don't have
24 contractors working for them. They own the

1 guys who work for them. The guys who work
2 for them would be billed out to us at the
3 rate of \$45 an hour.

4 MS. GAKURU: At the rate of \$45 an
5 hour. So that's like whatever we pay our
6 contractors now?

7 MR. VERCELLONE: You pay your
8 contractors a little more than that.

9 THE WITNESS: Okay. Thank you.

10 MR. IVANOV: Ron, please correct me
11 if I am wrong. I do not believe it means
12 that we have to go with their contractors.
13 We can put -- I believe we can put out to
14 bid any of the services we want. They
15 can't constrain us with that respect; is
16 that correct?

17 MR. VERCELLONE: That is correct.
18 They will do whatever we want when it comes
19 to service. They will go out and get
20 competitive bids. We can use their people
21 or we can keep the people we have. They
22 will take the direction from the board, so
23 whatever the volunteer board decides.

24 MS. HILTON: Leslie Hilton, Unit

1 143. You might even get a better break
2 where they are doing number 6 and if they
3 are plowing. I understand you have a
4 meeting coming up with maybe some of the
5 people.

6 MR. IVANOV: That was the
7 announcement I wanted to make, but later on
8 anyway. But, yes, I am meeting --

9 MS. HILTON: They are doing phase 6.
10 That is what I meant.

11 MR. IVANOV: However, the meeting I
12 am having with other associations is with
13 respect to the common road plowing. It
14 might be something slightly different. Off
15 the record.

16
17 (Off record discussion)

18
19 MR. IVANOV: Back on the record.

20 MR. DABNY: Peter Dabny, Unit 127.
21 I just want to say I don't want to go with
22 Great North.

23 MR. IVANOV: Thank you. Off the
24 record, please.

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(Off record discussion)

MR. IVANOV: Back on the record.

MR. STEWARD: Gerry Steward, number 100. We are in choosing a management company are going to start spending considerable sums of money. And I would like to make a motion that no check issued by the condominium association for any expenses be issued with less than two signatures. We let this happen in the past. One person was in charge. We lost \$20,000. So I make the motion. I think there is no harm in it. Two signatures per check. Anyone second?

UNIDENTIFIED: I second that motion.

MR. IVANOV: All in favor voice aye.

(The members say aye)

MR. IVANOV: All opposed? Off the record.

1 (Off record discussion)

2

3 MR. IVANOV: Back on the record.

4 MR. QUAN: Just for the record, we
5 did recover the \$20,000.

6 MR. IVANOV: I do not believe that
7 is the topic we are currently discussing.

8 MR. QUAN: He mentioned it.

9 MR. IVANOV: Right. Thank you for
10 that. Any other comments with respect to
11 agency?

12 MS. YACOVICH: Annie Yacovich, Unit
13 123. I just have one quick question.
14 Where it talks about an answering service
15 during off hours and such, if an emergency
16 happened would that answering service then
17 contact the appropriate person?

18 MR. VERCELLONE: Yes.

19 MR. O'CONNELL: Most companies have
20 a list of emergencies, what they deem as an
21 emergency. So if you call with a broken
22 phone, they are not going to page whoever
23 is on duty. If you call with a busted pipe
24 they are going to call who they need to

1 call. You would be surprised with what
2 people can call.

3 MR. IVANOV: If I may make a
4 comment. Regardless of whether we are
5 under management or board managed, if there
6 is an emergency, you call 911. If there is
7 a threat to human life or destruction of
8 property, you call 911. That answering
9 service is for different kinds of
10 emergencies. I wanted to make sure that is
11 on the record so we don't get confused
12 later on.

13 MR. YUSKA: Joel Yuska, Unit 63. I
14 just want to also agree. My wife works in
15 health care. And I also had this happen
16 with other condo management services.

17 The answering services provide a
18 tier. And they will contact for management
19 or contractors as necessary. Correct me,
20 Ron, if I am wrong, that is usually spelled
21 out in the contract of how those
22 emergencies are handled?

23 MR. VERCELLONE: Yes.

24 MR. IVANOV: Yes, Barbara.

1 MS. STADISH: B.J. Stadish,
2 Unit-114. I was on the road very early
3 yesterday. I called number 2 before 8:00
4 a.m. There was a voice mail. And they
5 gave you also an option for an emergency.
6 When I had called today for something last
7 night I got picked up by woman who put me
8 through. I asked for voice mail and got
9 voice mail. I am saying it was there,
10 number two.

11 MR. IVANOV: Off the record.

12

13 (Off record discussion)

14

15 MR. IVANOV: On the record, please.

16 I make a motion to approve the Andover
17 Management Company as a management agency for
18 the Farrwood Association Phase II. All in favor
19 say aye.

20

21 (The members say aye)

22

23 MR. IVANOV: All opposed? I would
24 like consent to admit the motion as passed

1 without a detailed count. Let the record
2 show without objection.

