

TREASURER'S STATEMENT

By Terri Lacoff

2015 Unit Owners Annual Meeting

November 16, 2015

Under the BHTC Code of Regulations, Council is required to prepare and adopt an annual budget that reasonably estimates the funds required to meet our annual expenses. Unlike Budgets presented in the past, I have prepared a budget that I believe realistically projects our 2016 expenditures for each expense category.

Upon review of our 2015 expenditures, and as a result of the significant spending cuts we achieved since the appointment of the new Council last October, I am proposing no increase to the condo fee for the 2016 calendar year.

Property maintenance, snow removal, landscaping, and management fees represents a significant portion of our Budget. For many years, these services came at a high cost with mediocre results. Therefore, replacing the contractors and managing agent was my immediate focus and goal upon my election to Council last October.

I am pleased to report the goals I set were achieved. Our new snow and landscaping contractor has resulted in savings of 50% to 60% in our snow service rates compared to previous contractor's rate, and our rates will remain unchanged for this coming snow season. The landscaping maintenance has been reduced by over \$2,500 compared to our previous provider, and we are receiving more services.

Our new property maintenance contractor has performed quality work at rates considerably lower than our previous contractors. We will continue to strive to work within our maintenance expense budget, but due to the nature of the industry, our contractor's availability could be limited at times. I hope to find another qualified, reasonably priced contractor as a backup, but doing so is easier said than done.

Our final significant spending cut was in the Management Fees. Our management agreement with Conway Management Group was negotiated on the basis of Council taking a very active approach in managing our community. The availability of property management companies for our modest needs and budget are very limited. The 2016 Budget reflects Conway Management's intention of a 6% increase to their fee effective March 1, 2016. I do not feel this sizable increase is justified considering the role Council Members have taken and will continue to take in managing our community. Our active participation results in less of a burden placed on the managing agent. I have communicated such to Jim Conway and hope to revisit this fee increase with him in the coming months.

The 2016 Budget reflects a significant increase in our insurance premium. Our policy increased by \$10,300 or 66% from last year's policy. This \$10,300 increase alone is equivalent to \$143/year per each unit owner, or approximately \$12/month per unit.

So rather than coming to you tonight proposing a condo fee reduction, we are very fortunate we made the aggressive spending cuts we did, or else we would be looking at an increase of at least \$20 in our monthly fee.

Lastly, I would like to address the issue of our condo fee delinquencies. The execution of our collections policy was another critical area I felt needed immediate attention. In addition to the monthly procedure of assessing late fees and issuing of late notices, I want to assure the unit owners, for those unit owners in delinquency, we are working closely with our attorney. In addition, I, personally, searched for and ultimately discovered a particular strategy I felt may be an effective direction to take on particular delinquent unit owners. I consulted with our attorney, and he agreed this is a viable option. We are only in the early stages of this process, so I cannot form an opinion as to whether this direction will be worth the result and legal expense. But Council all agrees something has to be done to eliminate this debt owed to BHTC. Unfortunately, there could be instances where BHTC never recovers the monies due.

The bottom line item of the 2016 Budget indicates a Net Operating Income of \$4,207, but we expect to have condo fee delinquencies that will exceed this amount. Therefore, the Budget does not have much wiggle room. But with an aggressive approach in pursuing the delinquencies, along with a mild winter, no catastrophic repairs, legal action going in BHTC's favor, and the commitment Dick and I have made to be active in managing our property maintenance, we hope to keep within this budget. Nevertheless, the operating account has some excess cash to allow for a Budget shortfall.