

Finance Committee Meeting Minutes for September 19, 2011

Present:

Betty Latson, Committee Chair

Dave Beck

Tom Meyers

Dorsey Ruley

Barbara Grodzins

Barbara Fiacchino

Gina Zehr

Frances Andrews

Judy Barnes

Nancy Slattery

Rich Vicens, property manager

Meeting Commenced at 6:40

Agenda

- 1. Finalize letter to Kilmer unit owners on the estimated Direct Charge**
- 2. Continue Review of 2012 Operating Budget**

The draft letter and survey to Kilmer unit owners on the estimated direct charge was reviewed. It was suggested that the letter include a discussion on the treatment of the deductibility of interest when using an Association loan vs a mortgage or home equity loan. Various additional changes were suggested which Betty indicated would be incorporated into the letter and survey form. It was planned that the letter would be sent out to Kilmer owners no later than Wednesday, September 23, 2011.

Next the Finance Committee reviewed the 2012 Operating Budget. Rich Vicens prepared a number of updated worksheets that reflected the discussions held at the last finance committee meeting.

Income Changes / Revisions:

Master Association Assessments was revised in both the income and expense categories to reflect a 5% increase as opposed to the original 7.59% increase. Dave Beck pointed out that the increase may be lower. The exact amount of the HOA increase may not be available until closer to end of month once HOA gets its insurance rate.

Garage Income was revised to \$344,000 which reflected no increase in rates. The committee continued to feel that the monthly parking rates should remain level.

Health Club Membership income was revised up to \$18,000 based on past history.

Laundry Income had been originally budgeted at \$56,000 based on the vendor's projections. The committee was not certain that past history justified this figure. The projected income was adjusted down to \$50,000.

Late Fees were adjusted down to \$10,000 based on past history versus suggested \$12,000.

Scavenger rebate was left at \$46,200. It was expected that the city would reimburse the Association for some or all of the cost of recycling.

Transfer Fee was adjusted up to \$23,000 based on history from prior years.

The committee recommended increasing the lease fee to \$250 from the current rate of \$100 after reviewing rates at comparable buildings. Therefore expected income was increased to \$12,000 for 2012 based on prior history.

Expense Changes/ Revisions

Printing/ Copying Charges were increased to account for direct charge mailings, budgets etc.

Legal Collection expense was increased to \$17,000 based on possible additional defaults owing to direct charges. These are recoverable costs.

Professional Fees were reduced from original figure of \$12,800 to \$6500 owing to anticipated reduced engineering fees.

Bad debt allowance was increased to \$20,000 based on number and amounts of current defaults. Some committee members suggested that clearly uncollectible bad debts should be written off by the Board as soon as possible----particularly those assessments that can not be collected owing to foreclosures.

Insurance is expected to increase by 15% to around \$209,000, Final figure should be available before 9/27 Board meeting.

Utilities- Rich presented the committee with consumption rates for the past two years; After review and discussion, the committee decided to keep the utility budget level for 2012. While it is anticipated that usage of gas and electricity will decline in 2012 since the new windows will be fully installed in James House, the committee deemed it prudent to leave the utility budget as is, so that the actual effect on usage for both gas and electricity could be determined. The committee also discussed the possibility of locking both gas and electric rates beyond 2012 if rates became favorable. Betty will get further information from Jim Losik.

Maintenance supply budget was revised down from \$48,000 to \$43,000 after Rich had further discussions with Kurt.

Extermination budget revised up slightly to \$9000 to account for possible additional costs related to additional extermination measures that may be necessary.

Elevator maintenance expense raised to \$74,000 based on contract and emergency repairs not covered by contract.

Electrical budget remained at \$8000 as prior year history included some costs that should have been classified as reserve expense.

HVAC maintenance contract figure was reduced to \$33,000 from \$37,000.

Building Interior budget costs were increased from \$20,500 in 2011 to \$44,000 in 2012. The budget amount was raised to account for wall repairs related to breaking HVAC pipes.

Uninsured losses were increased to \$100,000 in 2012 from \$29,000 in 2011. It is hoped that with the repair of the HVAC lateral pipes much of this will not be necessary. Rich thought it prudent to budget at the higher figure as we will have to anticipate some breaks even during the ongoing repair project.

It was noted that cable TV expense will decline in 2012, but exact cost will not be known until a vendor is chosen at September Board meeting.

A number of additional recommendations were made and incorporated into the 2012 operating budget.

Betty announced that the next meeting will be on October 4, 2011. She indicated she would talk to David Sugar prior to that date regarding the issue of reserving for Limited Common Element repairs. An additional meeting may be necessary to finalize all aspects of the budget.

The meeting adjourned at 8:15.