

## **Finance Committee Minutes for April 13, 2010**

**Ms. Latson called the meeting to order at 7:10 pm**

**The following committee members were present:**

**Betty Latson**

**Dave Beck**

**Judy Barnes**

**Frances Andrews**

**Barbara Fiacchino**

**Dorsey Ruley**

**Jay Owens**

**Barbara Grodzins**

**Gina Zehr**

**Ms. Latson indicated that the primary topics for this meeting were:**

- 1. Finalize the Default Reserve Issue**
- 2. Begin Discussion of the Payment Option Letter to Unit Owners**

### **DEFAULT RESERVE ISSUE**

**The committee members present agreed that the best way to proceed to create a default fund was to use the \$200,000 savings from early payments to the window manufacturers, a .5% additional charge over the Harris Bank Rates to unit owners using the Association loan option, and the interest generated from the advance collection of window payments from the unit owners. It is anticipated that this will create a fund in excess of \$300,000. The committee felt that this would be adequate as most of the defaults would likely occur in the first five years of the loan.**

**The committee agreed that all transaction fees for the loans will be paid by those taking the Association loan by passing along to these unit owners the .5% incremental charge.**

## **PAYMENT OPTION LETTER TO UNIT OWNERS**

**Ms. Latson indicated that a draft letter had been created. She agreed to get it to all committee members before the next meeting. She asked the committee members to consider what needed to be said in the letter.**

**The issue of how payments would be allocated in the event of a short payment by a unit owner was also raised. It was agreed that this topic should be addressed in the letter. The issue will be discussed further at the next meeting.**

**Ms. Latson also updated the committee on the status of the bank loan. She indicated that the bank was trying to get comfortable with the collateral issue arising from the lawsuit and the possibility that the Appellate Court might rule that the reserves cannot be used as collateral. In the event that the collateral was pulled, the bank may charge a surcharge that would be passed on to the unit owners who are using the Association loan. It was agreed that the potential surcharge needed to be disclosed in the "payment option letter". Negotiations with the bank are ongoing. It is hoped that the loan will be approved the week of April 19<sup>th</sup>.**

**Ms. Latson also advised that electric rates had been locked in for for two additional years through the end of 2012. We are still looking at gas rates.**

**In the upcoming meetings, the committee will need to be looking at the cash flow studies for the Capital Reserve account.**

**Finally, the committee agreed that the Banker events were very successful. All agreed that Barbara Grodzins and Gina Zehr did a great job planning the event.**

**The meeting was adjourned at 8:10 pm.**