

Above Board

February, 2023

We just returned from two days of Work Sessions and our February Board of Trustees meeting. Below you will find each day's highlights.

THURSDAY

The first morning was spent level setting. We looked at the Long term Vision and made changes in light of our mission, Brand Statement, and where we are today. We will bring the revisions in front of the Trustees at our March meeting for a final review and vote.

In light of the revised Long Term Vision, and where we are today, we updated our FY21-FY25 Strategic Plan. The Strategic Plan updates will also get a final review and vote at our March meeting.

Thursday afternoon was spent on the following topics:

- 1) We spent some time discussing the concerns we have with cottage rentals. We know that some of our leaseholders started out as renters, so we do not want to discourage rentals. Additionally, we have been told that some of our members depend on income from renting their cottages in order to be able to continue ownership. On the other hand, we believe that short-term renters generally do not contribute to, or participate in, the fabric and culture of Bay View.

In order to get our hands around the rental issue, we created a small committee to understand the extent to which renting contributes or detracts from the fabric and culture of Bay View. To the extent it contributes, we would want to support it. To the extent it detracts, we would want to minimize it. This group will be reaching out to members who regularly rent their cottages as well as the realtors, in order to get a good understanding of the situation. They will also research how other Chautauquas and communities regulate rentals, in case we agree that some sort of additional regulation should be implemented.

The members of the ad hoc Rental Committee are: Barbara Dau, Eric Breisach, and Walt Byers. The Trustees will get a status report from them at the May BoT meeting, which all members are welcome to attend.

Additionally, the Committee will provide an update on their preliminary findings and initial recommendations (if any) at the Town Hall meeting this summer, scheduled for July 15th. Members will have multiple opportunities to provide the ad hoc Committee and us with feedback. If you have thoughts regarding how Bay View should be handling cottage rentals, please email them to: rentalcomm@bayviewassociation.org

- 2) We also talked about the work being done by the Finance Committee. The Finance Committee's recommendations for changes to our fees are guided by three principles:
- A fee must be directly related to the benefit received by the leasehold.
 - A fee must be easily understood by members.
 - A fee must comply with IRS requirements for 501(c)(3) non-profit status.

The Mid-Winter Bulletin will give you details regarding the work of the Finance Committee, so I will provide you with just the highlights of our discussion.

What was called "lot rent" by REM in prior years is now called "services to cottages," because it was always comprised of services to cottages and was never actually lot rent. To make it look like lot rent, it was allocated on very old relative lot values. This meant that some cottages were paying many times more than other cottages for the same services. Effective this year, the services to cottages fee is now a flat fee. Each cottage pays the same amount because each leasehold receives the same benefit from REM. You saw "services to cottages" listed in the recent REM bill you received.

We were recently told by our attorney, and confirmed by our auditing firm:

- That the IRS expects us to charge rent to leaseholders in exchange for use of leased land;
- That the rent must be set relative to lot value; and,
- That lot rent should be paid to the Association (not REM) since the Association owns the land.

In response, the Finance Committee recommended that lot rent be set at the lowest level possible while still complying with IRS requirements. The Committee recommended to the BoT that lot rent be set at 0.5% of land value – using the new values from the Board of Assessors. At the Saturday BoT meeting, the Trustees approved the recommendation.

Money paid for lot rent will serve to lower the total Chautauqua fee, so you will find that this year's Chautauqua fee will be about \$660 less than what it otherwise would have been and about \$500 less than last year.

In case you have questions about the billing changes, our Treasurer, Eric Breisach, plans to hold a Zoom meeting in March. At the meeting, he will explain the changes and answer questions. The Zoom meeting will be recorded for interested members who are not able to attend.

- 3) The third thing we discussed on Thursday afternoon was an update from the Board of Assessors (BoA). The BoA presented an updated Assessor Policy Manual, which was amended to reflect the new processes and procedures being implemented this year. We discussed the changes in detail and voted to approve the Assessor Policy Manual

changes at the Saturday Trustee meeting. The Revised Manual can be found behind the member wall [here](#).

The Assessors also reminded us of the five key variables the professional Assessor used in determining Market Value, which is the basis of how the BoA will be allocating the Bear Creek Township tax bill:

- Location (Bayside, the Flats, Bluff, Parkview, Terrace, and the Woods)
- Square footage
- Building class
- Effective age
- Sales data

At the Saturday meeting, the Board of Trustees voted to accept the new methodology and valuations.

FRIDAY

At the Friday morning work session, we received a report from Development which provided us with a history of development at Bay View, updated us on where the program is today, and what they need to do next.

- Given that Bay View began as a grass roots organization in 1875, you might be surprised to learn that we didn't start collecting data on development efforts until 2008.
- The volunteer-led Heart of Bay View Project began in 2008, with the last pledge funded in 2019. It raised \$1.7 million; 17% of the total came from the 356 donors who gave gifts of less than \$5,000. We appreciate those donors who gave through this grass roots effort.
- In fiscal year 2022, the overall donation total was \$847,000, two-thirds of which came from the 807 donors who gave gifts of \$5,000 or less. Participation has grown considerably since 2008 and these data demonstrate that **all gifts are meaningful and important to Bay View's future.**

But what are the challenges faced by the Development department?

