Mountain River East Condominium Association

Minutes

MRE Labor Day Meeting
September 5, 2026

Board Members in Attendance:

Marlena Meier	President
Richard Klotz	Vice President
Jennifer Smith	Treasurer
Gerard Perry	Member at Large
Gary Belastock	Secretary

Meeting called to order at 9:30 AM by Marlena. Board introductions were made.

Gerry asked to make comments:

- He apologized to the association and said he should have asked more questions as a unit owner before joining the board.
- He made it clear that he was making no implications of blame to the current or past board.
- He asked for the association's support of the current board and stressed that it's important for everyone to be kind.

Jennifer asked to make comments:

- She also apologized to the association and said it's been a very dynamic time. She felt as if she didn't get great guidance but has done the best she can.
- She feels that the new policies and procedures in place to monitor and control finances will set the association and the board up for success moving forward. It's time to move ahead.

Richard asked to make comments:

- He didn't feel as if he needed to apologize, as he just learned about the association's finances when he joined the board 104 days ago.
- He mentioned that Tim did a great job in branding the MRE community as a great product.
- He was very surprised about the condition of the reserves upon joining the board.
- Although there have been bumps in the road and gaps in communication, it's been the learning curve, and he feels that this current board has put in place measures to ensure that that doesn't happen again.

Financial overview -
Gerry introduced Diane Rhode, CPA, and provided a financial overview of what led us to this point and what we need going forward. Diane has been engaged by the board as of July 2026 to provide more regular oversight, analysis and guidance, as the association is now managing close to a half million-dollar operating budget.

- Diane explained the reasons for MRE engaging her and explained the trend in the reserve balance versus expenses.

- She indicated that in fiscal year 2024 an inflection point occurred where expenses were increasing faster than reserves. There were no reserve contributions made by the association in fiscal year 2024; they did resume in fiscal year 2025.
- The previous roof assessment account has really turned into an infrastructure account, and she will be making changes to consolidate and rename accounts more reflective of their purpose. A reserve special assessment was increased from $100,000 to $200,000.
- At the end of July 2026 we were at a 5.3% reserve balance. This is dangerously low and put us in jeopardy of being able to pay our bills. The board approved a $165,000 assessment to make us solvent to pay these bills and bridge the gap until our next billing cycle in October.
- She did indicate that there seemed to be a communication issue previously, but this current board has been actively communicating with her and has taken necessary steps to improve financial stability and prevent future occurrences.
- She indicated that our average reserve funding was 19% since fiscal year 2022.
- In fiscal year 2027 we will be at 33% after all reserve transfers have been made.
- Some of the larger lenders like Fannie Mae have a 10 to 15% requirement of reserves to approve lending.
- The State of New Hampshire does not require an association to contribute to reserves; however, it is important that we do. The board is working to maintain an increase to reserve levels. The $165,000 special assessment will go entirely into reserves. As of the end of August of this year we are at a 21% reserve level.
- Diane reviewed reserve status and standards. Operating budget to expenses have always been tight and will remain that way. The review of the fiscal year 2026 budget versus actuals was performed, and it was determined there were no cash discrepancies, just a few expenses that may need to be reclassified, which has been done.
- A review of fiscal year 2027 to date has required reclassifying a few expenses and shows, as of the end of August, a combined net income of $3,300.
- She stressed that the board is a volunteer board that should show care, loyalty and good faith, and did so in implementing the special assessment.
- Some measures for better internal controls have been put in place, including the board approving expenses submitted by MRPM. The full board will receive monthly financials. Diane will provide periodic review and oversight to the board. A better control over capital projects, where the board can determine sooner whether any projects may have gone off the rails in terms of expenses. She emphasized that the board has a fiduciary responsibility to benefit all owners.

Recommendations:

Diane recommended continuing special assessments in the October billing cycle for another year to get us from critical to fair. This assessment will be in the amount of $200,000 in total. She recommended segregating reserve funding in invoices so there is more transparency for unit owners. She recommended that the board implement an HOA portal for the board and for owners. She mentioned that New Hampshire does not require a forensic audit, as it is a third-party expense and can be costly. She also stated that there were no cash balance discrepancies in fiscal year 2027.

Gerry thanked Diane for her presentation and guidance.

Jeannie Cola, Unit 14, asked, after the courts and decks assessments, why there have been huge overruns and what the reserves were used for. Thirty percent of the overall budget is where reserves should be, and we were drastically below that. Gerry reiterated that at the end of July our reserves were at 5.3%. Although there were slight deck overruns, the problem was with building repairs and costs that got out of control. We budgeted $100,000 for buildings and have come in at this point at $400,000. Money was coming from both operating and reserve accounts in order to pay bills. He emphasized the need again for the $165,000 special assessment just to pay for remaining projects of decks and building repairs. There has been a two-pronged approach by the board. First was the $165,000 to pay bills currently, and the second was a vote by the board to continue our infrastructure assessment for another year to get our reserve levels back to a fair level.