3 MR. VERCELLONE: Just to make sure
4 that it is correct for the record, it is
5 Property Management of Andover.

6 MR. IVANOV: Thank you. Property
7 Management of Andover. At this time I
8 would like to make a statement which will
9 hopefully lead to resolution with respect
10 to how to pursue the alleged incident of
11 fraud. Are there any objections? Without
12 objections.

13 For the last, I believe, two
14 meetings we have been talking over and over
15 again about what lawyers to hire, what
16 CPA's to hire. I personally believe
17 regardless of what any of us personally
18 thinks, none of us is qualified to actually
19 make an educated decision with respect to
20 choosing a proper CPA or proper path with
21 respect to how to pursue it in detail.

22 So I believe what we should do is to
23 choose a policy on how to pursue these
24 allegations and possible additional

1 recovery of funds.

2 Now, I personally have come up with
3 three ways we can pursue it. The
4 association can do a fact finding, restore
5 the books, restore the records, make sure
6 that they are audited. And depending on
7 the result pursue the people or person
8 responsible to punish them regardless of
9 monetary compensation the association will
10 be able to acquire.

11 This is the first path. Pursue to
12 punish regardless of money. The second
13 path I came up with was pursue to recover
14 as much funds as quickly as possible. It
15 means if we have to make a decision we will
16 make a decision not to pursue criminally if
17 it is going to hurt us with respect to
18 finding the money, but to try to close the
19 cases as quickly as possible, try to
20 recover money as quickly as possible.

21 What it mean is that we might not
22 recover all of the money, but we will
23 recover them quickly.

24 The last path is to pursue to

1 recover money as much as possible for as
2 long as it takes. So to take the general
3 steps of advice by counsel or CPA's or both
4 to pursue the persons which are involved in
5 the alleged fraud to the extent as to
6 recover as much funds as possible
7 regardless of how long it takes.

8 So these are three paths I could
9 find. Those paths are specific enough to
10 answer the questions of our counsel, which
11 we will employ, and our CPA's with respect
12 to how to proceed. But generally enough as
13 to not constrain this board with respect to
14 our dealings with the attorneys or the
15 CPA's or the federal or state authorities.

16 I personally as a unit owner believe
17 that since we are not in the immediate need
18 of money, we are not in a financial
19 hardship, we can take time to try to
20 recover as much money as possible including
21 attorney fees, CPA fees, if applicable.

22 So basically to stick with a case trying to
23 extract as much money as possible as
24 provided us by law.

1 At this point I would like to open
2 the floor for comments. Maybe someone has
3 other ideas on how to pursue this, other
4 details, amendments to whatever I said.

5 MR. STEWARD: Gerald Steward, unit
6 100. The question is, and I think Leslie
7 Hilton sent the letter to the insurance
8 company because we are insured for a loss
9 of this type.

10 So the question is, do we go to
11 them? Do we do it on the side on our own
12 or what? In other words, we are insured.
13 How do we make the claim for our insurance?

14 MR. IVANOV: If I may answer this
15 question. This is the letter dated October
16 25th from GNY Insurance Company, which is,
17 I believe, our insurance provider. And the
18 letter states as follows.

19 Dear insured, as you are aware the
20 Greater New York Mutual Insurance Company
21 insures Farrwood Green Condo under a policy
22 of insurance, policy number, number,
23 effective, the effective date.

24 GNY has been provided with a notice

1 of allegation of theft of association funds
2 by the association's treasurer and have
3 also been advised that such allegations
4 potentially may lead to a claim.

5 However, GNY has not been provided
6 notice that such allegation has given rise
7 to a civil claim, quote, unquote, or suit,
8 quote, unquote, for damages.

9 Accordingly, at this time GNY is
10 unable to make any determination as to the
11 possibility of coverage for such
12 allegations under the commercial general
13 coverage part of your policy, which
14 includes directors and officers liability
15 coverage.

16 In the event that the civil claim or
17 suit is filed in connection with this
18 matter, please notify GNY immediately in
19 accordance with the terms of the policy.

20 In the interim should you possess
21 any additional information beyond that,
22 which you have already provided, which you
23 believe GNY should consider, we would be
24 pleased to review it and offer coverage

1 assessment if appropriate.

2 Also, you should not construe this
3 letter or any action of GNY of waiving or
4 prejudicing any of our rights, remedies or
5 defenses under the law or under the terms,
6 limits and conditions of the policy.
7 Michael Fuffo, liability claims, signature,
8 date.

9 So this is the letter I received two
10 or three days ago.

11 MS. HILTON: Leslie Hilton, Unit
12 143. I spoke to Mr. Delito and he told me
13 that since the past treasurer had admitted
14 to the past president, Mr. Quan, he had
15 been working with him on almost a daily or
16 weekly basis since this whole incident
17 started.

18 I sent no letter to him, by the way.
19 It was a conversation, a couple
20 conversations because I happened to have
21 them for my homeowner's policy, just
22 coincidental. The Greater New York Mutual
23 is a parent company. Hub is our insurance
24 in Wilmington, the agent.

