

Antigua Condominium Association
Minutes of the Meeting of the Board of Directors
(Executive Session)

April 29, 2024

The meeting of the Board of Directors of the Antigua Condominium Association was called to order by Mike Falkner, president, on April 29, 2024, at 7:00 p.m. The meeting was held via Zoom. The following directors were present: Mary Dischinger, Randy Ditch, Mike Falkner, Kat Ilkhani, Mike Keenan, Robert Mayer, Sheri Miller, Ellen Schweiger and Rosey Whittaker. A quorum was present.

Kirk Parsons of ETC, the condominium’s consulting engineer, was present via Zoom.

The meeting was held in executive session pursuant to Maryland Condominium Code §11-109.1(6) to consider the terms or conditions of a business transaction in the negotiation stage.

Responses to Further Inquiries. Kirk Parsons brought the board up-to-date on the responses to his requests to Ev-Air-Tight, Northern Construction and East Coast Construction. Ev-Air did not respond. Northern responded that they felt that they had accurately calculated their bid and were not making an adjustment. They noted, however, that they included coating the first floor which was actually part of the rotunda phase. They were leaving the bid as-is. This effectively lowered their base bid by the value of the work on the first floor. Kirk estimated that it would reduce the base bid from \$1,545,482 to about \$1,495,000, about a \$50,000 reduction.

East Coast responded with:

- a. a 5% reduction on its base bid, from \$1,066,611 to \$1,013,280.45, a reduction of \$53,330.55.
- b. They would bond the job at 1.5%.
- c. They will remove the existing coatings mechanically and collect the dust with a HEPA vacuum. Once awarded the contract, they would like to experiment with the vapor blasting method and report their findings to the board.
- d. They could start work on October 1, 2024 and have enough time to complete the project.
- e. They would adjust their schedule to accommodate year-round residents.

East Coast provided a list of jobs they had completed and described their management team and process.

East Coast Construction. Kirk addressed East Coast’s original proposal to use vapor blasting and mixing sand with the silicone coating rather than first applying a skim coat. The vapor blasting consists of using air, water and crushed glass to remove the texture. The crushed glass is the abrasive material and the water is to reduce the dust. They would have a netting on the swing stage to capture the dust and debris, but Kirk does not think that it would be effective and that the dust and debris would go everywhere — neighbor’s property, the pool, the balconies, the storm sewers, the dunes and the beach. Overall, that is not a good scenario. The application of the silicone coating by mixing sand with the

silicone coating and applying it directly to the concrete was something he had not seen done with a silicone coating. He had seen it done with acrylic; however, he was concerned about the imperfections in concrete. For example, there are “bug holes,” small holes in the finished concrete. He was skeptical that this method would fill them and cover other imperfections. All the imperfections are normally covered when a skim coat is applied and the coating is applied on the skim coat. Ev-Air and Northern would use a polymer mix for the skim coat.

East Coast agreed to switch to mechanical grinding with HEPA vacuums and to apply a skim coat. They would not increase their price. They still would like to experiment with the vapor blasting. However, the contract would be for mechanical grinding and the application of a skim coating. Any change to vapor blasting would be by change order approved by the board, which it would not be obligated to agree to.

Kirk was asked about East Coast’s workmanship and the quality of its work. Kirk has done fewer jobs with East Coast than Northern or Ev-Air. The work he had seen was well done. Communications were good. He had not heard any negatives about them. They manage their jobs differently than others, but he is use to that now. Kirk said he would ask for contacts at the buildings East Coast listed and would look at the work and speak with the owners.

The bids for the exterior and the balconies for Ev-Air and Northern were \$2.0 million and \$1.8 million, respectively. Northern included the first floor, a value Kirk estimated at \$50,000. East Coast’s original bid was \$1.2 million. The 5% discount and the addition of the first floor probably balance each other out. The addition of the bond would add about \$17,000 to \$18,000. There is a significant difference in price. There was a discussion of whether the low bid was “too good to be true.” Kirk does not know how they constructed their bid. He noted that mechanical grinding and vapor blasting had different considerations. Vapor blasting may require a lot more hours of clean up than mechanical grinding. That could be part of the reason there was no price adjustment in switching to mechanical grinding.

The bond was discussed. It is not an insurance policy, but provides a means to complete the job if East Coast does not complete it. Kirk cautioned that bonding companies do not like paying out on bonds and scrutinize everything so that they minimize their payments. They are less effective in resolving quality of work issues at the end of the job than stepping in to finish a job the contractor does not finish.

Kirk felt that East Coast had appropriate insurance and a sufficient umbrella policy.

