

Finance Committee Meeting Minutes for March 4th , 2010

Betty Latson, chair of the committee, called the meeting to order at 7:05pm

The following members of the committee were present:

**Frances Andrews
Barbara Grodzins
Gina Zehr
Duane Hickling
Dave Beck
Jay Owens
Tom Meyers
Angus Shorey
Betty Latson
Amy Drew
Karla Ross**

Also present: Allan Werth and Rich Vicens

Ms. Latson then explained that it was important that the committee keep minutes of its meetings. Dave Beck offered to act as secretary. Karla Ross agreed to act as back up.

The committee then reviewed its previously drafted charter. The committee unanimously reapproved the charter for posting on the website.

Ms. Latson then listed the various goals and responsibilities of the 2010 Finance Committee

1. Determine the Final Direct Charge to the James Owners for the James House Balcony and Window Project.

The committee agreed that charges for putting electrical service on the balcony and the cost of prepping each unit for the window replacement would not be a part of the direct charge. The committee further agreed that all other costs related to the unit owner window and balcony project would be direct charged. This would include the cost of an additional operable window for the studio and two bedroom apartments, if approved. It was agreed that a survey would go out to these unit owners to determine if these owners wanted the additional window. Rich Vicens offered to put together the survey.

2. Review the Timeline for the Direct Charge

Allan Werth pointed out that Draper and Kramer would need to have the direct charge in hand 60 days before the billing went out to the unit owners so that the statement of charge could be sent to the owners in a timely fashion. The committee will need to develop a timeline to accommodate this requirement. The timeline will include setting a date for notifying the owners of their exact direct charge and requesting the owners to specify how they wish to pay the charge----all at once in a lump sum or using the Association payment options which allow for payment over time. Some members of the committee expressed the desire that the owners have at least thirty days notice before the direct charge is actually billed. It was also agreed that the owners should be notified as soon as possible when the direct charge will likely need to be paid as people have CDs and need to consider whether to renew them. Ms. Latson noted that there were several variables that needed to be looked at in determining when the direct charge would be levied, including when the window project is expected to start and when payment is expected. Mr. Vicens indicated he would get this information to Ms. Latson as soon as possible.

3. Finalize Bank Financing

A discussion of the various bank proposals was held later in the meeting

4. Finalize the Association's Financing Plans for James Owners including Default Reserves.

5. Organize Banker Night

The committee agreed that it would be beneficial for owners to be able to talk to representatives of various banks to discuss personal financing options for the window/balcony project direct charge. Ms. Latson indicated that several banks had expressed interest in participating. Ms. Latson asked for volunteers to head up organizing the event. Gina Zehr and Barbara Grodzins volunteered to work with Allan Werth to organize either one meeting or possibly two meetings to give the owners more than one meeting time option.

6. Plan for 2010 Reserve Study

The last reserve study was done in 2005. In keeping with the Association's policy of updating the study every five years, a reserve study should be done in 2010. Rich Vicens is in the process of soliciting bids from various companies who perform such services. The goal is to have the final reserve study

report in time for the 2011 budget preparation process so that reserve levels can be properly set. It was also recommended that Limited Common elements be delineated in the study given the current legal issues. Rich Vicens indicated he felt that he would have proposals for the board to consider at its March meeting.

7. Locking into Gas and Electric Contracts for 2011

The Association utility contracts are locked to the end of 2010. The committee agreed that it would continue to monitor gas and electric rates for an opportune time to consider locking all or a portion of gas and electricity rates for 2011.

8. Review the Results of the Kilmer Façade Inspection to Determine the Kilmer Owner Direct Charges

Rich Vicens stated that he had received the results of the inspection and would begin to calculate the estimated direct charges for the Kilmer owners. The board has recently voted to go out to bid on the Kilmer project so more accurate numbers will be available once those bids are received. The Kilmer direct charge will include cost of repairs to balconies, patios, and railings as well as the cost of resealing all of the Kilmer unit owner windows.

9. Review of Management's Recommendations for Cost Controls, Service Levels in Conjunction with the 2011 Budget Preparation

Rich Vicens indicated he would be reviewing these items throughout the year, including looking for ways to increase income.

10. Review and Act on any Board Requests relative to the Cost Allocation Study

11. Prepare the 2011 Budget

Ms. Latson then passed out loan proposals from various banks for the window project. The Banks that responded to a request for proposal were Harris Bank, The PrivateBank, Barrington Bank, and Delaware Bank. Fifth Third, Itasca Bank, Chase, and The Northern Trust declined to submit a proposal. After discussion, the members of the committee agreed that Harris Bank and Barrington Bank offered the Association the best options. Although one bank offered lower interest rates, it was agreed that both banks should be brought in for interviews with the finance committee to increase the Association's

negotiating power. Ms. Latson agreed to arrange for representatives of Harris Bank and Barrington Bank to come and speak to the committee so that the committee could make a final recommendation to the Board of Directors.

Ms. Latson indicated that there would need to be a number of meetings to resolve all the issues that need to be addressed. She will try to develop a regular schedule of meetings where possible.

Mr. Meyers then suggested that the committee consider the 35.5% of the unit owners who voted against the window project and reconsider longer amortization rates for the loan repayment. Several members pointed out that both the committee and the board had considered this possibility and had rejected it for a number of reasons that had been discussed. Further discussion of this issue was tabled given the lateness of the hour.

The meeting was adjourned at 9:20pm