1 He pointed out that basically if
2 found guilty in a court of law you could
3 place a claim. That claim may be paid, but
4 she would have to be found guilty by a
5 judge.

6 There are certain good points of the
7 three points that you made. From my
8 understanding through the police
9 authorities, if you do an audit, whether it
10 be a fraud audit and you do find money, you
11 bring the black and white information to
12 the police.

13 They will bring it to the District
14 Attorney. They will pursue. Now, from
15 what I heard, I might be mistaken, I am
16 assuming, alleging, that she has lawyered
17 up. So she has a lawyer.

18 So how you are going to approach her
19 to get money? I don't know any other way
20 if you do decide to do this but to go with
21 black and white facts through a CPA and
22 legal counsel.

23 If there is additional money, then
24 usually what they do is they go to her.

1 They call her in and her lawyer advises her
2 what to do, civil or legal.

3 MR. IVANOV: I would like to refresh
4 what Attorney Bray said during the last
5 meeting. We can pursue civilly or
6 criminally. However, the results with
7 respect to the recovery of finances is
8 different and criminal might result in less
9 monies being returned than a civil suit,
10 and that is why the three policies.

11 That is why the three approaches.
12 Obviously, I believe that if the criminal
13 suit does not, as we find through our
14 counsel and through or CPA's and through
15 the authorities, if the criminal suit does
16 not interfere with our ability to collect,
17 I believe we should pursue criminally, if
18 the allegations are true, and civilly if
19 the allegations are true.

20 However, I personally believe that
21 if the pursuing whoever is responsible for
22 fraud criminally will result in less monies
23 collected, I believe we should only pursue
24 civilly because an association, I believe,

1 can not get its feelings hurt and is only
2 interested in the amount of money in the
3 bank. And I believe that is in the best
4 interest of the association to do.

5 That said, if it appears through
6 counsel by our attorneys, the state and
7 federal officials if necessary, that the
8 criminal case will not interfere with our
9 civil case and does not have a high
10 probability of making us collect less then
11 I believe we should pursue both criminally
12 and civilly, otherwise only pursue civilly.
13 That is the effect to which I wanted to
14 make these three policies.

15 MR. YUSKA: Unit 63. I would like
16 to second that. Yes, there are a lot of
17 people -- by the turn out tonight there are
18 a lot of people upset about this issue. I
19 have talked to other people in the
20 development and there have been people who
21 have asked about criminal.

22 But from personal experience in my
23 family in a similar not exact situation I
24 would like to recommend that we go with

1 option number 3 of recovering the money
2 through civil, but leave option 1 open as
3 Arcadiy said, if counsel determines
4 criminal pursuit is very satisfying
5 personally considering our monies and our
6 properties were put at risk by this action.
7 But long term solution number 3 I think is
8 the better choice to go with.

9 MR. PAYNE: Blaire Payne, Unit 111.
10 The biggest chunk of assets that we have in
11 our reserve fund is in CD's and things of
12 that nature, we have \$300,000 in that
13 neighborhood. I think we know that nothing
14 there has been tampered with or has been
15 touched, even though they may not have been
16 invested as prudently as possible.

17 But the point being the monies that
18 were taken, absconded, or whatever term you
19 want to use, that came out of the
20 day-to-day business of the association.
21 Our whole budget was at that time around
22 \$260,000 a year, in that range.

23 And the money that <STRICKEN> believes
24 that she embezzled was in the 20-some-odd

1 thousand dollar neighborhood of which she
2 has given us a registered check which is in
3 escrow.

4 I think we should pursue a path,
5 path number two, where we are looking to
6 recover as quickly as possible by going
7 back to perhaps to when <STRICKEN> took over as
8 treasurer as a starting point and working
9 our way forward, what types of money would
10 have been gathered, assuming condo fees
11 paid less people who were delinquent, less
12 bills that have been paid, to try to
13 establish a baseline of where we think we
14 should be.

15 It doesn't seem very prudent to
16 spend 50 to \$60,000 of fraud audit money
17 possibly opening ourselves up to fines and
18 everything else maybe trying to find, who
19 knows, maybe another \$5,000.

20 In your letter you indicated as one
21 of the, I think, carrots to get people here
22 to show concern you indicated if an audit
23 is triggered the cost of the defense is
24 estimated to be 50 to \$60,000, not counting

1 fines and fees.

2 MR. IVANOV: I will clarify that.
3 The statement says if an IRS audit is
4 triggered. That is a completely different
5 audit.

6 MR. PAYNE: We should avoid an IRS
7 audit and not expose ourselves. The kind
8 of money, the possible money beyond the 20
9 that has already been recuperated I don't
10 think warrants some of the actions that
11 possibly could be taken.

12 I think we should try to minimize
13 our exposure, try to establish a baseline
14 as quickly as possible and then move
15 forward, perhaps use the management company
16 to help us with that in terms of forming
17 the audit.

