**VILLAGE CENTER CONDOMINIUM ASSOCIATION**

**MEETING OF THE BOARD OF DIRECTORS**

**May 9, 2016**

**2:00 pm**

Josh Quentzel

Greg Harscher

Ethan Mueller

Michael Kraatz

Rob Harper, Toad Property Management, Inc.

Angela Reeves, Toad Property Management, Inc.

Rob Harper called the meeting to order at 2:02 pm and confirmed a quorum was present.

Rob gave a brief explanation that this meeting was to discuss the operating and capital budget. Angela described that there is a situation where the operating budget owes the capital reserve approximately $153,000 and that in order to comply with the auditor’s recommendations this money needs to be paid to the capital reserve or amendments made to the budget.

In the past if the Association had sufficient funds to make the transfer from capital to operating those payments were made and sometimes in lump sums to catch up with two or three months of transfers in order to help cash flow. During the year any items that can be classified as a capital expense have been entered that way but many expenses must be categorized as maintenance.

Josh asks “what should the Board do to solve this problem and not make the matter worse”? Angela said that there are two approaches to this issue. From an accounting point of view, this can be solved by changing the budget so that this reserve transfer is not required and thus will not continue to build when the transfer funds are not available. From a mortgage banker perspective, they like to see regular transfers into capital reserve but that this amount is not specified. Angela suggests that changing the accounting would be the best possible short term solution. Greg asks “what is the figure that the mortgage companies are looking for”. Angela said that the mortgage company usually just likes to see that there is a reserve and that 10% is a number that is typical but not certain.

The current reserve is approximately $116,000. Josh pointed out that this is not enough in the reserve if something went wrong. He said that the current dues are relatively low considering other mountain properties. Angela pointed out that all floorplans pay the same dues meaning that one bedrooms pay the same as 3 bedrooms. Josh stated that more income is the natural solution and it was pointed out that the dues were raised $50 two years ago and that they are currently $416 per month.

Michael stated that going forward they should sign the amendment so that the capital funds will no longer go into the reserve and instead will stay in the operating budget. He said that they need to determine what assessments need to be next year depending on what needs to be done as capital projects. Michael spoke about the Emmons project and how money has been spent on architects and engineers that has not been budgeted for. He said that this needs to cease, Josh said that this project has been shelved since February.

Greg said that the Board needs to find an amount for the dues that will cover the operations and fund the capital reserve.

Josh Quentzel made a motion to amend the 2015/16 Budget by ceasing monthly transfers of $5,150 from operating to reserve for the remainder of the financial year. This motion was seconded by Greg Harscher and approved unanimously.

Rob asked if there are any projects that need to be accomplished in the near future. It was agreed to just focus on regular repairs and maintenance. Greg asked about the 10 capital plan. It was agreed to update this document prior to the Annual Meeting.

Michael pointed out that the source of the majority of building damage is the water draining from the roof. Fixing this would be the best solution however Josh pointed out that this will be a very costly project. Michael suggests that continuing to band-aid these repairs is not the answer but rather fixing the source of the problem would be money well-spent. Ethan suggested finding a solution but coming up with a way to phase it where the cost can be spread over several years. Ethan would like to know if finding this solution is worth looking into. It was agreed that Toad will look into finding a solution to the drainage problems. Greg pointed out that some projects have a larger payback and that we need to take that into consideration.

As there was no more business the meeting adjourned at 2:47.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Prepared by Rob Harper,

Toad Property Management, Inc., Manager

Village Center Condominium Association

Approved:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Lamar Jackson

Village Center Condominium Association