



**EXECUTIVE OFFICES**  
*The Meeting House*

March 28, 2012

TO: CAI Connecticut Chapter

RE: HB5511(a.)

Heritage Village, located in Southbury, Ct. is not only the largest condominium association in Connecticut, but also the oldest at 45 years. There are in our Association 24 condominiums that are members of the Master Association. Each condominium has their own elected Board of Directors. Each condominium elects a representative (Trustee) to sit on the board of the Master Association. The total number of units is 2580 with approximately 4000 residents. We make up 20% of the total Southbury population. Currently our budget is about \$16,000,000 per year. The Fiscal year starts on November 1<sup>st</sup> and runs to October 31<sup>st</sup> of the following years.

Our budget process starts in March with our manager and his staff. Initially they project anticipated expenses and projects for the coming fiscal year. The procedures we use afford all owners opportunities to participate in review of the budget, the revisions and finally approval of the budget. There are multiple levels of involvement from unit owners, condo boards, committees, Master Association officers and trustees/directors. Budgets are basically zero based budgets based on future needs and economic conditions. Finally, the 24 Trustees/Directors vote on the budget. After they have approved the budget, it is mailed to all owners to give them the opportunity to reject it according to current state law. Attached is a detailed exhibit of the Budget Process.

Before the budget is approved by the Board of Trustees/Directors, there are several televised and interactive forums to all residents in order to get their input. The budget is published in the monthly Bulletin that is distributed to all residents, plus the budget is presented on our in-house website [hvowner.info](http://hvowner.info).

We believe the present law is working and should be left as is. It does provide the owners with an opportunity to vote to reject a budget in the unlikely event that it is seen as irresponsible despite our open, lengthy, multilevel process. The present rejection law requires an owner's failure to submit a vote as in fact a vote approving the budget and adds it to the number of ballots against rejection. This can result in a rejection failing despite the fact that the numbers of ballots actually received favoring rejection are less than those opposing.

This is seen as very undemocratic by some. An organization of the size and complexity of Heritage Village can be effectively governed only as a representative democracy very much like our own local, state and national governments. The elaborate budget process we have established is a classic case of how a representative democracy must operate to involve its electorate in influencing, shaping and ultimately approving laws.

Our staged process requires a positive vote of our representatives at each level after significant interaction with our owners and of course in the final vote. Those who favor rejection of our budget either did not participate in our process or if they did, they have lost vote after vote.

By adopting the proposed law the legislature will not be protecting democracy, they will seriously obstruct it. Making it potentially far too easy to reject a budget the law would make a mockery of our process. It would throw out the work of six months and substitute nothing. The result could be to have our property deteriorate through inadequate financing.

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## Heritage Village Master Association Annual Budget Process

Stages	Participants	Timing
Develop Annual Operating Plan and Data Collection ↓	Village Manager, Senior Operating and Financial Staff	March
Preliminary Draft Completed ↓	Village Manager, HVMA Controller	April
First Draft to President for Discussion and Approval ↓	President, Village Manager, HVMA Controller	April
First Draft Distributed to Finance Committee for Review ↓	Finance Committee consisting of a unit owner chair appointed by President and approved by Board of Trustees and five unit owner members who have oversight of HVMA Finances, Village Manager and staff.	April
Finance Committee Revisions and Development of Second Draft Budget ↓	Majority Approval of Finance Committee	May
Second Draft Delivered to HVMA Officers and Trustees for Study ↓	Board of Trustee (24 Trustees, one elected by each member condominium and HVMA Officers elected by Trustees)	June
Second Draft Presentation to Board of Trustees for Approval ↓	Approved by Majority of Board of Trustees	June
Individual Trustees Present Budget to their Condominiums for Discussion and Input ↓	Condominium Trustee, Officers, Directors and Unit Owners of Each Condominium, Village Manager and Staff	June/July
Series of Three Forums For Presentation and Review Budget with Unit Owners ↓	Unit Owners attending Forums which are televised to other unit owners participating interactively by TV and Telephone.	July
Budget Revisions Recommendations to Village Manager for Budget Revision ↓	From Condo Trustees and Unit Owners from Forums	August
Revisions to Finance Committee ↓	Village Manager, Senior Staff and Finance Committee	August
Approval of Third Draft ↓	Majority of Finance Committee	August
Presentation of Third Draft to Board of Trustees. Final Changes and Approval ↓	Majority of Board of Trustees	August
Approved Budget mailed to 2580 Unit Owners together with Secret Ballots Directing Rejection of the Budget.	Rejection requiring a majority of unit owners with non voting unit owners counting as approving according to CT Statutes.	September

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