18 MR. IVANOV: I would like to respond
19 to that since that is my letter. The audit
20 I am talking about is the audit by the IRS
21 as a result of us not filing potentially
22 the old forms and submitting all the fees.

23 This is a completely different
24 audit. Us starting an audit of our records

1 will not trigger an IRS audit in itself.
2 The statement there is referring to us
3 potentially not have filed all the proper
4 forms with the IRS and that triggering the
5 additional audit and separate from any
6 audit related to the fraud.

7 And so I believe you are
8 misconstruing my statements. However, with
9 respect to recovery of money, if it is
10 possible to recover for cost of audit from
11 the person or persons who are involved in
12 the alleged fraud, that is also what I am
13 talking about.

14 I am not only talking about
15 recovering the monies, which were allegedly
16 embezzled. I am talking about that money,
17 the attorney fee money, any punitive
18 damages we can potentially collect, any
19 fees which we incur starting an audit.

20 And that can amount in hundreds of
21 thousands of dollars. And that we can
22 probably pursue long and hard without
23 trying to cut our pursuit of that money
24 short because we are not in need of money

1 immediately. That is what I am trying to
2 say with respect to taking the long road
3 and trying to collect all possible money
4 for as long as it takes.

5 MR. PAYNE: And all I am saying is
6 why would we potentially even want to think
7 about incurring those kinds of numbers even
8 though there is the strong possibility of
9 recouping them in looking for -- we don't
10 know what we are looking for -- in looking
11 for another \$5,000 to \$7,000 worth of
12 money? Why would we want to spend that
13 amount of money thinking we can get it
14 back? I just don't understand.

15 MR. O'CONNELL: There is no telling
16 how much money is gone until we do an
17 audit.

18 MR. PAYNE: When you are doing the
19 audit you have an audit to try to get, you
20 may never know, you may never know fully
21 what the amount is total, but if you can
22 come close.

23 And if we are talking about a budget
24 that is being run day to day that doesn't

1 exceed \$260,000 a year and you start where
2 she initially took over, work your way
3 forward, looking at the money that was
4 taken, less delinquents, less bills that
5 were paid, try to figure out where we
6 should be.

7 I don't know, but I would be shocked
8 if it was much more than she has already
9 given us. And to spend all kinds of money
10 to chase down that number, to me
11 financially doesn't make a lot of sense.

12 MR. IVANOV: Thank you for your
13 comments. First of all, we do not know how
14 much money we are talking about. And,
15 secondly, I made this motion to establish
16 the policy as opposed to specify the steps
17 exactly for the reason that we don't know
18 what will yield us the highest probability
19 because we have at best a layman's
20 experience with fraud investigations.

21 The idea of establishing a policy is
22 that the board hires counsel, and counsel
23 might say, yes, it is unlikely that the
24 fraud, alleged fraud is involved much more

1 money than what has already been recovered.

2 And, yes, as counsel I do not advise you to
3 pursue a full blown fraud audit.

4 The problem is, we don't know what
5 counsel will advise. We don't know what is
6 the general procedure, what is the highest
7 probability of recovery, depending on the
8 steps we take.

9 The counsel that we will hire will
10 know that. And, obviously, if the counsel
11 will tell us that no, it is not likely that
12 you are owed more money than you are going
13 to spend, then if had a policy established
14 to pursue as much money as we can recover
15 we will follow the advice of counsel to
16 either not spend additional money or to
17 recover the money, all the money we can.

18 That's the -- those are the
19 distinctions I am trying to make between
20 path two and path three. Path two, as an
21 example, can allow us to act as follows:

22 The counsel says, yes, potentially
23 you are owed \$50,000, but I would recommend
24 you to take 25 and close the deal. That's

1 path two. Path three would be you guys are
2 owed potentially around \$50,000. I
3 recommend you to try to recover all
4 \$50,000. That is path three and the board
5 will approve this path if you pass it.

6 So these are the distinctions I am
7 trying to make. Obviously, we will attempt
8 to not spend money we don't have to spend.
9 That's the first thing. And to follow
10 advice of counsel with respect to how much
11 money we can recover and make our
12 determination on how much money to spend to
13 recover that money. Off the record.

14
15 (Off record discussion)

16
17 MR. IVANOV: Back on the record.

18 MS. STADISH: B.J. Stadish, Unit
19 114. The exposure period is 10-15-04 to
20 8-11-07. And that comes from 8-11-07 Peter
21 Quan told us. 10-15-04 comes from
22 information we were given at our door
23 around that time. Blaire had commented
24 Peter put in his letter 22. 15 is in the

1 bank, escrow, 5 is on top of that 20 in the
2 bank.

3 MR. IVANOV: I'm sorry. I will
4 interrupt you. Ladies leaving, could you
5 please state your name so we can record you
6 not being present so we can determine the
7 quorum? Off the record.