- Historically our agreements with donors provided the Association with little guidance and donors with little assurance. Our Donor Relations Manager, Michelle Hansen, has spent much of her time this past year working with an attorney who specializes in non-profits. Together they have rewritten our donor agreements so that the Association will be clear on terms expected by the donor and our donors will have confidence and trust in Bay View's stewardship of their gifts.
- In the past, we have had an historic lack of donor recognition and follow-up. For example, the Annual Giving Report is only in its fourth year. One of Michelle's key priorities is to make sure we communicate our thanks and appreciation to each donor on a timely basis. If you are a donor, I hope you have seen an improvement compared to prior years.

The Development area has made great progress since 2008, and many best practices have been established through collaboration with various programs, staff, committees, donors and advice from counsel.

Also on Friday morning, we discussed possible lease changes which could be implemented when all the leases renew in 2025; we also discussed possible additions to our Rules and Regulations.

- Some of the ideas revolve around reducing BVA liability – liability that all members pay for through higher fees.
 - We plan to ask our ad hoc Risk Committee to look at our liability issues.
 - Last year the Association, each of the Trustees, and certain staff members (including building and grounds staff) were sued individually in five federal lawsuits. Many businesses associated with the Association were also named as defendants.
 - Although several of these lawsuits were dismissed as frivolous, the complaints filed often ranged from 50-100 pages. We had to hire attorneys to evaluate them and advise us. We are still trying to get our insurance companies to cover our attorney costs.
 - Last year, those attorney costs totaled more than \$100 per cottage.
 - Additionally, our Directors & Officers insurance carrier has had a 300% loss to-date.
 - In the last couple of weeks, the Association was named in a complaint with State of Michigan regulators against McCune & Co. realtors. This complaint challenges our By-Law 38 regarding the sale of cottages. While we believe the complaint to be frivolous, we are going to have to spend more of members' money to defend against this challenge.
 - We will also ask our attorney for the wording we could add to our lease to indemnify BVA.
- We discussed whether or not we wanted to tighten our rules regarding guns. Currently the only rule relating to guns is By-Law 60, which prohibits the use of firearms in Bay View. We recognize that gun ownership is a very divisive issue. Numerous organizations and municipalities have not yet been able to resolve how to legally limit the use and presence of guns. Therefore, we decided not to make any changes to the existing policy set forth in By-Law 60.
- We are considering setting rules for occupancy, such as having electrical systems up to code. If you have thoughts about the rules we should set for occupancy, please email me at c.neithercut@bayviewassociation.org. I will collect them, and pass them on to Russell Hall and the BoT for consideration.

Friday afternoon, we received an excellent Storm Water Runoff presentation from Ann Dougherty, Chair of the Building & Grounds Committee's Storm Water Management subcommittee. Some key points:

- Two thirds of our storm water is filtered through the soil before going into the Bay.
- But one third of Association land is impervious, meaning a hard surface that doesn't absorb water (for example, roofs, driveways, roads, sidewalks, and tennis courts). Unfortunately, this fraction is quite high: It is at the level one would expect in an urban environment, not in a community like Bay View.

The rain gardens have done a lot to reduce storm water flowing directly into the Bay, but there is more to do. For example, the subcommittee recommends that we create at least one more community rain garden - and that cottagers create their own rain gardens - to encourage storm water filtration. A rain barrel pilot test is also planned.

Ann Dougherty will be teaching “Take a Deeper Look: Stewarding Water in Bay View’s Environment” through the Education Program this summer on August 3rd and 4th. We recommend that you attend if you have interest in learning more.

Also on Friday afternoon, we created a list of the top Board priorities for FY23. We then made sure that staff priorities align with BoT priorities. The next step is to ensure that Committee priorities focus on Board priorities. These documents will be typed up and presented for final review and approval at the March Trustee meeting.

SATURDAY

After all that work, Saturday’s meeting was fairly straightforward. In addition to the decisions mentioned above:

- The BoT gave final approval on the FY23 budgets for REM and Chautauqua Administration as recommended by the Finance Committee.
- We received the first quarter’s financial reports, and all is as expected.
- We received and discussed the Administration and Operations Reports as well as an update from the ad hoc 150th Jubilee Committee
- We received a report from Russell Hall and the Building & Grounds Committee which recommended ADA priorities for the near future. Although the list is quite long, the plan focuses first on those locations with 1) the most activity **and** 2) no alternative for ingress/egress or bathroom access. The BoT is in support of the plan.
- We had a long discussion about a Master Naming Plan and ultimately sent it back to the Development Committee for additional thinking.
- We had an hour-long conversation with the ad hoc Committee on Communications regarding its report and recommendations. They clearly did a lot of serious thinking about what Bay View could do to improve how we communicate with members and we concluded the conversation with confidence that we will be able to implement much, if not all, of what the committee has recommended.

There are only two months before Bay View opens once again for occupancy! Be sure to read the Mid-Winter Bulletin when it comes out so you can discover all the exciting events and activities planned for the nourishment of your mind, body and soul during our 148th Assembly Season.