

Birches IOWVA Annual Meeting Minutes
10-22-16 10 AM
Holiday Inn Marlborough

The meeting was called to order at 10:10 am. The Holiday Inn charges \$300 for a projector so in the future, Tom states that we can use his.

1. Welcome and Introductions; Dick LaBonte (President) Introduced other members:
Dick LaBonte (President)
Joanne Farnham (Secretary)
Tom Regan (Director)
Glen Dusablon (Director)
George MacKay (Associate director)
Russell Duade (Treasurer)

Owners Present: Baxendale, Ellen units 304-20, 406-6, and 403-30, Clymas, George and Anita 307-5 and 201-42, Domingos, Manuel 201 & 304-42, Evans, John & Helen 404-7&43, Hay, Gordon 201-50, Hayes, John 104-18 & 205-37, Hoyt Jr. James & Marie 106-5&6, Hoyt, Donna 106-11, Hoyt, Susan 404-32 & 405-48, Hoyt, Susan, Donna & Karen 201-12, Kasper, George & Janet, MacKay, George & Arline, Melnyk, Elaine, Menzes, Dorene, Merritt, Vincent & Adelle, Keith, Mott, Walter, Paquette, Jerold, Rivard, Leo & Marilyn, Shosey, George, Souza, John & Linda, St. Jean, Yvonne, Wong, Elizabeth.

There were a total of 40 owners present, 137 proxies to the board, and 21 proxies given to individual board members.

2. **Certificate of Quorum:** Attorney Jerry Pacquette stated that we had 11 owners over the total amount for a quorum.

3. **The 2015 Annual Minutes** were approved with the change added that Brice Fitzgerald made the motion to accept 2014 minutes. Glen Dusablon made a motion that we accept the minutes to the 2015 Annual meeting seconded by Jim Hoyt. All were in favor, none opposed.

4. **Air Conditioning/Heat Pump study:** Joanne Farnham presented the information gathered on how we should be looking at the AC/Heat Pump units. Since we did not have a projector, a signed sheet with names and email addresses were given to Joanne to forward the information of the Power Point presentation to those that are interested.

5. **Treasurer's Report:** Russ Duade:
Begin with the **IOWVA 2017 Operating Budget** 5 columns-two prior years actual, 2016 budget, 2016 projections, and budget for 2017.

Owner Maintenance Fees- 2016 actual is coming in below the budget-due to the fact that there are less unit owner units and more owned by our association. In 2015 we took back 20 units and sold 6 units-that's loss of 14 units paying maintenance fees. To meet income requirements for 2017 we are raising base maintenance fees by 4%. We are not increasing the hot tub fees, or the winter surcharge for weeks 1-12 and 46-52. Some units might see modest increase in RE taxes to reflect increase from WV. (ranges from \$1 to \$4) No question priority for 2017 has to be sale of units-need a champion to pick up that work.

Rental Income-amount we collect on behalf of the owners renting their units. The next line **Owner Payments** is the amount paid to the owners after a 25% commission. This should result in \$2000. income in 2017 to Association. **IOWVA Use Income** is fees collected from owners and others for the use on units owned or controlled by the Inns. **Sales Income** is well below budget for 2016 and the budget only includes \$3000. for 2017. This opportunity to exceed the revenue budget-but as Russ explained we need someone to volunteer to drive a campaign.

Total Income is projected in 2016 to be \$413,346-or about \$12,000 less than budget. This is largely due to the 4% maintenance fee increase, 2017 income is budgeted at 425,403.

