

Antigua Condominium Association

Minutes of the Meeting of the Board of Directors

July 19, 2023

The meeting of the Board of Directors of the Antigua Condominium Association was called order by Mike Falkner, president, on July 19, 2023, at 7:00 p.m. The meeting was held via Zoom. All directors were present. The directors are Mary Dischinger, Randy Ditch, Mike Falkner, Kat Ilkhani, Mike Keenan, Robert Mayer, Sheri Miller, Ellen Schweiger and Rosey Whittaker. A quorum was present.

Owners of 14 units were present. Those attending were Jane Preble (107); Alayne Rosen (1007); Ingrid Miller (1302); Patty Brann (301); Robert and Kathryn Fitzgerald (104); Leon Hasnain (1207); Bonnie Medford (1305); Peggy Sheer (406); Steve Karlow (1204); Dan Snyder (808); Johnice Comer (607); Chris and Helen Vallone (904); Barbara McCollum (1305) and one unidentified owner.

Owner Comments and Concerns

Mike Falkner opened the floor to owners for comments and concerns. Stephen Karlow (1204) stated that his air conditioning was not working and inquired about the status of repairs. Mike said that during the recent repair to the geothermal system pump, the system had to be drained. In filling the system after the repair was completed, air got into the system. This is not unusual. Unfortunately, when this happens, it can form an air-lock that prevents an individual unit from operating properly. This has happened a number of times. The remedy is to bleed the air out which is done in units as they are affected. Repairs are underway and are being made as problems appear.

Bonnie Medford (1305) asked about the purchase of umbrellas for the pool. Mike stated that the association purchased six umbrellas and two bases for umbrellas from Layton's for \$2,174. The 2023 budget for these items was \$4,000. The purchase was approved at the Special Meeting of the Board held on July 13, 2023. Patty Brann (301) commented that the new umbrellas were needed but that more tables would make the pool area too crowded.

Approval of Minutes

Robert Mayer moved that the minutes of the June 21, 2023 board meeting be approved as amended. Mike Keenan second the motion. The motion was approved on a voice vote.

Randy Ditch moved that the minutes of the special meeting of the board of directors held on July 13, 2023 be approved. Mike K. and Sheri Miller seconded the motion which was passed on a voice vote, Ellen moved that the minutes of the executive session at the meeting of the board held on July 13, 2023, immediately after the open session be approved and released. The motion was seconded by Rosey Whittaker and was unanimously passed on a voice vote.

Reports

President's Report

Mike presented his report. He first asked if there was any objection to the release of a follow-up statement with respect to the pool incident. This statement was included in the board package. There was no objection and it will be released.

Larry and Mary Ann Casner (708) submitted a request to the board for approval of the replacement of their rotunda bedroom window with a double-hung window. Although the design submitted complies with Antigua Operating Policy 2-1 (Revised) dated February 18, 2012, it was questioned whether the Operating Policy and the design comply with current building codes and fire marshal requirements. The windows are an alternate fire escape. After discussion, Robert moved and Mike K. seconded that the request be approved subject to review and approval of the appropriate local authorities meaning the Town of Ocean City and the Fire Marshal. The motion passed on a vote of 8 to 1. Mike F., Mike K., Mary, Randy, Sheri, Rosey, Ellen and Robert voted in favor; Kat voted against.

Mike reported on the parking situation on the Fourth of July. All spaces were taken and several individuals looking for a parking space later in the evening could not find one. Some made do by parking in loading zones for the night. Mike said that the policy is to allow owners and others to have a second parking pass, however, too many were issued without consideration of the Fourth of July holiday. This will be corrected in the future.

Smartaira submitted an unsolicited proposal to provide cable TV to the building. The proposal is for an exclusive contract for all 104 units. It was the sense of the board that Mike find out if Smartaira is interested in providing à la carte service to those owners who desire it and, if so, what the minimum requirements and terms would be.

