

Board Proposed Bylaw Change Nov 5, 2021

On Friday morning, November 5, 2021 the ORMA Board of Directors notified the membership that it had approved a change to the bylaws and was in the process of setting up a special meeting of the membership for January 12, 2022 to vote on approving the proposed change.

The proposed motion is shown below. The text in bold is the proposed new language. As I said in my board candidate Zoom interview, this proposal is problematic in a number of ways. First, if the limit were to apply to the 2023 budget, the board would be free to increase assessments by over 13% given the current level of inflation. Second, the process for overriding the limit makes it too simple for the board to approve even larger increases such as the 40+% increase that was levied in 2021 over 2020. Third, the change does not apply to the setting of assessments for 2022. Fourth, and most important, is that the wording of the proposed change does not do what the board says it would do. Read it carefully and you will see that it does not apply to the approved budget amount. It only applies if the board decides that the assessments levied may prove insufficient. It does not apply to the calculation of the assessments in the first place. In fact, it reads like a twist on the definition of a special assessment without the need for a majority vote of the membership.

What I find particularly upsetting is that the board seems to have discussed this, voted on it and approved it completely out of sight of the membership and without seeking input from the membership. This is another example of the lack of transparency in board decision making that I would like to see changed. An alternate proposal might read like the one that follows the board proposal below.

Proposed Motion

Ocean Ridge Master Association, Inc. Article IX of the By-laws dated August 25, 1994 be amended as follows;

Assessment. The Board of Directors of the Association shall establish a

proposed budget for each fiscal year as provided in the Master Declaration. As approved, the budget shall constitute the basis for all regular assessments for common expenses against Unit owners. ***Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the Association ORP, the Board of Directors may, in its sole discretion, increase the annual common expense assessment each year by a cumulative increase not to exceed the current CPI plus eight (8) percentage points over the previous year's total annual common expense assessment. Any increase in the regular annual assessment above the Board's discretionary authority shall require the approval of a majority vote of members who are present and voting, either in person or by proxy, at a duly-called meeting of voting members where a quorum is present.***

Here is simplified version that is more to the point. This is not what I'm proposing that we adopt, I'm only showing this to encourage discussion on how best to accomplish limits on the ability of the board to unilaterally impose large increases in assessments on the membership.

Proposed Motion

Ocean Ridge Master Association, Inc. Article IX of the By-laws dated August 25, 1994 be amended as follows;

Assessment. The Board of Directors of the Association shall establish a proposed budget for each fiscal year as provided in the Master Declaration. As approved, the budget shall constitute the basis for all regular assessments for common expenses against Unit owners. The board shall not have the authority to increase the assessment amount by more than 5% in any given year over the assessment levied in the prior year. Increases above this amount shall require a majority vote of all class A voting members either in person or by proxy at a special meeting of the membership.