Richard reviewed previous minutes and found that there were previous mentions of escalating repair costs, and that there was a gap in communication.

Nancy Burns asked, going forward, for a timeline of when things will be OK. Gerry said that the $165,000 will finish our current projects and had to happen, but after this $200,000 assessment for another year, barring any unforeseen major expenditures, we should be OK. He also mentioned that we are in discussion regarding scope of services with Diane, and encouraged other volunteers in the association to step forward to help provide some professional guidance.

Jerry, Unit 56, asked for clarification on the roof assessment account since all roofs have been replaced. Where is that money being spent? Gerry said that we are consolidating our chart of accounts, but that the roof account is now more of an infrastructure account. Money was coming from everywhere to pay for cost overruns. It needs to be clearer where money is allocated and spent.

Richard said that we are improving our adherence to laws to have more meetings, and to explain more clearly if we assess, what that money is being used for, and being sure that it is earmarked for those things.

Rebecca Haggerty asked for a clarification on condo fees and then a separate invoice for the special assessment. It was reiterated that there are two separate issues: a $165,000 special assessment that has been invoiced, and a continuing $200,000 assessment that will run for four more quarters starting in October of 2026.

Frank Lajeunesse asked that when we started to realize that things were going bad, were there other options? The other options were mainly to pause projects to spread out payments, but we did not do that.

Jeannine Murphy stated that advanced action would have helped personal financial planning to prepare for this special assessment, which caught many people by surprise.

Jim from Unit 64 has been at MRE for 15 years and commented that there have been extensive reviews to this point about building conditions, and felt that costs should go down once the current repairs are completed.

Gerry agreed, but with a 40 to 50 year old complex you never know. He also mentioned that we have not started to think about garages yet.

Richard mentioned that some of the repairs we have dealt with were due to some original construction issues: drip overlap going the wrong way, improperly cut joints, etc. He also mentioned that rot is being replaced with PVC, which will be a much more long-term solution.

Tim Duggan, Unit 24, addressed options. He commented that at the Memorial Day meeting it was presented that the association was in good shape. Had we known then the seriousness of the financial issue, we could have triaged building repairs and painting. We could have budgeted the underfunded reserves and could have eliminated this crisis management.

Richard mentioned that transparency, and checks and balances, would be put into place to eliminate that moving forward.

Gerry mentioned that hiring Diane Rhode was a good first step.

Dave from Unit 60 asked, once the assessments expire, will reserve contributions be enough to maintain a healthy level? Good question, and the board will address it at that time.

A resident from Unit 35 asked what percentage of condo fees go towards reserves. Diane said that since fiscal year 2022 the average has been 19%. The norm should be 25 to 40%. By the end of this fiscal year we will be at 33%.

Richard stated the next invoices will show reserve contributions of 25 to 30%.

Tom Murphy asked if we have collected the full $165,000 at this point. Also, what are we doing to bridge the gap until it is collected? And is it normal for the property management company to collect these reserves? Since it is in the MRPM contract, it is appropriate for them to collect and deposit these funds and maintain financial records of expenditures and collections.

Gerry stated that Guy and Melissa are on vacation, and that prior to them leaving we had 50 to 55% of this special assessment collected. He anticipates there will be more incoming checks while the Tuchons are away, and we should have more to deposit when they return. Recognizing that this is a financial hardship for some, the board did not take this lightly, but we must maintain our normal procedures for collections, which could include late fees or, as a last resort, liens on property.

Alan Crowe, Unit 8, asked why we hired a CPA. He stated that with Gerry and Jennifer having careers in finance, and Gary with two to three years as Treasurer, he questioned why this is necessary. He asked if, after these assessments, will things be cool? He addressed pavement issues and stated that we are on borrowed time with pavement, which could cost the association anywhere from $400,000 to $600,000. He feels that the assessments will not end, since it is an aging infrastructure.

Gerry said the board thought it was prudent to have an independent person to vet this for transparency, and that a licensed CPA such as Diane was a good choice, and that he had vetted her as a good option since she has been working with MRPM and the association for many years. Since we are hiring her to advise the board, we did discuss conflict of interest issues, since MRPM employs her also. It was determined that there is no conflict of interest. It would also be more costly to bring someone new in to assess and then analyze the situation, since they have no history with MRE and Diane does.

