



Cabin John Gardens, Inc.

8 ½ Webb Road
Cabin John, Maryland 20818



NOTICE OF ANNUAL MEETING CABIN JOHN GARDENS, INC. THURSDAY, DECEMBER 8, 2016 7:30 p.m.

Order of Business:

Notice of meeting, proof of
Minutes of last quarterly meeting
Officer and committee reports

Old Business

- Update on 2 Webb Road

New Business

- Welcome new members
- Discussion & VOTE on 2017 Budget (attached)
- VOTE: Election of 4 members to the Board of Directors, 3 of these for 3-year terms, and one for a 2-year term. The following names were submitted by the Nominating Committee for election to the Board of Directors:

1. Graham White (3 Ericsson Rd.)
2. Doug Henderson (22 Froude Cir.)
3. Matt Zimmerman (17 McKay Cir.)
- 4.

(Nominations also taken from the floor)

- VOTE: Election of 3 members to the Audit Committee, all for 1-year terms. The following names were submitted by the Nominating Committee for election to the Audit Committee:

1. Florence Lehr (8 Webb Rd.)
2. Martine Burkel (18 McKay Cir.)
3. Annie Williams (6 Thorne Rd.)

(Nominations also taken from the floor)

- Issues from the floor

Adjournment

By direction of the Board of Directors,
Joel Ann Todd, Secretary

Proxy forms for voting are available at the office and on the CJG web site:

(<http://www.cjgardens.org/home/policies-forms/proxy-voting-forms>)

Please use these forms or an equivalent if you are unable to attend the Annual Meeting.

Members please note: You will receive a notice of your *new coop fee amount* soon after the approval of the 2017 budget. The new amount will be effective January 1, 2017. ***Please do not send payment for January until you have received this notification.*** It is especially important for members who set up automatic payments to follow this instruction so that their January payment will not have to be returned.

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Currently Serving Board Members (December, 2016):

	<i>Term Expires</i>
<i>Patrick de Gravelles</i>	President 2016
Mark Smith	Vice-president 2018
Jean Schreier	Treasurer 2018
Joel Ann Todd	Secretary 2017
<i>Pat Dobak</i>	2018 *
<i>Neele Johnston</i>	2016
John Paul Simon	2017
<i>Ed Schmauss</i>	2016
Jackie Hoglund	2017

Positions shown in italics are to be filled by election at this year's Annual Meeting.

** Pat Dobak, most recently elected to a term expiring in 2018, is retiring this year. He will be replaced by a member elected to serve a 2-year term.*

Members please note: Cabin John Gardens depends on the regular participation of all of its members to continue to be a vibrant community, indeed, to remain viable as a cooperative and a corporation. In the past four years we have seen an unprecedented number of new members. A handful of these new members have become involved in running the business of the cooperative, and the membership is indebted to them for volunteering. However, there is an ever-shrinking minority of members who attend membership meetings. Several times in recent years, the Nominating Committee has been unable to find enough eligible members to stand for election at an annual meeting.

Attending membership meetings is a duty which all members share. If you care about the investment you have made in your home, protecting that investment includes protecting the viability of the corporation that owns all our real estate and manages all of our infrastructure. Your cooperative needs your participation to survive. The By-laws of Cabin John Gardens states, in part:

Nominations for the office of director shall be made by the Nominating Committee as elsewhere in these By-laws provided. **A nominee** shall have been a member of the Corporation for at least one year, **shall have attended at least two Annual or Quarterly meetings**, and shall be a member in good standing.

Less than a quarter of Cabin John Gardens' members regularly attend membership meetings. If you are aware of one of these heroes among your neighbors, please thank them for doing their part to sustain the cooperative. If you have not attended at least two membership meetings, please make sure you attend this year's annual meeting.

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Voting Privileges: Each member shall be entitled to one vote. If a membership is held jointly by two or more persons, one and only one of such persons may cast a vote on any single question. [Article III, § 5]

Section 11. Voting and Proxy Voting. Each vote must be cast in person or by proxy and there shall be no voting by mail. Two forms of voting by proxy shall be permitted – undirected (general) and directed (specific) – as well as a form that combines the two approaches.

a. Undirected (General) Proxy Voting. A Member in good standing may appoint another Member in good standing to act on his or her behalf for purposes of meeting quorum requirements and to vote on any business before the Membership other than election of the Board of Directors. This Undirected Proxy does not state how it is to be voted. This proxy must be in writing, must be signed and dated by the Member, must state the name and address of the Member giving the proxy and the Member who is appointed as proxy, and must meet any other requirements specified by the Board of Directors. This type of proxy is effective for a maximum of 180 days, but the Member may specify a shorter effective time. The written proxy must be produced by the Member appointed as proxy and certified at each meeting at which it is exercised.

