

FINANCE

COMMITTEE MEETING NOTES

FEBRUARY 13, 2012

PRESENT:

Betty Latson, Chair

Dave Beck

Tom Meyers

Frances Andrews

Judy Barnes

Duane Hickling

Nancy Slattery

Bill Winter

Rich Vicens, JK Property Manager

Meeting Commenced at 7:05pm

AGENDA

1. 2010 JK Allocation Study

2. Direct Charge to Kilmer Owners for Window Resealing, Railing and Balcony/Patio wall work.

2010 JK ALLOCATION STUDY

The 2010 JK Allocation study had been previously sent to the Finance Committee for their review. The operations analysis showed that the distribution remained the same in 2010 versus 2008 and 2009----approximately 77% to James and 23% to Kilmer. Reserve expenditures were allocated 96% to James primarily owing to the concrete at James House.

Betty noted that the operations numbers should change in the 2011 study since doormen and maintenance personnel were reduced in 2011 at Kilmer. Also 2011 tuck-pointing at Kilmer should balance out reserve numbers.

Betty asked the committee to review the study and pose any questions or suggestions to her. No questions were posed in the meeting. Betty indicated that the plan was to approve the allocation study at the February 2012 Board meeting.

DIRECT CHARGE TO KILMER OWNERS FOR WINDOW, PATIO, AND BALCONY WORK

The survey as to Kilmer owners Direct Charge Payment preferences was passed out. 36% of Kilmer owners responded (33 units). 28 units opted to pay in full up front, 1 unit over 1 year, and 1 unit over 3 years, and 3 units did not know. Concern was expressed that very few of the owners had actually responded and owing to the fact that there are a significant number of investor owners in Kilmer, whether all owners had received the survey. Rich Vicens was going to check to see if the survey was mailed rather than door dropped. There was some concern that the survey should be redone if the survey had been door dropped.

Rich pointed out that he had calculated the direct charge for each Kilmer owner. The one variable was the cost of the HOA work for the west side patio units. He expected to receive the exact numbers shortly and those figures would be added to the final figures. Rich also pointed out that there might be additional mobilization costs in 2012, which may need to be added. He will check and report back.

With regard to financing for Kilmer owners who need it, it would be provided directly by JK. Kilmer owners could pay up front or over 1, 2 or 3 years. Betty would go to the banks and determine prevailing interest rates for those terms. In addition, each Kilmer owner who elected to finance would be charged an additional .5% administrative fee as was done with the James owners for the windows project. The Committee also discussed a default reserve of 3% of the cost of the project to be funded by Kilmer owners.

There was some discussion as to when people could pay in full if they had elected one of the financing options. The Committee agreed to keep the policy consistent with the one in use at James----the full amount may be paid at one set time, on the anniversary dates of the initial payment due date.

The direct charge would be due and payable no sooner than 60 days after the Board votes to levy the direct charge.

The committee unanimously agreed with the outlined financing options.

The next steps toward levying the direct charge were discussed:

- 1. Planning a meeting for Kilmer owners where the direct charge and the financing options would be discussed. Some suggested setting up information tables in Kilmer in lieu of the meeting. The consensus of the committee was that one meeting would be easier for all concerned. Betty will work on a date and hopefully can use modified versions of the power point presentation used for the James windows.**

- 2. Develop the Direct charge letter. The committee agreed that the James window letter could be modified for use with the Kilmer direct charge.**

- 3. Develop Board Motion for the Direct Charge, which will be reviewed by David Sugar, the Association's attorney.**

It is hoped that the Board might be able to vote the direct charge at its March meeting, but realistically the vote may occur at the April meeting.

ADDITIONAL TOPICS

AUDITING SERVICES

The Association received the proposed audit costs for the 2011 audit. JK auditors are willing to hold those costs for two years. Betty suggested we continue to use our auditors for an additional two years owing to their familiarity with our somewhat complex financial disclosures and accounting related to the various direct charge levies and the Allocation Study. The committee agreed unanimously.

HVAC PIPE PROJECT

The Association is waiting on test results on the HVAC vertical pipes (due in late February) to determine if work needs to be done to the vertical pipes along with the horizontal pipes. If work needs to be done on the vertical risers, it could potentially be financed through a combination of reserves and an Association loan, as the vertical risers are common elements. The lateral pipes are limited common elements and would be financed by a direct charge to unit owners. The committee will have to look at financing options for the direct Charge portion of the project.

Meeting Adjourned at 8:20pm