



## VI. FINANCIAL REPORT

### A. 2013 Year-End Financial Review

Giovanna Voge reviewed the financials.

1. The bank account balances total \$114,000, which is \$28,000 higher than last year.
2. Accounts Receivable has a \$2,543 credit balance from advance payments of dues.
3. One owner was \$109 in arrears.
4. Prepaid Expenses were \$7,123 for insurance and security.
5. Accrued Payables total \$6,065 for legal, snow removal, fire inspection, boiler inspection and PC support.
6. The total income for the year was \$35,895.

#### Operating P&L:

1. Total expenses were \$4,600 under budget and Operating net income was \$6,453 higher than budgeted.
2. Operating Dues income was over budget due to laundry revenue.
3. Total Operating Income for the year was \$33,677.
4. Key line items that were over budget included Legal (\$3,500), Building Repairs (\$1,455) and Water (\$1,000).
5. Key line items that were under budget included Insurance (\$2,120), Boiler Repairs (\$943), Landscaping and Ground (\$551), Cable (\$694), Trash Removal (\$1,568) and Electric (\$3,191).

#### Reserve P&L:

1. Total Reserve income for the year was \$6,408.
2. Overall Reserve expenses were \$10,000 under budget due savings in Insurance Deductible and Claims (\$5,000) the siding for the west wall of the East building (\$2,281).
3. At the last meeting, the Board decided to move all the 2013 net income to Reserves for projects.

### B. 2014 Operating Budget

Giovanna Voge reviewed each line item of the proposed 2014 Operating Budget.

The changes as compared to the 2013 Budget included:

1. Insurance – \$2,120 decrease.
2. Building Repairs - \$1,500 increase based on past actuals.
3. Landscaping/Grounds - \$1,600 decrease.
4. Cable – \$1,000 increase based on an anticipated 4% rate increase.
5. Gas - \$2,000 increase.
6. Electric - \$2,000 decrease.
7. Sewer - \$700 increase per new rate.
8. Water - \$200 increase.
9. Net Ordinary Income - \$27,282.

C. *2014 Reserve Projects*

Reserve projects scheduled for 2014 include:

1. Deck railing replacement - \$38,000
2. Paint West building - \$18,500

Giovanna Voge reviewed the 2013 Reserve Fund activity. The starting balance was \$73,613. There was \$42 in interest, \$3,504 for the Working Capital Reserve a transfer of \$33,755 of Operating income and \$21,116 in annual contributions. Projects included the deck work for Unit 107 (\$5,550) and removing and redoing the siding for the west wall of East building for \$12,719 for a total of \$18,269. There was also a \$3,000 expense for parking lot seal coat and striping, leaving and ending balance of \$113,761.

An owner suggested adding an inflation factor to the project costs in the Reserve Study. Wally McCorkle said he was in favor of raising dues to avoid the need for Special Assessments. Simon Lewis asked if the roof repair included the skylights. Charles Johnson said it was included in the cost. There was general agreement that the roof repair should take precedence over painting, the roof repair should include the skylights and that a dues increase would be preferable to a Special Assessment if needed.

The current loan balance was \$39,687.

**VII. MANAGER'S REPORT**

A. *Completed Projects*

1. West End of East Building Siding Repair – Added R14/R15 insulation to prevent frozen pipes.
1. Hand Rails – Added a 2” x 6” on top of the handrails that were in poor condition for additional support until the complete replacement is done.
2. Painting of West Building – Will be done this coming summer.
3. Crack Seal, Seal Coat and Striping – Completed.
4. Unit 107 Deck Leaks – Removed the decking and installed a roof membrane under the deck and up the walls.
5. East Building Garage Lights Photo Sensors – Added a sensor inside the garage so the lights come on earlier.
6. Pet Issues – There are ongoing issues with unleashed pets and pet urine and waste in many areas of the property. Owners were asked to make sure their renters and guests follow the rules. Wally McCorkle suggested installing motion sensor cameras. Owners were encouraged to call the police or Animal Control to address barking problems. Other owner suggestions included a fine for unleashed pets, only allowing owners to have pets and sending a strongly worded reminder of the rules to all owners with the requirement that they provide it to their tenants. Gary Nicholds said he would contact the Frisco Police Department to determine what authority the Town has to enforce pet rules. Several owners felt the owners should be allowed to vote

on the decision to outlaw pets for renters. Gary will send an email to all owners after this meeting to inform them that dogs must be walked away from the parking lot and building. Sandy Hawkins made a motion to allow owners only to have pets and to grandfather current rental tenants with pets until the termination of the lease. Steve Merrill seconded. In discussion, Paul Sakiewicz commented that enforcing the rules and adding cameras should solve the problem. The motion did not carry. The Board confirmed their commitment to continue discussion on this issue.