John Sorel, Unit 15, commented that he does this type of thing for a living, working with commercial properties including distressed properties. He has done this type of work for 25 years. He felt that there are no apologies needed and that it's easy to lose track of expenses. He said that changing accounts would help and that the board is doing everything that is needed. It's important to address these things now rather than down the road. He stressed that we are dealing with a 50 year old asset. He recommended that it might be a good idea to do a physical needs assessment by an engineering company that will tell us where any future problems are, which will help the board budget for the future.

Richard said that he had an engineering assessment done for his HOA at home and also felt that the assessment would help. The board will address this.

Steve Ciras, Unit 67, said that this issue is everyone's responsibility. Not everyone is a finance person. He felt that an HOA portal would be very helpful.

Richard said that a portal will have a summary and notes for all residents to see, and any non-confidential information will be accessible. It will also provide highlights to owners regarding problems and decision-making.

Johnny Zima, Unit 10, asked what the cost to date for Diane is and what it would be going forward. Gerry stated that we have spent $1,000 to start and another $1,000 will be due to her. There is also a new scope of services that is being discussed, and Gerry will negotiate with the board's approval.

Joanne Howe, Unit 77, commented that this money is well spent.

Gerry mentioned that Mad River Property Management is doing an excellent job. He also said the board has authority for the special assessment and the ongoing $200,000 assessment. He made a motion to affirm the special assessment, although he said we don't need it as the board has authority to implement them. Tim Duggan said, as a point of order, it was announced that there would be no voting at this meeting. Gerry mentioned it is not a formal vote but more for affirmation purposes. Richard said that Tim is correct and said to strike the motion, as there is no vote needed. Gerry agreed.

Kim Masucci commented that she has been on several boards and understands the need for the assessment, but asked what authority the board has to categorize this assessment as an emergency. Based on New Hampshire law, having inadequate funds does not qualify as an emergency.

Gerry said that the board does have the authority to assess, and we acted quickly to address this situation once we realized how low the reserve percentage was versus upcoming expenses.

Richard consulted the Association's attorney.

Tim mentioned that on July 20th the board notified the association about the need for a special assessment, and considers this to be illegal as all 80 unit owners were not given the opportunity to hear about it and weigh in. Richard stated that the Board consulted the Association's attorney, who advised that this assessment did not meet the statutory definition of an emergency and that ratification by the membership is required. Richard acknowledged this was a misstep and said the Board will correct it by noticing a special meeting. He explained that under the statute an assessment is ratified unless two thirds of all unit owners reject it.

Nancy Burns, Unit 78, asked if there are any choices regarding this assessment. Richard said that the answers are in the financial information and that, in reality, there is no choice. Nancy said that this could pose a problem with people trying to sell their units right now, but feels that the answer is for the association to pay this assessment to return to financial health.

Kim Masucci said that this is a good plan to get us back on track, but that we do need to follow the laws, and that this is a bump in the road. Tim Duggan said that an association should be a democracy and that they were forced into this, and that there was no remote access to information, or no voting. We need to give all unit owners the right to chime in. And that the board is subject to liability.

John Sorel said YES, we need to follow the rules, but there are two things going on. The board woke up in July to a financial crisis, and he does think it was an emergency even though attorneys stated otherwise. He did mention that future assessments are likely and should be handled pursuant to the RSAs. He said what's done is done and that no ratifications are needed.

Fran, Unit 66, asked what brought us to where we are, and what other infrastructure improvements are needed. Although it was determined that some things are unpredictable, she felt that many are predictable and that we need to have contingencies in place for things like roads and septic issues as an example. She feels that this should be done sooner than later. She wants to see a long-term plan.

Richard said that the association's long-term planning tool, the MMR, was not maintained. He said it is the board's responsibility to keep the property maintained, to reduce the need for assessments, and to keep costs in control.

John Sorel commented that there is a plan in place to return us to equilibrium, and did mention that managing a condo association is a financial balancing act. He sees these things very frequently in his line of work.

James Meier stated that there needs to be a long-term process in place and that we should prioritize spending better.

Kim Masucci emphasized again that budget overages don't qualify as an emergency legally.

Johnny Zima asked for the current Treasurer to address how this happened. Gerry conferred with Diane Rhode and said that Diane has addressed this. Johnny then asked Gary, as past Treasurer, to address this. Gerry said that these issues happened before Jennifer had benefited from the transition from Gary as Treasurer. Gary stated that the main source of the financial problems has been the building repair issues. As an association we make estimates of costs, but in dealing with building repairs we don't really know until we start pulling off boards and decks to determine the damage. Buildings 3 and 4 were higher than anticipated; we did not adjust for Building 5 because we assumed that there would not be as much damage based on the building's location. No one on the board is a construction expert, but certainly we could have recognized these trends earlier. But we are addressing them now. Gary mentioned that this problem was going to happen either way; the dramatic cost increase was not something we anticipated. We could have drastically increased condo fees, which would not have been popular. In the long run we are addressing it now with assessments.