Mike reported that the owner of 1-Stop had health issues and had been less available during the last several weeks. He thought that he was recovering and should be back full-time in the near future. The matter was discussed, including back-up plans that 1-Stop should have in these circumstances. The question was raised as to the status of lockout assistance after hours. Sheri asked if personnel could be reassigned for better coverage on weekends when there are more demands on the staff.

Treasurer's Report

Mary Dischinger reported that all T-bills except one were earning an interest rate of at least 5% and year-to-date the association had earned \$10,380 in interest. She noted that the remaining financial statements were in the board package and that she was open to questions concerning them. There were no questions. Mary said that the audit would be forthcoming.

Secretary's Report

Robert prepared two reports that were in the board package, Open Board Meetings and Actions Taken Between Meeting and Door Repairs, Painting and Color. Robert asked if there were any questions on the reports. There were none.

Roof Committee and Approval of Roof Contract

Mike F. reported that the Roof Committee which consisted of Ingrid Miller (1302), Charlie Ziegler (202) and himself had examined the two options with respect to the roof. The two options were removing the existing modified bitumen roof system and replacing it with a modified bitumen roof system or applying a roof coating over the existing modified bitumen roof. The committee was satisfied that the coating was an effective means to prolong the life of the existing roof and that the existing roof structure was a good candidate for a roof coating. The present roof is 22 years old and a coating would have an expected useful life of 20 years. A moisture test was conducted by ETC, an engineering consulting firm, and while it noted several areas that indicated moisture penetration, the existing roof remained a good candidate for a coating.

Mike further reported that the committee received proposals from three contractors who submitted proposals for both (1) replacing the existing modified bitumen roof structure with a replacement modified bitumen roof and (2) coating the existing roof structure. The committee prepared a comparison summary of the three contractors' bids. The comparison sheet was included in the board package. After reviewing the bids and the contractors, the committee recommended accepting the Raintree bid for a coating with a 20-year warranty. The committee recognized that one bid was lower than Raintree's bid. Raintree's bid was \$86,320 and the competing bid by Tecta America was \$82,000. However, Raintree has worked on the roof and has maintained it for several years. Mike said that these factors were considered in recommending Raintree. Raintree's proposal for replacing the modified bitumen roof with a new 20-year modified bitumen roof was \$398,110. Tecta's proposal was \$322,000.

The third issue the committee considered was the effect of a coating on property insurance. In the present insurance market, roofs can be insured for their replacement value¹ if they are less than 15 years old. After 15 years, they are insured for their actual cash value. Actual cash value is the depreciated value of the roof, not the replacement cost. Generally, if a roof has a 20-year useful life expectancy, the insurance company would pay the full replacement cost through the fifteenth year of the roof. In the sixteenth year, it would pay 5/20th of the loss with a decreasing payment in later years. After twenty years, the roof has no insurable value. The current roof is 22 years old and, if it were damaged by wind or water today, there would be no insurance proceeds available to repair the damage. On the other hand, if a new modified bitumen roof were installed, and, if there were damage within the next fifteen years from wind or water, the insurance claim would be for the cost to repair or replace the roof, less the deductible. The deductible for wind and water damage is presently about \$452,000. (The deductible for a

¹ Replacement Value is the total cost of repairing or replacing the roof at the time that it is repaired or replaced. Actual Cash Value is less than the total cost of repairing or replacing the roof. It is the depreciated (or prorated) value of the roof at the time that the roof is repaired or replaced.

loss from other causes such as fire is significantly less.) Raintree's quote for a 20-year siplast modified bitumen roof replacement was \$398,110, which is less than the deductible for a wind or water loss. In short, if there were a total loss of the existing modified bitumen roof or its replacement, there will be no insurance proceeds available. In discussing the insurance aspects, Mike had prepared a spreadsheet showing the effect of a loss if the roof is replaced with a bitumen roof or a coating is applied over the existing roof structure. One caveat to the analysis is that if there is a significant loss by wind or water to the roof, there will also likely be additional damage to other parts of the building. The \$452,000 deductible applies to all losses from wind or water. Mike's spreadsheet was included in the board's package and the various scenarios described. A roof coating is not a new roof and will have no insurance value if it or the underlying bitumen roof structure is damaged by wind or water.

