

Finance Committee Meeting Minutes for September 13, 2011

Present:

Betty Latson, Committee Chair

Dave Beck

Frances Andrews

Tom Meters

Jay Owens

Barbara Fiacchino

Rich Vicens, property manager

James Losik, DK supervisor

The meeting commenced at 6:37.

Agenda:

- 1. Discussion of letter to Kilmer owners regarding their direct charge.**
- 2. Discussion of draft 2012 operating budget**

Kilmer Letter

Betty passed out a proposed letter to Kilmer owners regarding their direct charge for window sealing, patio, terrace wall, and balcony repairs. It was emphasized that the numbers contained in the letter were estimates. Rich Vicens noted that additional amounts might have to be charged to first floor Kilmer owners to sound and possibly repair the landings that lead to the patios. Rich was going to check with the engineers from KH on whether those costs were in the original estimate.

It was suggested that letter should be clear that the estimates did not include any direct charge for HVAC lateral pipe project.

A few other small changes were suggested. Betty indicated she would make the suggested changes and submit a final draft to the committee before the next meeting.

Proposed 2012 Operating Budget

Betty indicated that the committee would try to concentrate on the larger items where possible.

The committee started with the operating income.

Garage—The garage committee recommended not raising the parking rate given that the rate had been raised in the two previous two years. It is expected that union wages and benefits will increase in 2012. Net profit from the garage may decrease approximately \$27,000 to \$344,000. It is hoped that transient parking may increase due to the completion of the com ed vault work. It was noted that the Standard Parking Agreement expires at the end of next year.

The committee decided to leave most fees the same for 2012, but would take a look at the lease fee. Rich indicated he would survey other comparable building to see where we stand in this regard. The committee discussed the possibility of raising the party room rates. It was decided to leave the party room rate where it is at currently.

The city garbage rebate was discussed. It was decided to leave the full rebate as income as the Association has continued to receive rebates from the city. The rebate will only be removed at such time as the city announces it is going to stop the program.

The committee next looked at various areas of operating expenses.

The largest expense area that was increased was the repair category (by more than \$100,000). Rich noted that due to the age of the building more repairs are becoming necessary. Higher repairs have also resulted in higher uninsured losses due primarily to the frequency of HVAC pipe breaks. It is hoped that uninsured losses will decrease once pipes are replaced.

Utilities were budgeted for the same amount in 2012 as 2011. Rich will provide consumption numbers at the next meeting so the committee can more accurately judge whether usage might change as a result of the window installation. Betty noted that gas and electricity rates are locked through the end of 2012. Further discussion will occur at the next meeting.

It was noted that cost of supplies seemed to be increasing dramatically. Rich agreed to get more specific information on this area.

Rich noted that there was a building wide extermination effort next year and that some money needed to be budgeted for possible additional extermination treatment.

There was an increase for elevator repairs. Rich noted that the Association should contemplate speeding up the freight elevators, as this would greatly improve the service.

The committee looked at the issue of bad debts. Some felt that the allowance should be increased. Betty indicated she would talk to the auditor.

It was decided to leave legal fees at \$25,000, as any additional legal fees for the collection of delinquent direct charge would be incorporated into a separate general ledger account.

There were a number of other items discussed. Rich indicated he would go back and make any corrections for the next meeting.

Betty announced that the next meeting would be on September 19, 2011 to further discuss the operating budget.

Meeting was adjourned at 9:10.