8

9 (Off record discussion)

10

11 MR. IVANOV: Back on the record.
12 Let the record show, please, that as of
13 9:10 p.m. we have a quorum of 67.855
14 percent. We are still able to pass the
15 amendments to By-Laws and conduct our
16 business.

17 Can we approximate the number of
18 people who left? We are well within --
19 five people? So it's not more than 5
20 percent. So let's assume worse case
21 scenario we have a quorum of 62.855
22 percent. We are still well within our
23 margin. B.J. I am sorry for interrupting.

24 MS. STADISH: I just want to follow

1 up on some of Blaire's comments. Blaire
2 had commented that he thinks we know the
3 amount should be 22, roughly.

4 I am not sure how that number was
5 determined. What I would like to say is
6 that after that number was determined and
7 presented at the August 22 meeting and I
8 started just getting our books in order
9 potentially for an audit, there was a
10 significant number of checks missing.

11 I am guessing that those checks were
12 excluded from the tabulation of 22,000. In
13 terms of a criminal investigation the 22
14 that has been paid and paid back, that
15 would not be something that would be
16 pursued criminally.

17 You would have to find money beyond
18 the 22 to pursue that criminally. I agree
19 with Blaire that it may not be as large as
20 a \$30,000 audit, but just before I turned
21 the records over I was at a point where
22 there just may be some investment
23 statements missing.

24 What I didn't get to state at the

1 last meeting is all of our operating
2 accounts, documents, are here and in order
3 and with the current board. The monies
4 that were taken may not have been isolated
5 to our operating checking account.

6 Therefore, that is just a guess in
7 going through check sequences and things.
8 Therefore, we just have to get a copy of
9 the investment statements and make sure
10 that transfers weren't made that were not
11 approved and authorized for proper business
12 purposes because that is how money could
13 have moved out of the other investment
14 accounts that were not in the checking and
15 the other investments linked to money
16 market accounts.

17 MR. IVANOV: Thank you. And that is
18 exactly why I made the motion not to -- to
19 try not to establish detail but the policy.
20 And once the policy is established we can
21 gather counsel, hire CPA's. If you would
22 like to volunteer your advice then we would
23 be more than glad to accept that and gather
24 all the people together and come up with

1 the actual steps which are recommended by
2 professionals. Thank you for that
3 information.

4 MS. YACOVICH: Annie Yacovich, Unit
5 123. With all due respect for the past
6 three meetings we have been questioning the
7 amount of money that has been taken and
8 going back and forth.

9 And the consensus was to do an
10 audit. And I honestly think -- I
11 understand that you want to make a policy
12 to try to figure out how we are going to
13 pursue whatever happens. I think with
14 fraud you really need to figure out what
15 you are dealing with. I really think we
16 should do the audit first before we decide
17 what sort of action to approve.

18 MR. IVANOV: I would like to hear
19 your opinions right now with respect to --

20 MR. STEWARD: May I say something?

21 MR. IVANOV: Yes, sir.

22 MR. STEWARD: Gerry Steward, Unit
23 100. I asked two questions at the first
24 meeting and they still haven't been

1 answered. What is the damage? That means
2 audit. Second question, what are you going
3 to do about it?

4 Now, you are talking about what we
5 are going to do about it with advice of
6 counsel. Very good. Step two. But step
7 one, what is the damage?

8 When your car is hit you get an
9 estimate. I don't care if it's a very
10 detailed one, you want to spend a hundred
11 thousand dollars or you want to spend \$10.

12 But we have to go back in the
13 records to when this woman was elected
14 treasurer and try to assemble some sort of
15 history. That is the extent of damage.
16 And I make that motion before we make a
17 motion as to how we are going to do it.

18 MR. O'CONNELL: Sean O'Connell, Unit
19 50. Let me just respond to that. It is
20 kind of like we don't want to have an audit
21 done if it's going to cost us 60, 70,
22 \$80,000 if we are only going to get back
23 20.

24 We already have 20. If we are going

1 to get back another 10, it doesn't make
2 sense to do that. So what we are proposing
3 here is to get professionals to look at our
4 situation and tell us what they think we
5 should do.

6 In other words, as soon as they say,
7 yes, you need an audit to figure out what
8 is missing or if they look at our books and
9 say there is no possible way that this
10 woman stole more money than that audit is
11 going to cost, then it is probably
12 beneficial for us to look at the books, get
13 them corrected, and then go from there.

14 There is no sense in spending 50,
15 60, \$70,000 to get that \$10,000 back.
16 Everyone wants that to get done. And
17 criminal charges, I would love to have that
18 done, but if it is going to cost us extra
19 money, is that something we all want to do?

20 MR. IVANOV: And I would like to
21 elaborate on that. You are proposing a
22 step one to do an audit. The question is
23 what kind of audit?

24 MR. STEWARD: Counsel that you hire

1 will recommend.

2 MR. IVANOV: But counsel has to
3 recommend the audit based on our
4 requirements as to what we want. What this
5 motion is to find out what you want. So an
6 audit is the second step. The first step
7 is what you want regardless of how much
8 money is missing.

