

**James/Kilmer Finance Committee Meeting  
Wednesday, April 28th, at 5:30.**

**Betty Latson, chair of the committee, called the meeting to order at 5:37 pm.**

The following owner members of the committee were present:

Frances Andrews  
Judy Barnes  
Amy Drew  
Barbara Grodzins  
Duane Hickling  
Betty Latson  
Tom Meyers  
Jay Owens  
Karla Ross  
Dorsey Ruley  
Gina Zehr

Also Present:

Richard Vicens and Allan Werth of Draper and Kramer

Ms. Latson had previously sent out the agenda items below and the draft of the proposed letter (item 2). The topics were covered in a different order to accommodate Mr. Werth's schedule and previous commitment.

- The final direct charge recommendations
- The proposed form of letter to unit owner describing direct charge and payment options.
- Update on Association's bank financing and interest rates on 3, 5, 7, and 10-year loans
- Billing and collection of direct charge
  - How will unique units be billed?
  - How will direct charge be billed with regular assessments or separately
    - c. How will James direct charge, James payments on payment plan, James default reserve, James interest income earned on direct charge funds be collected and kept separately from James Kilmer assessments?
- Next steps to issuing letter to unit owners by May 10<sup>th</sup>

**Item 3 Bank Updates**

Ms. Latson shared that the bank has officially committed to the loan, and we should have the interest rates and the bank's commitment letter by the end of the week. The loan is expected to close by May 15<sup>th</sup> with rates locked until the loan is actually taken out in August 2010. Final rates are not yet known, but Ms. Latson noted the 3-year rate is likely to be very attractive.

[Action: Ms. Latson to send a copy of the Bank letter to committee members when it is available and prior to next meeting.]

#### **Item 4 Billing and Collection of Direct Charge**

Mr. Werth shared that DK can only process one bill per owner. This will mean that the initial direct charge and monthly payments related to the payment plan will be billed on the regular monthly assessment statement. The money will come into the lock box operations account and Mr. Werth will review and transfer the direct charge payments to the segregated Direct Charge Account. The transfers will take place several times during the month as to ensure that the interest earned on the direct payments is collected in the appropriate account.

Discussion ensued regarding a rule on how we will apply payments if they are “short” for the month.

[Action: David Sugar should review and advise this question.]

[Action: Once we have agreed to the rule, it should be drafted and included in the owner information and project administration instructions.]

#### **Direct Deposit Accounts**

The next discussion related to whether we should auto debit the current Direct Deposit owners for the one-time lump sum/partial cash payment in August or require a separate check be written. It was agreed in committee that we should not auto debit for these cash payments. In addition, Mr. Werth stated that DK billing could not take both cash and auto debit payments on a regular basis (the ongoing loan payments plus regular assessments that will be billed on same statement must be paid in the same manner.) So if an owner cannot pay both by auto debit – then we will advise the owners that they need to go off of auto pay for the duration of their loan repayments.

[Action: Auto pay rules will be communicated in the owner instructions.]

#### **Direct Charge Amounts**

There was discussion regarding what unique direct charge amounts there would be. We concluded that we would create and vote for direct charges specific to “deeded unit sizes”. This means that even though an owner may own and live in two combined standard sized units (a one and two bedroom unit for example), we would still bill them for each individual standard unit unless they had gone through the legal process of combining the units and that this was reflected in our declaration. At this time we think we have the following direct charge categories:

- Standard Studio
- Standard One-Bedroom
- Standard Two-Bedroom
- Corner one-bedroom (where adjacent 2 bedroom unit has been altered)
- Corner three-bedroom (where adjacent 2 bedroom unit has been altered)
- Combined 2 bedroom deeded unit

[Action: Mr. Vicens will finalize the research on any units that have made this legal change and review this with D. Sugar.]

*Mr. Werth and Mr. Vicens left the meeting at this point.*

#### **Item 2 Review of Draft Owner letter and next steps**

The committee went through the draft letter and made recommendations for clarity. Ms. Latson captured the changes and will work with DK and Legal to draft a revised version for committee

review.

[Action: send a copy of the revised draft to committee as soon as available.]

**Additional discussion items:**

There was a good deal of discussion regarding the issues of those owners who don't respond and how much time and what process we will go through to commit to the loans. July 1 looks like the "drop dead date" but that needs to be asked of the banks to confirm how long we have to lock everyone in.

**Next meeting is planned for Wednesday, May 5 at 6:00pm.**

**The meeting was adjourned at 7:23pm**

*Note all action items in [brackets].*