Other matters were discussed. Kirk was asked about the effect of weather on the concrete between the time the texture is removed and the new texture and coating applied. He did not see any adverse effect to the exposed concrete, even if it were exposed for a month. The sealant should, however, be reinstalled the same day that it is removed. He had not spoken with East Coast about the sequence of their work. Typically, the existing texture will be removed, concrete repairs made and the sealant removed and reapplied. A second team may follow the first removal team and apply the new texture and coating. They will probably want to wait long enough so that the dust and debris from the grinding will not land on the new, wet coating.

The board discussed the bids with Kirk. He discussed the numbers, including a contingency and ETC’s fee. Northern does not bond its jobs. In a case like this, Kirk increased the retainage from 10% to

20%. This job is primarily labor without a large initial cost for material. A higher retainage works well in these circumstances.

After the board finished reviewing the bids with Kirk, Robert moved and Ellen seconded that the East Coast bid be pursued and accepted, contingent on Kirk's review of East Coast's work on other buildings in Ocean City and his discussions with the owners. The contract will be for mechanical grinding, a skim coat and the coating of the first floor. The motion passed unanimously. The directors voting in favor of the motion were Randy Ditch, Mary Dischinger, Mike Falkner, Kat Ilkhani, Mike Keenan, Robert Mayer, Sheri Miller, Ellen Schweiger and Rosey Whittaker.

Funding the Coating Project. Kirk described the billing cycle. If work begins on October 1, 2024, the first invoice would be before the month of October and would be due and payable within 30 days. He thought that the first payment would be about the middle of November and then monthly thereafter. The monthly payments should be relatively the same since most of the work is labor and is evenly distributed over the project. He expected the work to go on for more than 120 calendar days, perhaps five or six months.

Kirk left the meeting and the board continued to discuss the funding of the project.

Use of the Reserve Fund. The board looked at the Reserve Fund and future demands on it. The intent is to take as much from the Reserve Fund as appropriate to pay for a part of this project while leaving sufficient funds to avoid a special assessment during the next five years. One consideration is that the current Reserve Study was done in 2020 and needs to be updated. It assumed a 2% inflation rate, a rate that has been exceeded. In addition, there are prospective projects that were not included in the Reserve Study. One is to replace the Schedule 40 horizontal geothermal pipes in the first-floor soffit area with new Schedule 80. It is old and brittle. The geothermal cutoff valves are aging. The project can be done in connection with the 2027 rotunda work. Another is the renovation of the poolside bathrooms. While there are some funds in the Reserve Study for this, it is not clear what should be done and the amount in the Reserve Study may not be adequate. The security system that the board is looking at is likely within the amount set out in the Reserve Study. The overall concern was how current the Reserve Study is. It is required by statute to be updated every five years. In light of the recent inflation, the board may commission an update earlier.

After discussion, the board reached a general consensus that \$400,000 could reasonably be withdrawn from the Reserve Fund for the exterior coating project.

Special Assessment. The total bid for East Coast is about \$1.4 million. The consensus of the board was to budget \$1.5 million for the project. This gives enough flexibility to cover any additional contingencies that may occur. In the event that the Reserve Fund is fully funded and a portion of the amount to be raised by a special assessment proves unnecessary, the board can remit or reduce the last installment to fit the circumstances.

The special assessment will raise \$1.1 million. The per unit assessment is \$10,600 which is the rounded prorated amount.

There will be four equal payments of \$2,650 each, due every other month beginning September 1st and continuing on the first of November, January and March. The condominium fee payment policy

will apply. That is, a late charge will be applied for installments not received by the fifteenth of the month.

Robert moved and Rosey seconded that the Board recommend that the owners adopt at the May 2024 owners' meeting a special assessment of \$10,600 per unit, payable in four equal installments of \$2,650 each, commencing on the first day of September 2024 and continuing on the first day of November 2024, January 2025 and March 2025. The Condominium Fee Payment Policy will apply. A late charge will be applied to any installment not paid by the fifteenth of the month in which it is due. This recommendation is contingent on Kirk Parsons' favorable review of the buildings East Coast has worked on in Ocean City and his discussions with the owners and the board's review. The motion was adopted by a vote of 8 to 1. The directors voting in favor of the motion were Randy Ditch, Mary Dischinger, Mike Falkner, Mike Keenan, Robert Mayer, Sheri Miller, Ellen Schweiger and Rosey Whittaker. Kat Ilkhani voted against the motion.

There being no further business, on motion made by Robert, seconded by Rosey and unanimously approved on a voice vote, the meeting was adjourned by Mike Falkner at 9:58 p.m.

Respectively submitted,

/s/ Robert Mayer

Robert Mayer
Secretary