

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Budget Committee
(Via telephone)
August 11, 2022

The budget committee chairman called the meeting to order at 10:02 a.m. on the date above noted at the location and time specified in the notice of meeting.

Those present were:

John "Randy" Kuhl, Chairman
Yossi Edelkopf
Charles "Chuck" Erwin
Earl Monari

Chris Gourdie, General Manager
Carol Post, Bookkeeper

The purpose of the meeting was to discuss the 2023 operating and reserve budget in order to make a recommendation to the board. Mr. Kuhl began by asking if everyone received the proposed budget, budget calculations and reserve calculations for the year 2023. All indicated that they had. Mr. Kuhl then turned the floor over to Mr. Monari, who had indicated previously that he wanted to address the committee.

Mr. Monari stated that he had sent to Mr. Kuhl his thoughts on individual items in the budget but hadn't addressed the maintenance fee increase. He indicated that he has come up with a three-pronged idea of different scenarios. First, he felt that the Association probably needed about an 8-percent increase with what is going on with insurance and inflation, and if the board would decide to bite the bullet now, it could stay on the front end of the curve, but he didn't know how the membership would react to the increase with the surrounding property being deteriorated. His second idea was to stretch the increase over two years, with a 3 to 4-percent increase each year, which might be more palatable to the membership. Then the board would have more feel for where everything is headed, especially with the insurance. His third idea was for the board to look into the services the Association offers and start to cut, which he does not want to do and considered this option to be only a last resort. He felt that would hurt everyone involved, and the Association would fall into the slum nature of what is happening with the rest of the property. He reiterated that he is totally against that, but it has to be considered, because the board doesn't know where the rest of the complex is headed.

Randy Kuhl then asked if any of the committee members wanted to deal with any particular item of the budget, as far as the numbers that Mr. Gourdie and Ms. Post came up with in their recommendation to the budget committee. Chuck Erwin stated that he had no concerns about the numbers. Mr. Kuhl then addressed Yossi Edelkopf, stating that Mr. Edelkopf had mentioned that the numbers looked pretty good, but he had some issues relative to employment services, which would be addressed later, but Mr. Kuhl was questioning specifically the bottom-line numbers. Mr. Edelkopf indicated that what Mr. Kuhl stated was correct, that he didn't have a problem with the bottom-line numbers. Mr. Kuhl then asked Mr. Monari if he had any problem with the numbers and Mr. Monari stated that he did not, that he felt the numbers were solid from past years, and that he would like even a little more but does not want to mess with the reserve.

Mr. Kuhl stated that he didn't have any problem with the numbers and explained that budget numbers will never be exact but have to be such that the budget can handle anything that comes up, but also based on past experience. Mr. Kuhl then asked if the committee was willing to move the proposed budget, with the current numbers and without amendment, to the full board for discussion and adoption there.

Mr. Edelkopf stated that he had spoken to Mr. Kuhl privately about his feelings and spoke again with Mr. Gourdie yesterday. He indicated that, although Mr. Kuhl had advised against it, before making the motion, he wanted to bring up his concerns for discussion again. He stated that if this was a normal time and the economy was very successful, he would say to go ahead with the increase, but he felt that this was such a tough time for the average person due to inflation. He felt this was a good time to discuss his concerns, and even though the budget had to go to the board next Monday, the board had a lot of time before the beginning of the year. He stated that Mr. Gourdie is open to the idea of researching whether there might be a pretty decent amount that can be cleaned up on the staffing side without giving up any services just by rebalancing how the Association attacks services. He stated that it is very important that the Association keep a higher standard, especially with a lower standard being taken with everything around. He indicated that he had mentioned a few things to Mr. Gourdie yesterday, and he didn't want to go into detail at this meeting, but just wanted to know if the committee members felt it was worth jamming this research in before the end of the year. He stated that most of the work would fall on Mr. Gourdie, but he would be willing to do whatever he can to assist.

