

Village Green Condominium Association Inc
Special Informational Meeting the Oil Budgeting Plan
July 10, 2008

This meeting is being called to help the Unit owners of the Village Green Condominiums understand and discuss with the board the implementation and details behind the oil budgeting decision made by the Board of Directors of the Village Green Condominium Association Inc.

Three areas of will be covered in this meeting.

First: The rising cost of fuel oil.

Second: The need for a budget plan.

Third: Communications

This meeting is not an official meeting of the board or the association, merely an open discussion, question and answers to unit owners concerns and likely questions.

I will read my attached report, at the end of the presentation; there will be a question and answer period.

I alone have prepared this presentation, but I feel that my thoughts and the facts correctly represent the feelings and understanding of the majority of the board.

Hank Clarke
President
Village Green Condominium Association Inc.

Cost of Fuel Oil

We all have been reading in the newspapers and hearing on the news about the increasing cost of gasoline and fuel oil. The fuel oil prices may well be double from what they were last season.

The VGCA uses up to 50,000 gallons of fuel oil a year. That is going to add up to between \$200,000.00 and \$250,000.00 for fuel cost for the upcoming year.

To give you a sense of scale; our operating budget for 2008 is only \$240,000.00. I think it is plain to see the problem the association is facing in making its payments for operating expenses and fuel oil in a timely basis.

In prior years, the board borrowed from either operating funds or reserves to help assure that our fuel oil supplier was paid within terms. This seemed to work out reasonably well as the cost per gallon was low enough to allow the process to work.

With fuel oil at between \$4.25 and \$5.00 a gallon, we do not have the financial reserves or wherewithal to be able to continue this balancing act.

After much discussion within the board (starting in October 2007), we finally came to realization that adopting a budget plan was the only way we could assure that we have adequate funds to cover the upcoming winters heating bills. The budget plan is similar to plans offered by oil companies to individual homeowners.

The price of fuel oil has not been locked yet; the last price I heard was \$4.56 a gallon.

Moseley Associates have been in many, many meetings with Irving Oil and the other oil companies that serve the Upper Valley. Not only for the VGCA, but also for all the properties they manage. You can imagine that the gallons being discussed gives them considerable clout in negotiating pricing contracts. As of yet, the oil companies still refuse to set a fixed price for fuel oil and we probably will not have that fixed price until August.

Need for a Budget Plan

As stated earlier, the Board had to find a way to prepare for the upcoming heating season. After much board discussion, we had to develop a plan on how much we were going to have to budget to make it work.

We had Moseley Associates develop a 39 month spreadsheet for each unit to come up with an average monthly usage. With that information, we set the average gallons, multiplied that amount by \$4.25 a gallon (April's fuel cost estimate) to arrive at the monthly budget amount. When we do lock a price, the \$4.25 will probably be adjusted to the correct locked price amount.

We can and will make some adjustments to the average gallon used, if the unit owner can present a convincing argument for a change and the board agrees to it.

Unfortunately, an adjustment because "I can't afford it" is not a reason for the board to make an adjustment.

At the end of the budget plan period, we will reconcile each unit owner's account. If they have paid too little, they will be billed for the difference. If they paid too much, a credit will be applied to the next budgeting plan.

Please be clear on this. If a unit owner refuses to pay their fair share on the budget plan, interest and late charges will be added to their bill. If the delinquency continues, the board has the right and responsibility to take legal action that may include property liens to protect the association's assets.

This is not pretty, and the board has seldom had to go to this extreme in the past. Hopefully we will never have to do this again and with everyone's cooperation and understanding, we will not have to.

COMMUNICATIONS

While the board thought that there has been adequate communications to the unit owners in this regard, some feel that we did not communicate enough. If you feel that way, I apologize for myself as president of the board and this meeting is to help unit owners get that information and express their concerns to the board.

What we did do:

We discussed the potential of the budget plan at the annual board meeting in January. We explained the why & how we expected to do this and took comments and advice from the unit owners attending.

Between the annual meeting and implementing the budget plan, references were made about the plan in our monthly newsletter that comes with your monthly billing.

When the board approved the budget plan, each unit owner received a written notice about the process, the average gallons used and the monthly budget dollar amount.

As I stated earlier, there were and may still be supportable differences between the numbers the board used and the number a unit owner may feel is correct. I do want you to know that we can be flexible, and if the numbers presented by a unit owner seem accurate, the board will authorize a change in the average number of gallons. We do want to be fair, but not only to the unit owner making the request, but to the rest of the unit owners that we represent.

Summarize

None of the board members, unit owners or consumers in general are happy about this situation, but the board does have to react to it in a responsible way.

This winter is going to be long and hard on all of us. Lowering thermostats, wearing sweaters indoors is going to become the norm.

We have and will do our best as a board to obtain the best fuel oil price possible and work with unit owners that need our help and protect the financial viability of the Village Green Condominiums.

There are local and statewide agencies that do offer fuel assistance. I am sure that their resources will be stretched to the breaking point this winter, but that should not stop you for inquiring about their services if you feel it is needed.

DICUSSION

Please raise your hand to recognized and then state your name and unit number to the board and others there before your questions or comments.

Thank You,

Hank Clarke
President
Village Green Condominium Assoc. Inc