

Finance and Budget Committee Meeting

October 30, 2010

The meeting began at 2:00 p.m.

Members in attendance: Bob Frise (telephone), Paul James, Alan Stinson, Bob Luttrell

Also present: David Lisbon, Manager

Unable to attend: John Beattie

Purpose of meeting: To review and revise the initial draft of a proposed 2011 budget for the Association. The draft, as modified, will be presented to the Board of Directors at its meeting of November 1, 2010, and will be sent to all unit owners at least fourteen days prior to the Budget Meeting of the Board of Directors.

The following changes to the Operating Budget were recommended and approved by the committee:

Line 515 - Landscaping Service. Increase the recommended amount by \$4,000, from \$46,000 to \$50,000.

Line 535 - Elevator Repair & Maintenance. Reduce the recommended amount by \$2,000, from \$22,000 to \$20,000.

Line 850 - Bad Debt Expense. Reduce the recommended amount by \$2,000, from \$20,000 to \$18,000.

The addition of \$114,000 to the Reserve Account was recommended and approved by the committee.

The projected 2011 Operating Budget is \$781,940, and the projected Operating Assessment is \$770,440. The projected 2011 addition to the Reserve Account is \$114,000. The total proposed budget is \$895,940, and the total proposed assessments are \$884,440.

This represents an increase in the total budget of \$25,140, or 2.9%, as compared to the 2010 budget. Of that total, \$22,000 would be allocated to the Reserve Account.

As of December 31, 2010, the balance in the Operating Account, exclusive of prepaid 2011 assessment payments, is estimated to be \$125,000, and the balance in the Reserve Account as of that date is estimated to be \$445,000, or slightly more than the \$437,729 estimated in the Reserve spread sheet.

The Committee notes that the statutorily-required engineering analysis of the building completed in early 2010 recommends the repainting/replacement of railing and screen systems at an estimated cost of \$300,000 to \$450,000 and the waterproofing of lanais at an estimated cost of \$400,000. The sum of \$200,000 has been added as a prospective Reserve Account

expenditure for these items, but the Board of Directors has not made a decision pertaining to the implementation of these recommendations.

The meeting was adjourned at 3:55 p.m.