



Oakland Hills Community

FINANCE COMMITTEE MEETING MINUTES 2-16-16

Committee Members Present: Jack Michael, Bob Love, Carl Dyszkiewicz, Dennis Moon

The meeting was called to order at 7:00 PM by Jack Michael

Old Business:

- MAKE A RECOMMENDATION TO THE BOARD REGARDING WHAT TO DO (OR NOT TO DO) WITH THE POTENTIAL 2015 OPERATING DEFICIT.
 - 2-16-16- After the final 2015 costs are determined, the committee will recommend to the Board that there be an assessment to offset the 2015 operating deficit.
 - 2-16-16- Discussion about final 2015 numbers. It appears that some items should have been charged to 2015, but because they were actually paid by Gardner in 2016 they have not included them in the 2015 expenses. Dennis will contact Gardner to get this corrected.
 - 2-16-16- There was a question about the 2015 cost of the irrigation line item. It far exceeded the budget of 12K. Jack will speak to Gardner to see how we can work within the 2016 Budget allowance for this item.
 - 1-26-16- Waiting for the final 2015 numbers. Also, there was a question about why the actual 2015 irrigation expense seems to be so far over the \$12,000 budget, and the why a big charge came late in the year. Jack will request that Gardner Management send a breakdown of the costs for this item.
 - 10-7-15 – nothing new to report.
 - 7/23/15 -It was decided to wait and see what the deficit if any will be.
 - 7/23/15- Jack will contact Gardner to have Carl and Dennis added to the recipient list for the monthly financial reports, as well as posting the reports on the website.
- LONG TERM CAPITAL REPLACEMENT PLAN- MAKE A RECOMMENDATION TO THE BOARD REGARDING FUTURE INFRASTRUCTURE COST ALLOCATIONS AND THE PERCENTAGE THAT THE ASSOCIATION WOULD FUND.
 - 2-16-16 – The Finance Committee discussed the various options for the capital replacement plan and decided to recommend plan “B” to the Board.
 - 1-26-16- There was a review of the key Infrastructure Committee Capital Expenditure Projection Report Assumptions:
 - Projected inflation rates over the 45 yrs- It was decided to use a consistent inflation rate of 3% for the projection, but also an assumption of a 1 ½% investment return on the reserve fund balance. Note- After the meeting Jack confirmed with Gardner Management that investment income used for capital replacement expenditures is not taxable.
 - 2). There was a discussion about the Association vs Resident sharing scenarios. What might be recommended or palatable to the residents? Jack will speak to Gardner to get more input on what is typically done. The finance committee will also see if we can speak to someone from the Moorsbridge Association about their approach and how they project costs.



- 3.) There was a discussion about what the committee would recommend in terms of Reserve Fund monthly dues increases. IE- more often but smaller, larger increases but less frequent, etc. This is still being reviewed.
 - 10-7-15 - It was decided that we need more input from the infrastructure committee before making a recommendation about this.
 - 9-10-15 – Dennis researched the Deed requirements and there was a discussion regarding the percentage of future infrastructure costs that the association would cover. In principal the committee’s consensus was that it would be desirable for the association to cover 100% of these costs. However, we need input from the infrastructure committee as to how much those costs are, and then we can calculate the required amount of dues that would be needed to cover those future costs.
 - 9-10-15- Dennis also researched the Deed to determine who was responsible to pay for replacement of the coach lights that are rusting. Based on a determination that the coach lights serve as the general street and common area lighting it appears to this committee that the association would be responsible for the fixture replacement cost.
 - 7-23-15- Dennis will investigate the Deed requirements, etc., and report back to the group.
- MAKE RECOMMENDATIONS TO THE BOARD REGARDING FUTURE DUES, ETC.
 - 1-26-16- The dues were increased by \$10 per month starting in January 2016.
 - 10-7-15- Nothing new to report.
 - 7-23-15- More research is needed.

New Business:

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- **Recap of recommendations to the board:**
 - The Finance Committee recommended the plan “B” version of the Capital Replacement Plan options to the Board.
 - 7-23-15 -The alarm fee structure should remain unchanged at this time.
 - Recommendations regarding the 2016 budget were communicated to the Board.
 - The dues should be increased by \$10 per month starting 1/1/16 over and above previously scheduled \$25 increase.

Next meeting of the Committee:

The next meeting of the Committee is set for Tuesday April 26th at 7:00 PM in the Oakland Hills Clubhouse.

Adjournment:

Respectfully submitted,
Jack Michael
Treasure