

JK FINANCE COMMITTEE MEETING MINUTES FOR 10/19/10

ATTENDING:

Betty Latson, Chair of the Committee

Judy Barnes

Dave Beck

Karla Ross

Gina Zehr

Barbara Grodzins

Tom Meyers

Dorsey Ruley

Jay Owens

Allan Werth, DK Property Supervisor

Rich Vicens, JK Property Manager

Eddie Main, JK Garage Manager

Also attending—Dan McNamara

Betty Latson convened the meeting at 6:45pm.

Eddie Main appeared at the meeting to answer questions from the committee members. He noted that garage revenue was improving in 2010 and was expected to continue to improve in 2011 owing to increased monthly parking, the Latin School parking contract and Germania events parking. In response to a question about garage employee overtime . Eddie indicated that the income from the Germania events far outpaced the cost of the overtime. He also had run a number of different parking coupon scenarios. He indicated that a two tier system of \$10 for 12 hours and \$15 for a 24 hour coupon would yield a possible \$14,000 in additional garage revenue. The committee thanked Eddie for appearing at the meeting. After discussion, the committee decided to adopt the two tier coupon system of \$10 for 12 hours and \$15 for thirteen to twenty four hours.

Allan Werth advised the committee that changes had been made to the budget in response to comments and suggestions made by

committee members at the first two meetings. Most notably the following adjustments were made:

---utility expenses were adjusted upward to some degree, but remained less than what had been budgeted for 2010

---allowance was made for one doorman shift at Kilmer each week day reduced from the current two shifts per week day and two shifts on the weekend reduced from 24 hours on the weekend.

With these changes, the operating budget would decrease slightly more than 2%.

On the reserve side, the proposed 2011 contribution was increased by 20% over 2010. Betty indicated that this might be the best time to increase the reserves this much because the HOA assessment was not being increased.

Discussion initially centered on the proposed operating budget and specifically the reduction in doorman hours at Kilmer. Tom Meyers remained opposed as did Dorsey Ruley. Both felt it was a safety issue. Tom felt it was creating two classes of ownership. Dan McNamara felt it was retribution for the filing of the window lawsuit. Dave Beck pointed out that Kilmer had operated for 15 years with one doorman without incident, that 96 owners who accounted for less than 20% of the Association are using over 40% of the door staff cost, that reduction in door staff was considered 5 years ago to help reduce costs and finally the allocation study indicated that the Kilmer door shifts were being fully funded by the James owners. Dave suggested that the budgets could be split if the Kilmer owners felt that the extra door shifts were a necessity. Dan, Dorsey and Tom remained opposed to the reduction. The remaining majority of the committee decided to leave the Kilmer door staff reduction in the budget. Rich Vicens indicated that the capital improvements could be ready in time for the start of 2011.

Discussion turned to the reserves. Dave Beck suggested that the 20% increase in the reserve contribution should be reconsidered in light of the fact that we did not know how much of the concrete contingency would be used, a 20% increase would cause a 4% increase in overall assessments which seemed too high in light of the 7% increase last year and the large direct charge to James owners in 2010. Karla Ross pointed out that it was almost impossible to do as many projects in 2012 as the reserve study suggested, and that it was likely that some of the projects could be moved to outer years where the reserve balance/cash flow projections were more favorable. The committee agreed that lowering the assessment increase was an important priority. It was agreed that the committee would try to keep a total assessment increase to 2% or less.

The committee looked at several reserve contribution scenarios. The committee settled on increasing the reserve contribution for 2011 by 12.9% to \$1,330,010 (from \$1,177,000). The committee agreed to look closely at the reserve funding issue in 2012 once it was determined how much, if any, of the concrete contingency was used.

The committee recommended a final proposed budget with a 1.99% increase in assessments. This included a 2.06% reduction in operating expenses and the 12.9% increase in reserve contribution for 2011.