b. Directed (Specific) Proxy Voting. Directed proxies bind the proxy holder to specific terms, allowing the proxy giver control of his or her vote. A Member in good standing may vote on motions that are listed in meeting notices and for elections by giving another Member in good standing a Directed Proxy. This form of proxy must be in writing, specify the motion to which it applies, specify the Member's vote on that motion, state the name and address of the Member, be signed and dated by the Member not more than one month prior to the date of the meeting, be exercised by a Member in good standing, and meet any other requirements specified by the Board of Directors. This type of proxy vote will be valid only for motions that are listed in meeting notices and which have not been modified during the meeting, and for candidates for the Board of Directors who are listed in meeting notices. Directed proxies also count toward the establishment of a quorum for the meeting.

c) Combined proxies: A proxy may combine directed and undirected parts and when it does it shall be used according to the rules above.

d) Revoking a proxy. A Member may revoke a proxy at any time by issuing a new proxy, by attending a meeting in person, or by written notice to the Board of Directors.

e) Limits on Proxyholders: No proxy holder shall vote more than one proxy of any type (in addition to his or her own vote) on any single question.

f. Form for Proxies. The Board of Directors shall provide a form for each type of proxy. Other forms may be used; however, the Board has the right to reject, for good cause, the use of any proxy forms which do not contain information required by the Board. [Article IV, § 11]

Nominations: Nominations for the office of director shall be made by the Nominating Committee as elsewhere in these By-laws provided. A nominee shall have been a member of the Corporation for at least one year, shall have attended at least two Annual or Quarterly meetings, and shall be a member in good standing. Additional nominations may be made from the floor by any Member at the meeting at which the election is held, provided the consent of the nominee has first been obtained and the nominee meets the eligibility criteria. Proxy votes will be allowed only for candidates listed in meeting notices. [Article V, § 3]

Audit Committee: At the annual meeting of the membership, the Members shall elect an audit committee of three Corporation members to serve for a period of one year or until election of their successors. The audit committee shall select its own chairman. No officer, employee, or member of the Board shall be eligible to serve on this committee. Nominations for the audit committee shall be made by the Nominating Committee as provided in Section 1 above. Nominations may also be made from the floor by any Member at the meeting at which the election is to be held, provided that the consent of the nominee has first been obtained. [Article VII, § 2]

**Cabin John Gardens, Inc
Proposed Budget- Calendar Year 2017**

Monthly Operating Assessment

Proposed 2017 Annual Operating Assessment		\$220,785
Proposed 2017 Monthly Operating Assessment per Membership (does not include the Cap Contribution)		\$189.68
Proposed 2017 Annual Capital Contribution		\$58,200
Proposed 2017 Monthly Capital Contribution per Membership		\$50.00
Approved 2016 Annual Operating Assessment		\$204,412
Approved 2016 Annual Operating Assessment Per Membership		\$175.61
2016 Monthly Capital Contribution per Membership		\$50.00
80/20 PROJECTION FOR 2017 PER PROPOSED BUDGET		
Member Income (excluding Capital Contribution)	93.80%	\$ 827,885
Non-Member Income	6.20%	\$54,720
Total Income		\$882,605

CJG Bank Account Balances as of Oct 23,2016

	<u>Oct 23</u>	<u>Operating</u>	<u>2016 Reserve</u>
Checking/Savings			
EAGLEBANK - OPERATING	312,539.82	237,949.40	74,590.42
EAGLEBANK - MM	100,309.37	0.00	100,309.37
PETTY CASH	100.00	100.00	
Total Checking/Savings	<u>412,949.19</u>	<u>\$ 238,049.40</u>	<u>174,899.79</u>

NOTES RE: 2017 PROPOSED BUDGET LINE ITEMS

- 1) Rental income: increased 2.3%
- 2) Legal budget has been increased from \$10.0k to \$30.0k for anticipated legal issues, related to rental property.
- 3) Water/Sewer Repair: 2017 budget level held to 2016 level.
- 4) WSSC Water/Sewer: 2017 budget level held to 2016 level.
- 5) Management Contract: 2017 budget level held to 2016 level.
- 6) Street Repairs: budget is held level due to any work required subsequent to completion of road project.
- 7) Rental House Maintenance: 20 Froude rental house require roof replacement (\$3.0k) and other maintenance required on rentals.
- 8) Grounds maintenance: 2017 budget level held to 2016 level.
- 9) Tree maintenance: 2017 budget level held to 2016 level.
- 10) Community House maintenance : 2017 budget level held to 2016 level, this would accommodate a roof replacement and refurbishing of the furniture.
- 11) Office, Postage & Phone: 2017 budget level held to 2016 level.