Mike emphasized that the owners' individual insurance policies on their condominium unit are an important additional source of protection in the event of a significant loss to the common elements of the condominium. The provision that the owners should have and confirm that they have is Loss Assessment coverage. A loss assessment is a special assessment made by the condominium to pay for repairs from damage to the condominium's common elements such as the roof. If there were a substantial wind and water loss, it would be likely that there would be a special assessment to cover the repair and reconstruction costs not covered by insurance, and it would likely be the amount of the deductible of \$452,000 less any reserves for such a loss. A loss to the common elements of \$452,000 would result in a special assessment against each unit of about \$4,500. The Loss Assessment coverage in individual owners' insurance coverage steps in to pay the Loss Assessment, subject to any deductibles in the owners' policy. The minimum coverage should be \$10,000. If all owners carry Loss Assessment coverage of at least \$10,000, a special assessment for a loss to the common elements of \$1 million not covered by the condominium's insurance policy would be substantially covered under the owners' Loss Assessment coverage.

Mike also reported that the insurance company presently writing the association's property insurance will not issue property insurance if the building's roof is over 25 years old. The proposed roof coating is not a new roof and does not extend the 25-year rule. This means in the association's case (where the roof is 22 years old), a new insurance company will need to be found in three years. Mike said that other insurance companies currently write property insurance for buildings with roofs over 25 years old. Mike expected that there would continue to be other insurance companies that would write the coverage in three years. They would be approved, but not admitted, by the Maryland Insurance Administration. This means that the insurance administration has reviewed their financial viability but that the companies are not subject to its regulations relating to rates and terms. They can establish their own rates and charges. This suggests that the insurance rate will increase. Mike noted that we do not know what the insurance market will be like in the future and it can change including our current carrier relaxing its 25-year rule. Other companies write other lines of the association's insurance coverage, such as general liability, Worker's Compensation, Directors & Officers Liability and the like and are not affected by the age of the roof. The property insurance is about half of the total insurance costs.

The roof coating will be warranted by the manufacturer. The manufacturer will inspect it after it has been applied to assure it has been installed according to its specifications.

There was a discussion about the coordination of the installation of the new roof with AT&T's proposal to modify its antennas. It is more likely than not that the coating will be installed before AT&T works on its antennas. It will be necessary for AT&T to protect the roof and the new coating.

Robert noted that the 20-year roof coating proposal of May 22, 2023, cost \$86,320 while the January 24, 2023, proposal cost \$144,000. Mike said that the difference was that the January proposal was for the roof coating to be applied in two coats while the May proposal is for the application to be in one coat. Mike said that the final thickness that will be applied in both proposals is the same.

Mike noted that there may be additional charges if any of the areas with moisture need to be repaired and that the contract needs to be modified to include more detailed insurance provisions.

Ellen moved that the Raintree proposal for a 20-year roof coating at a cost of \$86,320 plus additional charges as may be necessary to repair and prepare the underlying roof with the coating to be applied in a single coating be approved. Rosey seconded the motion. The motion passed on the vote of 6 to 3. Mike F., Kat, Sheri, Rosey, Ellen and Robert voted in favor; Mike K., Mary and Randy voted against.