Mr. Kuhl clarified that in their discussion he indicated that he didn't want to adjust numbers in the proposed budget without some sort of opportunity to do that through the course of the year. He stated that he was suggesting that the committee adopt the budget that has been drafted and then work very closely and see if the Association can save significant money in services being provided by the employees without diminishing those services, but he didn't want to shortcut the budget by just trimming numbers without knowing how much Mr. Gourdie can do. He indicated that everyone wants to see the budget tightened, but he feels that the budget committee is obligated to present a realistic number, which Mr. Gourdie and Ms. Post have put together, and if those numbers can be diminished by reducing a section of the budget going forward next year, then the savings are there, but he doesn't want to send a budget that is \$100,000 short and creates a deficit next year. He stated he doesn't know how much Mr. Gourdie can do by moving people around, putting them in jobs that are better suited to their skills.

Mr. Edelkopf then asked if the committee would be open at a later time, after the budget is adopted, if the change was significant, to lower the budget at that time. Mr. Gourdie explained that what would happen is that there would be a surplus at the end of the year, which would lower the fees in the following year. Mr. Edelkopf asked if it could be changed mid-year. Mr. Gourdie stated that if the board and membership doesn't adopt a budget, it stays the same as the previous year until a new budget is adopted. He stated that changing the budget in the middle of the year might be possible, but it isn't advisable. Mr. Edelkopf stated that he wasn't talking about normal circumstances, he was talking about a freak situation where the market is terrible. He felt the board had a fiduciary responsibility to do the right thing and felt it would be noble if the board could decrease the fees.

Mr. Gourdie went on to explain that at the annual meeting, the membership adopts the reserve budget, and changing it would require a special meeting of the membership. However, the operating budget is adopted by the board, so it may have the leeway to change it during the year, but that would need to be explored. Mr. Monari stated that the Association has made changes from time to time, such as making changes in carpentry and taking plumbing projects in house. He indicated that his fear was that the preventative maintenance and emergency projects wouldn't stay up to schedule because of lack of staffing. He felt the Association is already pretty lean, with the property that it has and what is necessary to maintain it. Mr. Edelkopf stated that he is up to the challenge of proving Mr. Monari wrong, without even risking any loss of service.

Randy Kuhl stated that the committee has the opportunity, at the September board meeting, to change what it has forwarded to the board. He stated that the other question is how long it will take for Mr. Edelkopf and Mr. Gourdie to come up with a solid number for how much the budget can be decreased. The board would have an opportunity then to reduce it. He felt that everyone would applaud an opportunity to try to make services less expensive, but at this point, he can't anticipate a number as the chairman, that he has looked through all the numbers and information provided and doesn't see anywhere that costs can be cut. He stated that he is happy to hear any ideas Mr. Edelkopf might have for how to do that. But he does need to get the committee to forward a budget proposal to the board. Mr. Gourdie added that the Association has made changes mid-stride, such as the contract with Benchmark. Any time the Association finds opportunities during the year, it is definitely open to trying them. However, he felt that a lot of the changes now are contingent on the fact that landscaping will continue to be outsourced, which is a big leap of faith considering that it has been outsourced for only two months. A lot of changes can be made in theory and on paper, but if they're made too quickly, the Association could end up having to rehire people in the event it doesn't work out. He stated that the Association can make changes as it goes, that they don't have to be announced changes. He didn't know whether the changes would have that much of an impact, that it could be a cumulative effect that happens over time.

There being no more discussion, Earl Monari moved to accept the budget as presented by Mr. Gourdie and Ms. Post and forward it to the full board with any changes there might be at that point. Chuck Erwin seconded the motion, which was passed unanimously.

Randy Kuhl expressed appreciation to Mr. Edelkopf for looking closely at the numbers and stated that he was looking forward to working with him.

At 10:24 a.m., Earl Monari moved and Chuck Erwin seconded a motion to adjourn, which was approved unanimously.

Respectfully submitted,

Carol Post

Carol Post
Secretary pro tem