9 MR. STEWARD: But do you intend to
10 get some sort of audit?

11 MR. IVANOV: We will get the audit
12 of the type recommended by counsel based on
13 the decision you guys make tonight. If you
14 want to go for as much money as possible
15 and counsel recommends the highest degree
16 of audit, we will do the highest degree of
17 audit.

18 If counsel recommends the minimal
19 degree of audit, we will do a minimal
20 degree of audit and spend a minimal amount
21 of money. And that is what I am trying to
22 do here.

23 MR. VERCELLONE: I am going to be
24 honest with you. The management company

1 wants the books to be accurate. They are
2 not going to touch it until our books --
3 they know exactly what we have got. There
4 has to be some level of audit. It is going
5 to happen just by virtue of going with a
6 management company.

7 I understand what you are saying. I
8 think what is going to happen we are going
9 to end up with less than 50 percent. While
10 I applaud the three of you, this is more
11 business than we have ever got done.

12 I would like to make a motion at
13 this point that we pursue to recover as
14 much money as possible for as long as it is
15 possible pursuant to legal advice from
16 counsel.

17 MR. IVANOV: The motion is made.
18 All in favor say aye.

19 (The members say aye)

20 MR. IVANOV: All opposed? One
21 opposed. I would like unanimous consent to
22 admit the motion as passed without a
23 detailed vote count. Please let the record
24 show that the motion is passed without a

1 detailed count.

2 We have only one point on the
3 agenda. Do we want to amend the By-Laws to
4 fix the problems we have been having on
5 every annual meeting with respect to
6 absence of quorum?

7 We can right now lower the quorum
8 retirement for two things, to approve the
9 budget and to elect the board. So if you
10 could turn your attention to the proposed
11 amendments.

12 I would like to read the amendments
13 and explain why they are listed. In
14 Article 3 of the amendments made in the
15 year 2003 there is, I don't know how to
16 even state it, the crime against the
17 language, I believe.

18 The following two sections read,
19 expense approvals. All authorized expenses
20 shall be okayed by the appropriate board
21 member or received such undertaking. This
22 okay by the board member shall mean that
23 the board member has personal knowledge and
24 so forth.

1 The next section reads the treasurer
2 shall disburse funds for authorized
3 expenses only when such expenses have been
4 okayed by overseeing board member.

5 The first amendment I propose is to
6 strike okay and okayed and replace them
7 with words which actually carry weight,
8 which is approve and approval,
9 respectively, because the statutes do not
10 have any weight in court because there is
11 no such action as okayed.

12 Everyone in favor of the amendment
13 say aye.

14 (The members say aye)

15 MR. IVANOV: Opposed? I ask for
16 unanimous consent to admit the motion
17 passed without detailed vote count. Please
18 let the record indicate that the amendment
19 has been approved as stated.

20 The second amendment, let me read
21 Article 2 section 2.2.3. And this was as
22 amended by year 1999. Quorum and voting.

23 Except as otherwise provided in
24 these By-Laws, the presence in person or by

1 proxy of the majority and interest of unit
2 owners shall constitute a quorum for a
3 meeting.

4 The proposed amendment is as
5 follows: In Article 2 section 2.2.3 after
6 the words, shall constitute a quorum for
7 meeting, add the following: Except during
8 the regular annual motion on the motions to
9 approve the annual budget or to elect the
10 board when 30 percent of the interests of
11 unit owners shall constitute a quorum for a
12 meeting.

13 Are there any suggestions to the
14 number? 30, 35, 40, 25? Do you have any
15 comments with respect to that?

16 MR. VERCELLONE: I think it's a damn
17 shame we can't get 51 percent of the
18 membership at a meeting. And you know
19 what, if we knew that there was an agenda
20 and we were going to make progress with
21 that agenda, maybe that might. But
22 personally I think 51 percent.

23 MR. IVANOV: It is greater than 50.

24 MR. VERCELLONE: 51 percent with

1 proxies?

2 MR. IVANOV: The presence in person
3 or by proxy of the majority and interest of
4 unit owners. That is the article as it is
5 right now. The version is as of 1999.

6 I understand your hesitation.
7 However, I would like to say that if we are
8 doing everything by the book and during the
9 next meeting we do not have the quorum the
10 board will automatically lose its power and
11 we will be boardless again for an
12 undetermined period of time. So I
13 understand your hesitation perfectly. I
14 was hesitant. That is why I asked for a
15 number.

16 MR. VERCELLONE: That's a general
17 comment to us. That is not directed to
18 you.

19 MR. IVANOV: I understand. But I
20 would like you guys to remember that while
21 I understand the hesitation to lower the
22 quorum count on such important matters as
23 election of board and budget, and those are
24 the only matters which this amendment

1 proposes to lower the quorum requirement.
2 You have to realize that we may find
3 ourselves in the same situation we found
4 ourselves right now as of March 31st.