7. Miscellaneous projects including touch-up painting, light bulb replacements and tree removal. A suggestion was made to put a motion sensor on the lights in the stairwells.

## VIII. OLD BUSINESS

### A. *Discussion of Declarations Changes*

Wayne McCorkle reviewed the proposed changes:

1. Modernize the Declarations to include current, searchable language.
2. Incorporate the change of Unit 111 from commercial to three new residential units.
3. Incorporate the previous Resolution that clarifies the Association only insures units up to and including the unfinished interior surfaces (“bare walls” insurance coverage).
4. Clarify that any buyer is required to pay an amount equal to three months of dues for the unit upon purchase, which will be allocated to the Capital Improvement Fund. These amounts will not be returned to the buyer upon subsequent sale of the unit.
5. Change the restriction on television antennas or satellite dishes to provide flexibility if some future technology allows a single or limited unobtrusive antennas or dishes to serve the entire complex. The limitation on individual antennas or dishes would be maintained.
6. Authorize the Board to change the allocation methodology for the cost of any service that is provided equally to all owners, such as cable television. Two spreadsheets were provided, one that included the current allocation of expenses by square footage and the proposed new allocation with cable allocated equally per unit.

Sandy Hawkins requested a draft copy of the proposed Declarations before a vote of the owners. Wayne McCorkle said the Board had a revised version but it was not drafted by the attorney. The Board felt it would be prudent to get a feeling for the level of owner support before paying the attorney for the legal work.

Leonard Szmurlo made a motion to authorize the Board to have the new Declarations with the proposed changes drafted by an attorney for presentation to the owners for review. Kate Love seconded. In discussion, Wayne McCorkle noted that the estimated cost for the legal work was \$5,000. He was concerned that the proposed reallocation of dues might not be approved by the required 67% owner majority. He

suggested not including the reallocation of dues as part of the Declarations change, but rather to specify that cable expenses only would be allocated equally by unit. There was discussion about leaving the Declarations more general to allow the Board and owners to make decisions about such charges on an individual basis. Leonard Szmurlo amended his motion to authorize the Board to proceed with the drafting of the new Declarations but with a very generic statement regarding the allocation of certain expenses so it can be put to a vote of the owners. Paul Sakiewicz noted that there should be an arbitration clause added in the new version of the Declarations. Leonard withdrew his motion.

Leonard Szmurlo made a motion to authorize the Board to modernize the Declarations per the first five items listed above and for the Board to make recommendations when needed to the ownership for a vote of the simple majority of the members present at the Annual Meeting about allocation of specific line items on a per unit basis or on a square footage basis. Wally McCorkle seconded. With eight in favor and nine opposed including proxies the motion did not carry.

Wally McCorkle made a motion to move forward with incorporating the first five items in a new draft of the Declarations and to discuss the sixth item with an attorney. Nancy Tisdale seconded and the motion carried with two opposed.

**IX. NEW BUSINESS**

*A. Potential Addition of Cobianet in the Budget*

Wayne McCorkle made a motion to include the \$10/unit cost for wireless internet service in the 2014 Operating Budget. Jamie Lewis seconded and the motion did not carry.

*B. Vote on 2014 Budget*

Wally McCorkle made a motion to approve the 2014 Budget as presented. Paul Sakiewicz seconded and the motion carried.

**X. BOARD OF DIRECTORS ELECTION**

The terms of Kate Love and Jim Meyer expired. Jim Meyer indicated he would be willing to run again but Kate Love declined. Paul Sakiewicz and Leonard Szmurlo volunteered to run. Jamie Lewis made a motion to elect the two candidates by acclamation. Wally McCorkle seconded and the motion carried.

**XI. NEXT ANNUAL MEETING DATE**

The next Homeowner Meeting date was not set.

**XII. ADJOURNMENT**

With no further business the meeting was adjourned at 5:55 p.m.

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
Board Member Signature