

**JK FINANCE COMMITTEE MEETING NOTES**  
**August 30, 2012**

**Present:**

**Betty Latson, Chairperson**

**Dave Beck**

**Frances Andrews**

**Barbara Grodzins**

**Tom Meyers**

**Judy Barnes**

**Angus Shorey**

**Rich Vicens, Property Manager**

**Jim Losik, DK supervisor**

**John Balzanto , Picker and Associates**

**The meeting commenced at 6:35pm**

**The previously announced agenda:**

- 1. Review of 2011 Audit**
- 2. Kilmer Direct Charge Results**
- 3. 2013 Budget Process**
- 4. Discussion of the HVAC Pipe Replacement Project Financing**

**AUDIT REVIEW**

**Betty introduced John Balzanto of Picker and Associates to discuss the draft audit.**

**John provided a general overview of the financial statements. He noted that the Association ran a \$14,893 operating deficit. He noted that these were excellent results on a \$4 million dollar operating budget. He noted that the Association is not created to make a profit, but to try to come as close to the budget as possible.**

**John also explained that in 2011 the Association recognized more than \$8 million in revenue resulting from the James window direct charge. These sums were shown as deferred income in 2010 until the windows were installed and the expenses for the window installation were incurred in 2011.**

**Betty asked that, where possible, the capital expenditures be designated as James or Kilmer expenses. Rich Vicens indicated he would work with the auditor to delineate the expenses between the two buildings.**

**There was some discussion regarding the City scavenger rebate. There was a question as to whether we had collected rebates from the City in 2011. Nothing had been received to date in 2012. John noted that the City's rebate fund is under funded per his discussion with the Alderman. John noted that since the rebate will be decreasing, our budget process should reflect the revised lower rebates expected to be collected in the future.**

**Balzanto went through the various notes in the financial statements. It was suggested that since the Kilmer direct charge was voted before the date of the audit, a note should be added regarding its specifics. The auditor will obtain the information and add a note explaining the Kilmer direct charge that was voted for the Kilmer balcony, window resealing and terrace wall project.**

**The auditor used the 2005 Reserve Study to describe upcoming major capital projects. It was noted that many of the larger projects had already been completed (e.g James windows and concrete work on both buildings). Rich indicated he would work with the auditor to mark those projects, which are complete, substantially complete, or in progress.**

**Balzanto indicated he would make the requested changes as soon as possible.**

## **KILMER DIRECT CHARGE RESULTS**

**Betty gave the following results for Kilmer direct charge:**

- **66 owners out of the total 96 unit owners paid the direct charge in cash up front,**
- **10 owners opted for the 12-month payment plan,**
- **1 owner opted for the 24-month payment plan,**
- **19 owners opted for the 36-month plan (5 owners did not respond to the survey and were automatically placed in the 3 year plan as had been indicated in the Kilmer direct charge letter)**

**Betty has asked the Management Office and D&K to report back on the monetary amounts for each Kilmer payment category.**

## **2013 BUDGET PROCESS**

**Betty indicated that Jim Losik would work on the initial budget draft. Once the draft budget is complete, Betty will propose possible meeting dates for the Finance Committee to review the budget.**

## **HVAC PIPE PROJECT FINANCING**

**Betty indicated that talks with Harris Bank regarding a construction line of credit are well underway. It is hoped that the line of credit would not need to be used, but would be used as back up while the direct charge is determined and levied. The plan would be to draw from the reserves and collect the direct charge from unit owners early on in the HVAC project. The committee agreed that the owners would need to be educated as to the costs, payment plans, and logistics of the project before it began. No payment plan options were discussed, as unit owner costs are still being developed.**

**A discussion was held regarding financing new HVAC fan coil units. At this point, the committee seemed to feel that if an owner opted to replace his/her fan coil units, Association**

**financing should be available to those who may need it. More discussion will be needed to determine what financing to unit owners might be considered.**

**Betty raised the question of whether the Association should consider replacing all of the fan coil units on a mandatory basis. The discussion continued on how such a project could be financed to limit any additional costs to unit owners. Betty wanted to explore alternative possibilities. Further discussion will follow.**

**THE MEETING WAS ADJOURNED AT 8:35pm**