Coating Committee

Robert presented the Coating Committee's Report. The written report was included in the board package. The committee consists of Robert, Mary, John DeGraw (1306) and Dennis Marsalek (408). The committee met and discussed various aspects of the coating process for the exterior of the building and the options available. Ev-Air-Tight, LLC gave a general estimate of \$1.5 million for coating the building with a silicone coating. The present coating is an elastomeric product. A silicone coating would have a 20-year useful life with periodic topcoats. The present elastomeric coating has a six- to eight-year useful life, according to the 2020 Reserve Study. Presently, the re-coating is phased with the outside (exterior) and the interior (rotunda) areas being the two major phases. The Reserve Study projected that the exterior area would be re-coated in 2025 at a cost of about \$365,000 and the rotunda area to be done in 2028 with a cost of \$410,000. They phases repeat every eight years in the Reserve Study. (The Reserve Study used a 2% average inflation factor.) A preliminary look at the historical costs shown in the committee's report was \$1,451,200 from 2009 to 2020. Robert also reported that in discussing this with Larry Genovere, the president of Ev-Air-Tight, Larry raised the matter of the window caulking. They need to be redone periodically and are due to be re-caulked in the next few years. They are presently a urethane product. He suggested that the board consider a new silicone coating and re-caulk the windows with a silicone caulk at the same time as it would result in a better application and co-ordination between the two. Re-caulking the windows was not included in his general estimate and would be about an additional \$300,000. Robert also reported that there are currently about \$100,000 for repairs to the existing coating that would

have to be made in any event if the current coating is reapplied but could be delayed and ultimately avoided with a silicone coating in the next year.

The committee recommended that the association retain a professional engineer experienced in exterior coating or commercial high-rise buildings to plan the project, prepare the request for bids, evaluate the bids and supervise the work. Kirk Parsons of ETC is familiar with the building. Robert spoke with him and he will prepare a proposal. The board will be able to decide how extensive it would like the professional engineer to be involved. It was the sense of the board that Robert obtain a written proposal from ETC in this regard.

Committee on Committees

Randy Ditch presented the Committee on Committees report. He reported that the committee had met and discussed the pros and cons of committees as they relate to the effective management of the condominium. He identified two types of committees, ad hoc committees which would be appointed for a particular purpose such as the Roofing Committee or the Coating Committee; and standing committees such as a Finance Committee, Safety Committee and Property Management Committee. Each committee would be chaired by a board member who would report to the board and be the liaison between the committee and the board. He reported that the committee would meet again to flesh out these ideas further and recommend specific committees and their responsibilities.

Property Maintenance Report

Randy reported that he had prepared a spreadsheet of property maintenance issues that need to be addressed and can be updated as items are completed. It would be distributed to 1-Stop and the board. Priorities can be assigned. It is a way for the board to follow the progress of maintenance items and manage them more effectively. He will maintain the list and circulated it regularly. He is also looking into having a more formal scheduling of regular work and cleanings that should be performed by 1-Stop.

Old business

Incident Reports and Procedures

Rosey Whittaker presented the draft proposal and forms to report incidents that occur on the condominium property. It is important to keep an accurate list of incidents to protect the health and safety of owners, guests and others who are on the property. It was a sense of the board that the policy be made a part of the operating policies and the office manual. Lacey will be advised of it and can incorporated it into the office manual she is working on.

It was suggested that the Antigua employees have a badge that identifies them as employees.

Unit leaks

Robert reported on the proposal by Ev-Air-Tight to remedy leaks in three units, 504, 604 and 908. In addition to the proposal, he also received an oral proposal through Joe Leonetti, Sheri's husband, who is in the construction business. Joe spoke with two construction companies who said they would re-caulk the three windows for \$8,700. Written proposals have not been received from them. Joe described the work they proposed. Instead of using scaffolding hanging from the roof, they would use lifts to reach the windows from the ground. They would remove the existing caulk and re-caulk the entire window structures. The difference between the two proposals was that while both would re-caulk all the windows, Ev-Air-Tight would also address the cold joint in two of the units (604 and 908) and re-glaze the window glazing on the third unit (504).