5 If you are prepared to do that, I am
6 very comfortable with your decision. I
7 don't want to pressure anyone into
8 anything. It is your call, but I would
9 like you to weigh that.

10 The lowering of the quorum for only
11 passing a budget and re-electing the board
12 or not having a board or budget at all and
13 having this vacuum again.

14 MR. DENATALI: Dana Denatali, Unit
15 121. Based on previous annual meetings on
16 the turn out, I agree with the 30 percent.
17 I think we will never get 51 percent.

18 MS. HILTON: Leslie Hilton, Unit
19 143. I say we go with the 30 percent. We
20 have been passing a budget. We haven't had
21 a quorum since I have been going to annual
22 meetings for the last five years.

23 Please correct me, Peter, if I am
24 wrong and we have passed budgets. We have

1 appointed board members. I say for now
2 with these gentlemen here do the 30
3 percent. If we want to change it to the
4 annual meeting back to 50 or 45 percent,
5 fine.

6 But this is a unique situation. I
7 don't believe it has ever happened before
8 with this association. I hope it never
9 happens again. But for right now let's go
10 with the 30. That is just my proposal.

11 MR. QUAN: We may not have had a
12 lot of people. I think 40 percent is
13 better. We have always got at least 40
14 percent people and proxies. 51, there were
15 a couple of times it teetered on that. The
16 last couple of annual meetings we had at
17 least 50.1 in proxies and people.

18 MR. YUSKA: 63. I would just like
19 to move that we vote on the amendment as
20 worded and we can debate further changes
21 further down the line.

22 MR. IVANOV: The motion to amend the
23 article 2 section 2.2.3 as follows: After
24 the words shall constitute a quorum for a

1 meeting as the following, comma, except
2 during the regular annual meeting on the
3 motion to approve the annual budget or to
4 elect the board when 30 percent of the
5 interest of the unit owners shall
6 constitute a quorum for a meeting, period.

7 All in favor say aye.

8 (The members say aye)

9 MR. IVANOV: Opposed. One. I ask
10 unanimous consent to approve this motion as
11 passed without detailed vote count. Let
12 the record show that it is thereby
13 approved. Are there any motions from the
14 people on the floor you would like to
15 introduce to be heard?

16 MR. YUSKA: 63. I would like to
17 move to put into the record an official
18 motion of gratitude to the gentlemen who
19 volunteered, particularly Arcadiy, and the
20 volunteers who helped assemble the data for
21 today's meeting.

22 It is an awful lot of work. And it
23 is really appreciated. You were in a tough
24 situation, quite frankly the situation was

1 horrible, and I want to express my
2 appreciation for the work done on the
3 record.

4 MS. HILTON: One other motion.
5 Since the board was in there October 1st, I
6 think they are due a salary of maybe one or
7 two days pay. So, I mean, since we are
8 doing everything above board, let's give
9 them their salary.

10 MR. IVANOV: Prorated.

11 MS. HILTON: Prorated.

12 MR. IVANOV: I make a motion to
13 reimburse the ex-board for their due salary
14 prorated with respect to the their serving
15 the part of the term in October, as Leslie
16 stated. All in favor say aye.

17 (The members say aye)

18 MR. IVANOV: Opposed? I would like
19 unanimous consent to approve this motion
20 without a detailed count. Does anyone else
21 have any business before this board?

22 MS. HILTON: Just about the bank
23 accounts. Leslie Hilton, 143. You will be
24 able to access everything? The escrow

1 account, is that going to be moved? I
2 would leave it there.

3 MR. IVANOV: With respect to
4 restoring the authority and the ownership
5 of the accounts, the banks will be
6 presented with a notarized copy of the
7 minutes, which will effectively restore
8 this board pursuant to the motion made. We
9 will make two signatures from each of the
10 accounts.

11 Does anyone have any other business?

12 MS. BERILLA: Unit 61. It is okay
13 to send our check out?

14 MR. IVANOV: It was okay to send
15 them out, and you should have sent them
16 out. I have been collecting the checks. I
17 have been filing the checks.

18 Nothing was cashed because I could
19 not deposit them because they were not my
20 checks and I was not entrusted with them.
21 I collected them from the mailbox. I
22 itemized them. They are in this grey box
23 right there if want to look at the list.
24 Please do send your checks.

1 MS. NISAT: Syla Nisat. Unit 49.

2 I just want to know when the management
3 company is going to start?

4 MR. IVANOV: Unfortunately I cannot
5 tell you. We have a lot of business to
6 transact. We will officially retain
7 counsel. We will restore the access to the
8 account.

9 We will disperse funds for the
10 invoices which are now pending provided we
11 review those invoices and find them
12 satisfactory. We will contact the
13 management company. As to the time line,
14 specific dates, I cannot tell you. I
15 honestly do not know.

16 Does anyone else have anything to
17 add?

18 MS. HARVEY: Betty Harvey, 103. You
19 will have enough time to contact them
20 before the whole snow issue starts? You
21 know what I mean?