	2016 Actuals To Date <u>Oct 23</u>	2016 Approved Budget	2017 Proposed Budget
INCOME FROM MEMBERS			
Properties Taxes	374,507	465,000	550,000
Home Insurance (97 Homes)	49,827	55,500	55,500
Subtotal Tax/Insurance	424,334	520,500	605,500
Operating Assessment-Members			
Operating Expense (includes trash)	169,541	204,412	220,785
Other Income-From Members			
Late Fees	3,488	1,500	1,500
NSF Fees	0	100	100
Subtotal Income- From Members	597,363	726,512	827,885
NON-MEMBER INCOME			
Rent (3 Houses)	47,878	64,588	54,270
Application Fees	750	200	200
Interest Income	122	250	250
Other Income	0	0	0
Subtotal-Non-member	48,750	65,038	54,720
TRANSFER FROM RESERVES	0	0	0
TOTAL INCOME	646,113	791,550	882,605
EXPENSES			
Property Taxes	289,826	465,000	550,000
Insurance			
Homes Insurance	0	55,500	55,500
Commerical Auto	175	100	100
Worker's Comp	697	700	700
Commercial Crime	584	700	700
Gen Liab & Off/Dir	3,979	4,200	4,200
Umbrella	1,978	2,000	2,000
Subtotal Insurance	7,413	63,200	63,200
Community House			
Credit Report	320	0	0
Insurance	0	750	750
Internet expense	360	125	480
Office, Postage & Phone/Penalties	2,461	4,600	4,600
Maintenance	150	5,000	5,000
Personal Property Tax	560	700	700
Corporate Income Tax	0	0	0
Utilities/Service Contracts	2,012	2,700	2,700
Subtotal Community House	5,863	13,875	14,230

Legal	9,725	10,000	30,000
Water Sewer			
WSSC Water & Sewer	44,245	53,000	53,000
Water/Sewer Repairs	5,663	45,000	30,000
Subtotal Water Sewer	49,908	98,000	83,000
Grounds Maintenance	17,400	20,000	20,000
Tree Maintenance	10,744	20,000	20,000
Rental Houses			
Advertising	0	50	50
Insurance	0	900	900
Licenses	803	400	400
Maint/Repair/Improv	10,039	7,000	7,000
Interest Expense	512	125	125
Utilities/Service Contracts	176	500	500
Taxes	12,729	12,000	12,700
Subtotal Rental Houses	24,259	20,975	21,675
Other Expenses			
Accounting/Tax Prep/Auditing	6,300	7,000	7,000
Management: Financial Mgr	10,125	13,500	13,500
Property Mgr	11,250	15,000	15,000
Document procedures	0	0	0
PEPCO Street Lights	1,911	3,000	3,000
Street Repairs	0	4,000	4,000
Trash Collection	0	38,000	38,000
Subtotal Other Expense	29,586	80,500	80,500
TOTAL EXPENSES	444,724	791,550	882,605
TOTAL INCOME-EXPENSE	201,389	0	0

2017 Budget Assumptions

Rental Income

1 McKay	\$21,747	2.1% increase
2 Webb	\$11,253	2.1% increase
20 Froude	\$21,269	2.1% increase
	<u>\$54,270</u>	

Montgomery County allows limit of 2.1% increases in rent for 2017. Board approved increasing rents as follows:
 20 Froude from \$1736 to 1775, 2 Webb from \$1837 to \$1875.58, and 1 McKay from \$ 1775 to \$1812.25.

54,270 less rental exp. \$32595 32595

Mgmt Contracts: 2017 rates

Gary	1125*12	13500	No increase proposed
Jami	1250*12=	<u>15000</u>	No increase proposed
		<u>28500</u>	

Rental Mai 20 Froude roof replacement	3000
Misc.	<u>4000</u>
	<u>7000</u>

97*\$50= 58,200

Capital Contribution:

Annual Operating Expense:

Insurance less Home Insurance	7700
Community House	14230
Legal	30000
Water/Sewer & Repairs *	83000
Grounds Maintenance	20000
Tree Maintenance	20000
Other Expe Audit/Tax	7000
Mgmt Contracts	28500
PEPCO Streetlights	3000
Street repairs	4000
Trash Collection	38000
Less Other mbr income	<u>-2050</u> 78450
	78450 253380
	<u>-32595</u>
Less net rental income	<u><u>220785</u></u>

2016 Monthly Annual Operating Expense:

\$189.68