Jennifer did say that she joined the board with a finance background, but is not a CPA. She realized when she joined the board how different this was. She stated she has done the best she can and asked questions but, in many cases, didn't get answers. She saw cost overruns in the fall of 2025, and the decision was made by the board to draw from reserves for those cost overruns. She apologized and equated this to starting a new job. She felt there were communication gaps and information was not shared properly. She is focused on getting us back to equilibrium and looking forward, not backwards, to set us up for success.

Tim Duggan clarified that railing replacements were added after the deck estimates came in. It would have lessened the 123% cost overage as had been indicated in the presentation.

Richard then reviewed deck pictures depicting rot and construction issues when initially built.

James Meier said that you can't predict damage until you get beneath the siding.

Bruce, Unit 5, asked if the contractors had anything in the contract to account for overages. Gerry stated that there really was no contract, just a detailed invoice, and that the board needs to do a better job in contract management. Bruce then asked if we were just getting billed for time and materials, which is a YES.

Richard then explained the project underway to upgrade the 49 year old power lines by NHEC. Richard is dealing with the project manager from NHEC on a regular basis and it's been a little bit of a moving target. There will be a need to remove arborvitae trees from underneath the power lines and to replace them with a different species that will not grow as high. NHEC will be paying for this.

There was a question from the audience about whether there would be any community benefit for access and egress to the roads and our property. Richard said that the agreement is to not impact roads and grass. Tim Duggan mentioned that they can do anything within an easement, and that we must do everything to protect our property outside of the easement. Richard explained that NHEC will not let us hedge the current trees and that they are very firm on this. This is why they need to be replaced. The work should start in the next couple of weeks. Access for their work should come from the Benton's property, not ours.

Jennifer provided an update on the siding and trim repairs, and that these will be paid for and finished this year.

Gary reviewed current dog permission policies, parking reminders, winter reminders and trash reminders. He also discussed some vandalism that is taking place around the pool area and some trespassers on the property. Richard and Gerry have notified the police, and they have committed to more frequent drive-throughs and visibility. Richard had a sign put up on the pool gate, and we discussed the need to get security cameras running again. The board feels that much of the vandalism is coming from outside of the association. We emphasized that if there is excessive noise after pool hours, or anywhere on the property, to notify the police so that they can address offenders. Marlena also indicated that it appears to be vandalism due to some of the pool lights being removed. The damage does not look accidental.

Denise asked about a possible lock system for the pool gate, and this will be something that the board will research.

There was a question from the audience about bringing back the recycle dumpster. Gary indicated that the cost associated with an additional dumpster could be excessive. Tim Duggan indicated that it would add an extra $3,500 to $4,000 per year to operating expenses. Gary encouraged people to get a transfer station sticker so that you can drop off larger and unapproved dumpster items, as well as recycle materials if you wish.

Gerry announced that Gary will be stepping down as Secretary effective September 19th. Gary commented that he is thankful for the opportunity to have served, proud of the work that has been done, and appreciative to previous and current board members for all the work that they do. The board is encouraging any association members who wish to fill the vacancy to contact Gerry as head of the nominating committee, and encouraged people with financial or technical backgrounds to please consider it.

Jeannine Murphy announced a reminder of the association pickleball tournament to be held on Sunday, September 6th. Although there are 18 players signed up, she could still fit a few more in.

Alan Crowe mentioned that the condo insurance policy would be going down by approximately $3,000. Gerry is working with James Lease from State Farm Insurance to review coverages and renewals. Alan also mentioned that some association members have not been receiving emails. Richard stated that all up-to-date emails should be in QuickBooks, and that if anyone's email has changed or they are not receiving any association emails, to notify the board and we will correct them.

Tim Duggan commented that assessments and meetings must follow state laws. Will meetings follow state laws? Richard answered that the association is committed to state laws with respect to board meetings and we will be addressing transparency going forward. Tim asked if this is a priority of this board. Richard answered YES, we are working on it and will follow up.

Tom Haggerty asked when laws changed. Richard stated that many laws have changed as the result of the Florida condo collapse, and that lending agencies are making sure that condo associations are fully funded.

Nancy Burns stated that she would like to thank past boards and the current board, and that it's important for people to respect board members at meetings and around the property. She reiterated her support of the board.

Tom Murphy made a motion to adjourn, Janine Murphy seconded the motion, and the meeting was adjourned at 12:10 PM.