Robert reported that he felt that the Ev-Air-Tight proposal was more comprehensive. He spoke with Larry Genovere, the president of Ev-Air-Tight, who is very familiar with the building. Robert felt that the more comprehensive approach would be more likely to result in solving the leak problems more quickly. The Ev-Air-Tight contract is for \$13,760 and the other contractors orally quoted \$8,700.

There is also a leak in unit 603 which is similar to the leak in 908 and needs to be attended to as well.

The board voted unanimously to go forward with the Ev-Air-Tight proposal as it will be modified. Robert will contact Ev-Air-Tight have the leak in 603 added, and have the cost of the re-glazing the glass on 506 itemized. The caulking of the joint between the window with the concrete building is a common expense but replacing the glazing on the glass is an individual unit owner expense. If the owner wants the glass re-glazed, the owner will need to pay for that.

Door Repairs, Painting and Color.

The board at its June 21, 2023, meeting voted to repair, replace and paint the four ground-level doors in the pool area. The color chosen was the same as the Antigua sign on the front of the building, Sherwin-Williams' Adriatic Sea. The question before the board at this meeting was what color the unit doors should be painted. There have been multiple requests by owners who need to or want to paint or replace their doors and do not want to paint them twice. Four shades of blue were circulated and small paint chips put on unit doors. The matter was discussed.

One director was of the opinion that the color cannot be changed without approval of the owners at an owners' meeting at which the color and the cost is known. The director also was of the opinion that the unit doors could not be painted a different color although the owners will incur the expense of painting because the common doors would have to be painted the same color and that would have to be approved by the owners at an owners' meeting at which the color and cost was known.

Rosey moved to table the issue of the color to paint the doors to the October owners' meeting. Kat seconded the motion. The motion failed on a vote of 3 to 6. Kat, Rosey and Ellen voted in favor of the motion. Mike F., Mike K., Mary, Randy, Sheri and Robert voted against the motion.

The question of the color to paint the unit doors was discussed further, particularly that Sherwin-Williams' Adriatic Sea could be too dark on the unit doors.

After discussion, Ellen moved that the Sherwin-Williams' Fountain color be selected to paint the doors. Sheri seconded the motion. The motion failed by a vote of 4 to 5. Mike F., Mary, Randy and Sheri voted in favor and Mike K., Kat, Rosey, Ellen and Robert voted against.

Robert moved that Ellen and Sheri be appointed to pick a new selection of blue colors on the lighter blue side such as the Sherwin-Williams' Fountain and that the selected colors be painted on various unit doors so that owners can see them and comment on them. Patty Brann (301), Rosey (302), Mary (606), Randy (706) and Mike K. (805) all volunteered to have their doors painted as samples. Sheri seconded the motion. The motion passed on a vote of 8 to 1. Mike F., Mike K., Mary, Randy, Sheri, Rosey, Ellen and Robert voted in favor of the motion; Kat voted against it.

Adjournment

Mike noted that the meeting had been lengthy and that it was almost 11:00 p.m. Without objection, he reported that he would follow up with our consultant about the AT&T antenna matter. He was concerned that the matter was not being prosecuted timely. The discussion on owner statements and the late charge policy was postponement to the next meeting. The fall owners meeting will be held in person and an appropriate meeting place will be located. The office manual is being prepared by Lacey.

Mike K. noted that one of the owners had made a tremendous effort in digitizing the building blueprints. They had previously been in one of the storage areas in the building and were deteriorating. It was a major undertaking. Mike felt that the board should show its appreciation for the effort, perhaps with a gift card to a restaurant in Ocean City. There was a brief discussion that showing appreciation for one owner without showing appreciation for all the others who have made contributions would be a sign of favoritism. Mike withdrew his motion and said he would provide suitable appreciation personally. Two other board members said that they would be glad to join in the appreciation gift.

Rosey made a motion to adjourn which was second by Sheri and was passed unanimously. The meeting with adjourned at approximately 11:00 p.m. The next meeting of the board will be held on August 16, 2023 via Zoom.

Respectfully submitted,

Robert Mayer
Secretary