

LIFTSIDE REGIME DIRECTORS' MEETING
Teleconference - Minutes
Thursday November 17, 2016

Attendance:

Ernie Simuro, Director	LS 4
Jim & Mary Lynn Barker	LS 6
Marvin Block	LS 7 & 8
Michele Cloke, Director	LS 12
Lucia Homick & Jack Pruiksmas	LS 19 & 20
Kent Weber, Director	LS 24
John McDowell	LS 30
Dennis Uhrich	LS 43
Joe Ingram, SNHA Executive Director	

The meeting was called to order at 7:35 p.m. The purpose of the meeting was the adoption of 2017 Liftside Budget by the Directors.

Michele Cloke was appointed secretary for the meeting.

Financial Reports: Joe reviewed the Balance Sheet and Budget Proposal. Reports are available online at <http://www.snha.net/regimes-a-buildings/liftside>

- Receivables are high because the assessments have not been received from the resort. We have 2 delinquent accounts.
- Liability section – Liftside pays SNHA for the Homeowner basic service fees and other fees. These amounts are periodically transferred through the year so not draw down the cash.
- Reserve fund is showing \$84,782. We are in the process of rebuilding from the renovation project. A large portion of the \$103,000 amount will go into the reserve account. We will open the separate account when we have sufficient fund to do so.

Budget 2016, actual and projected income and expenses were reviewed. and the proposed 2017 were reviewed:

- Income in 2016 is from the regular assessments and special assessment for hallway project to pay back the reserve fund for the funds used.
- The plan shows and increase in the regular assessments by 4.5% each year for the next few years to bring the Reserve fund up from the 2015 draw down to address items in the hallway renovations that were not on the plan.
- Outside Professional Fees in 2016: Directors engaged an attorney re: flood. The attorney drafted a letter signed by the Directors to the resort advising them of the Liftside Association's position on the 2014 surface water flooding.
- Architect, John Doane, was hired in 2016 to prepare drawings to be filed in Town Clerk's Office to resolve a clear title question that was obstructing all Liftside homes' ability to obtain a clear title.
- **Motion made by Ernie Simuro to adopt the 2017 Liftside Budget** as presented and posted on the web with invoice and collection to be achieved 1st and 3rd quarter in a 60-40% of the total due (\$154,929 Regular assessments), with due dates set for May 15th and November 15th 2017. Kent Weber and Michele Cloke agreed. Smugglers has advised the Liftside Directors that they will no longer collect the Liftside assessments starting in 2017. The Directors have authorized SNHA to invoice and collect directly from the homeowners. It is also understood that the third and final installment of the Special Assessment approved and ratified in 2015 to repay the Reserve Fund for the hallway renovations will be collected as a separate amount from this regular assessment in 2017 in the same 60-40% manner as indicated above. (see the bottom of the 11-17-16 draft budget proposal page posted on the web) link below
<http://www.snha.net/images/docs/Regimes/Liftside/ls%20financial%202016%20ytd%20reports%20and%202017%20budget.pdf>

Discussion of the planning process and format:

- Adding an inflation rate for all items on the LRMP. A set inflation rate does not work for every item, some items have an inflation factor, and some do not. It was agreed that some rate for inflation should be listed for all items.
- The Liftside Directors noted that the purpose of the Budget process is to plan and put money away and build a reserve fund that will reduce, if not eliminate the occurrence of special assessments in the future.
- After the Liftside summer meeting, Marvin Block had presented the Directors a draft budget and long range plan in an expanded format from that which has been used, that he believes would better represent the dedication of funds to specific items of the plan. He believes the Liftside Bylaws and Vermont State statutes require such detail. The Directors have reviewed his draft and while they appreciated his work, believe the format is overly complicated. They recognize the need to identify the contingency amount, if any and designate it as such in the reserves, and have added a line in the plan to identify that amount annually. Marvin disagreed that the current format being used meets the statutory requirements of Vermont's Condo law and requested that an attorney be engaged to issue an opinion on the format being used for the plan and for addressing the treatment of any year end surplus or deficit funds.
- Joe will contact other regime directors to inquire if they want to share expense to engage an attorney for this decision as it would affect more than Liftside if Marvin is correct.
- Marvin Block suggested that a contingency account line item in the amount of at least \$50,000 be established as soon as possible, and be maintained for emergencies.
- Discussion followed that \$50,000 is a large contingency fund and that if there is an emergency that required such an amount, Liftside could collect a special assessment to cover. The opinion supporting special assessment over maintaining a large contingency in the reserve fund is held by homeowners who would rather not have Liftside holding large amounts of uncommitted funds.
- In order to establish a \$50,000 line item contingency account, Liftside would have to increase assessments above the 4.5% proposed to achieve that level quickly. The Directors are more interested in considering this additional assessment after the current special assessment that was levied for the hallway project is paid off in 2017r.
- The Directors agree that the Reserve funds are earmarked for the items listed on the plan and any expenditures for capital replacements or improvements not listed on the plan must be processed within the context of the Bylaws and the State Statutes. They also recognize that the estimates on the plan are not as precise as actual quotes for the listed items, but are as accurate as possible for items several years out so that some flexibility in that regard must be accepted in the process. They are eager to resolve, understand and confirm that the process, basis, and format they are using are in compliance. Compliance with Bylaws and State condo law is certainly their intent.

Meeting adjourned at 8:50 pm.

Respectfully submitted,

Michele Cloke, Director
Joe Hester Ingram, SNHA Executive Director