Expenses

Administrative Expenses-largest category of our expenses. **Accounting Expenses** are projected to be \$5,000 versus budget for 2016 of \$6,000. We expect them to be the same for 2017. Our accountant is Diane Rhode, CPA located in Plymouth, NH. **Bad Debt** represents owner maintenance fees not collectible. The projection for 2016 is \$6,000 and the same for 2017. Our percentage for the industry is actually quite low thanks to our loyal owners and strong collection procedures. **Insurance Property/Liability** is a big item and includes insurance property insurance, liability insurance, an umbrella policy, and Directors and Officers insurance. Projecting \$14,000 in 2016 and a modest increase in 2017. **Workers Compensation-**difficult to plan. Thanks to favorable experience we have received credits the last few years. Projecting \$3,500 in 2016 and \$4,200 in 2017 in case we do not receive credits. **Legal Expenses** are net for expenses billed to owners as part of the collection process. Projecting \$4,000 in 2016 and \$5,000 for 2017.

Wages/Other Compensation is our largest expense item and includes salaries paid to staff as W-2 income as well as 1099 compensation to our bookkeeper, Nancy Guilmet. projecting that we will come in on budget in 2016 of \$151,000. The budget for 2017 assumes an increase of 3% or \$156,000.

Total Administrative Expenses are projected to be \$205,200-less than 2016 budget. The 2017 budget is \$215,850 an increase of 5% over the 2016 projection.

Maintenance Expenses-The largest item of expense in this category is **Maintenance and Repairs**. There are always issues requiring repairs if we want to stay on top of things. Russ is projecting that we will spend \$28,000. in 2016 which is the budget, and we are budgeting the same for 2017. **Hot Tub Testing/Maintenance** is a tough item to plan for. A couple of years ago we instituted an outside service to perform weekly service for the four hot tubs, but other expenses came up when parts wear out or tubs

develop leaks. The \$6,000 projection for 2016 and plan for 2017 may be too optimistic. We have good vendors and fixed cost contracts for **Plowing and Sanding, Landscape and Pest Control** and the projections for 2016 and budgets for 2017 are the same.

Utility Expense-The largest item is our **Electricity Expense**. In 2015 we spent \$33,132 and we were worried about rising KWH rates, so we budgeted \$35,000 for 2016. Thankfully, projects to improve efficiency in lighting and heating have paid off, as well as a lower KWH rate from NH Electric Co-op-our utility in WV. So we are projecting 31,500 for this year, and budgeting for 32,500 in 2017. Hopefully, we can improve on that number. On the positive side, our **Water/Sewer/Trash** bill from WV will come in under the \$7,500. budget and we are projecting \$6,000 for 2016 and 2017. The town has gone to metering water usage and the Birches uses less water than the town had been estimating-resulting in savings.

Guest Services- Cleaning and Consumables expenses have proven fairly predictable and we are projecting \$9,000 for 2016 and likewise for 2017. **Sports Center expenses** are fixed through most of 2017 so 2017 budget does not anticipate large increase. **Room Inventory** fluctuates based on replacement programs that the board votes to take on. In 2015 we spent \$37,759 primarily since the Board authorized new window blinds for all the units and 11 new sofa beds. The 2016 projection is \$18,000 and the 2017 budget is \$25,000. in anticipation of the Board authorizing the purchase of more replacement furniture, sofa beds, and mattresses.

Taxes- Payroll Taxes are a function of our W2 expenses which are up in 2016, so we have higher payroll taxes. We are projecting \$12,500 in 2016 which is less than the budget, and the budget for 2017 is \$13,000. **Property Taxes** paid to Waterville Valley went up in 2015 when the mill rate was increased by 7.9% and we paid \$22,895. There was no new information as to the 2017 rate at the time the budget was set.

Total Expenses-are projected to be \$409,550 which is over \$10,000 less than the 2016 budget. The budget for 2017 is \$430,050 which is a 5% increase over 2016 projection. Most of the increase is in higher Administrative Expenses and Room Inventory.

In terms of overall revenue surplus or deficit, we are projecting revenues to exceed expenses by a modest \$3,796 in 2016. For 2017 we are budgeting for a deficit of \$4,647. If we can improve on **Sales Income** we can make up that difference.

Also please note that the **Replacement Reserves** of your Association have held steady at around \$95,000. and your Board has elected to pay for things out of the operating funds. Moving to the **Balance Sheet** as of July, 2016 some key items to point out: **Checking Savings** represents the deposits in the bank to support our operational expenses. Also item 1015 Reserve Special Assessments (\$65,895.73) represents money collected from owners for the special assessment. More discussion of that later.