22 MR. IVANOV: On November 1st we will
23 be meeting, all the associations with
24 respect to the road. With respect to our

1 own driveway I have to take a look at our
2 contracts. It expired in this case.

3 We will probably as soon as possible
4 contact the management association to get
5 information on how much money it will cost
6 us, and depending on our ability to sign a
7 contract with the people we have been
8 dealing with before and their offer and the
9 management company offer, we will make the
10 determination. I understand your concern.
11 We will contact obviously someone. I
12 cannot tell you at this exact time who it
13 will be and when.

14 MS. HARVEY: Do you think you will
15 be delayed in signing the contract because
16 of all the problems we have had?

17 MR. IVANOV: No, I don't think so.
18 We with respect to our signing contracts we
19 can do that now, and it will not affect the
20 audit. We will follow the By-Laws.

21 With respect to the By-Laws, we will
22 always follow them. If we get to sign the
23 contract with the management company, put
24 the bid out, and they win, then we will go

1 with their snow removal services, which
2 will make everything fast and smooth. If
3 not, we will go with someone else.

4 Obviously, if the contract is, I
5 believe, more than \$5,000 we will have to
6 abide by the By-Laws, put out the contract
7 to bid, and choose the best offer.

8 Any other matters? Would you like
9 to listen to any announcements I have to
10 make? I have been receiving some mail. It
11 might be important. It might not be
12 important. It is too early to tell, if
13 people want to stay.

14 There is a gas company which is
15 laying the new pipes and building a new
16 facility in our general vicinity. They
17 filed with the Federal Environmental
18 Protection Agency. And they started
19 sending us mail explaining what pipelines
20 are going to be laid where and what
21 facilities are going to be constructed.

22 At this time no one made a claim of
23 right of passage. I don't believe that we
24 are even subject to such a claim because

1 the nearest facility to us will be a gas
2 station two miles away, a gas pumping
3 station in Boxford. But that is something
4 you want to know about.

5 Obviously, if there are any
6 developments, if there are any claims of
7 right of passage, if the condominium is in
8 any way threatened, we will retain counsel
9 and fight them on these matters.

10 So far there are education sessions
11 held, I believe, November 7th, which one of
12 us will attend and get information about
13 how we are affected. Judging by the map,
14 and those are very general maps, we are not
15 affected at all except we are in a two-mile
16 vicinity of that facility.

17 MR. MACDONALD: Chances are it won't
18 happen because Boxford is against it.
19 North Andover is against it. It is very
20 close to the oldest farm in the country,
21 which is a national historic site.

22 MR. IVANOV: Unfortunately, the
23 federal agencies are involved. They will
24 take the land. We probably will not be

1 able to fight them. It is a federal
2 project.

3 MR. MACDONALD: That would be like
4 putting a cattle ranch in the middle of
5 Yellowstone National Park.

6 MR. IVANOV: I agree, but that is a
7 huge project. They are extending their
8 northwestern pipeline. Once again, judging
9 by the map, and it is very preliminary, we
10 are not affected except that we are in the
11 general vicinity. But we might be. And as
12 we get more information the board will
13 always update you on the situation.

14 I also want to let you guys know
15 that I have received but have not yet
16 collected a certified letter, this is a
17 notice of a certified letter. Does anyone
18 know anyone named Rockwell? Is it an
19 agency? Is it a lawyer? This is a
20 certified letter. This is usually probably
21 legal documents. It is not addressed to
22 me.

23 MR. FLYNN: There is a Lynn Rockwell
24 that lives at 124.

1 MR. IVANOV: I apologize. Speaking
2 of selling -- thank you for clarification.
3 There are multiple in the amount of three
4 requests for Form 60, which have been there
5 quite a while.

6 Now we can honor them. I don't know
7 to the extent we can investigate whether
8 they are owing us any money on payments.
9 Did you guys, the old board, would you be
10 able to tell me whether you kept the log of
11 payments being made so I can at least
12 investigate in some detail?

13 MR. QUAN: I offered them at the
14 last meeting. I was told you didn't want
15 them.

16 MR. IVANOV: Did you destroy them?

17 MR. QUAN: No.

18 MR. IVANOV: I would like to have
19 them at this time. Thank you for keeping
20 them.

21 MR. IVANOV: Is there any other
22 business anyone wants to transact at this
23 point? The meeting is hereby adjourned.
24 We will be holding an extra session of the

1 board meeting. People who want to be
2 present, you are welcome to be present.
3 Everyone thank you and have a good night.

4

5 (Meeting adjourned at 9:45)

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1 I, LAURA NAYLOR, REGISTERED PROFESSIONAL
2 REPORTER, do hereby certify that the foregoing is a
3 true and accurate transcription of my stenographic
4 notes, to the best of my knowledge and ability.

5

6 WITNESS MY HAND, this 2nd day of November,
7 2007.

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Laura Naylor

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