Accounts Receivable are maintenance fees and other fees such as Special Assessments **owed** to the Association by owners. There is an **Allowance for Bad Debt** offset which was developed by our accountants to represent funds that were likely uncollectible.

Under **Other Current Assets** two items of significance are item **1210 CD** which represents \$61,409.97 in Certificates of Deposit for most of the Replacement Reserves. The rest of the money is held in **1230 Northway Reserve MM** (money market)

On the next page you will find the **Profit and Loss Previous Year Comparison** which shows revenues and expenses thru July 2016 and then compares it to July 2015. **YTD Total Income** is about \$3,000 less than income at this time last year. Despite **Salaries and Wages** being up by about \$7,000 over last year, total **Administrative Expenses** are up only \$644 compared to 2015. Total **Maintenance Expenses** are up about \$10,000 from last year due to repairs and materials. Total **Utility Expenses** are down around \$3,000 primarily due to the lower electricity expenses. Total Guest Services are down \$34,402 from 2015, and this is due to Room Inventory expenses last year for new blinds and sofa beds.

Through July, revenues exceeded expenses by \$14,300. However, \$4,500. of this is due to bank error which was corrected in August. We also anticipate electrical work that needs to be done this year, as well as the purchase of some replacement furniture and mattresses.

Finally, Russ would like to move to new report entitled **Inns of WV Association Special Assessment as of July, 2016**. At the time we made the assessment we said that we would segregate the funds in a separate bank account and that we would itemize any expenditures voted by the Board. Reports shows that as of July, 2016 we had collected \$84,553, spent \$18,657, and cash available is \$65,896. Since owners could pay the assessment over 3 years we are still receiving money, but the vast majority of the owners made one time payment (thank you).

A motion was made to accept the Treasurer's report by Lynn Rivard and seconded by Ellen Baxendale. All were in favor and none were opposed.

George MacKay Building Report:

Facility Improvements since the last Annual Meeting:

- Driveway
- Upper & Lower Parking Lots
- Additional Dumpster Enclosure
- Front Deck & Planters
- Framed bulletin board and improved entry vestry
- Walkway around West end of building
- Security System
- Lobby-65" flat screen TV for group viewing
- Flat screen TVs in all 19 Master Bedrooms
- Completion of LED lighting in all common areas, plus Upper Parking Lot

- New couch and chair combination-continuation of sleep sofa replacement
- Vermont Castings "Radiance" gas-fired stove-beginning of gas-fired "log" stove replacement program
- Improved stainless backsplash where needed

3-year Building Improvement Program

For the past several years it has been obvious that our parking lots and entry drive were in need of major repair. This was one of the factors in the recent request for the 3-year building improvement program.

Your entry and arrival is now a smooth "Landing" On the lower lot we added crushed stone and formed a slight dome effect to enhance water run-off-both downhill and to the sides-with drainage contour.

We added a "Bear Fortified" bin for Recycle materials, and made the area in front of both "Level" so the Town Truck would be "Happy". No longer do they use chains to pick-up IOWVA trash.

Gail has beautified the Vestry and Bulletin Board and added Lock Box Key Information.

7. Board Elections:

Russ Duade term is up but he states that he is willing to stay on as an associate member to help with the transition.

Tom Regan's term is up and he would like to retire.

George MacKay is an associate member but still does building reports.

Linda Souza has owned for one year and is a building manager in Methuen.

Carol Dusablon: willing to work as associate but Doreen made a motion for Carol to take the 3 year term, seconded by Linda Souza. All were in favor, none opposed.

Carol Dusablon nominated Linda Souza for the 2 year term which was seconded by Doreen. All were in favor, none opposed.

Russ will remain as an associate.

Old business: We need handles for our tubs per Glenn as we had a man with knee surgery had a slip and fall in the tub.

Meeting was adjourned at 1pm.

