

THREE FOUNTAINS CORPORATION

President: Jeff Rickard
Treasurer: Kathy Mehlmann
Member at Large: Cassandra Rocha

Vice President: Barbara Florey
Secretary: Barbara Griswold

BOARD OF MANAGERS AND FINANCE COMMITTEE MEETING Presentation of 2018 Proposed Budget October 16, 2017 @ 6PM

The meeting was called to order at 6:01PM by Jeff Rickard, President. All members of the Board were present. All members of the Finance Committee were also present. Those members are Mimi Karsh, Chair; Irene Carlow, Cassandra Rocha, Abby Marsh, Becky Richmond and Bill Schloten.

Mimi opened the meeting by stating that she as an individual member of the Finance Committee and speaking only for herself, cannot support the proposed 2018 budget at this level. She feels that it is not sustainable in projecting ahead for the next 3 years if the operating expenses continue to increase at 5% per year. Three Fountains only source of revenue is the monthly assessments. Operating expenses will increase \$40,000 per year if there is a continued increase in expenses of 5% per year. The transfers to reserves will decrease by a like amount, declining to just over \$100,000 in 2021. She feels that there is not enough in the General Reserve. Jeff asked the Finance Committee which members support the budget and Cassandra Rocha, Abby Marsh, Becky Richmond and Bill Scholten raised their hands in the affirmative. Irene Carlow said that she couldn't support the proposed Budget.

Cassandra Rocha presented the 2018 proposed budget. She only addressed the budget line items that the Finance Committee changed from 2017 to 2018 after meeting with Chris or that were significantly increased or decreased from the 2017 initial budget to the 2018 proposed budget.

The homeowners monthly dues will remain at \$400.00.

BUDGET LINE ITEM CHANGES

BUILDING EXPENSES

Total Building budget in 2017 was \$26,493 changed to 2018 at \$27,820 - increasing \$1,327

SIGNIFICANT CHANGES

- 1.500300 - Building Maintenance - exterior - 2017 was \$6,1433 to 2018 at \$8,280 - increasing \$2,137
- 1.502400 - Gutter repairs - 2017 was \$3,300 to 2018 at \$2,000 - decreasing \$1,300. This if due to the crew saving and reusing the old gutters that have been removed from the new roofs.

1.503000 - Building signage - 2017 was \$200 to 2018 at \$2,000 - increasing \$1,800 - this is repairing and replacing existing signs.

RECREATION FACILITIES

Total Recreation Facilities budget in 2017 was \$10,580 to 2018 at \$11,410 - increasing \$830

1.600605 - Pool Maintenance and Supplies - 2017 was \$5,100 to 2018 at \$5,500 - increasing \$400 - this is for the new chemicals to treat the pools for algae

1.620105 - Clubhouse Maintenance /Cleaning - 2017 was \$3,300 to 2018 at \$3,500 - increasing \$200 - this is an estimate

GROUNDS

Total Grounds Budget in 2017 was \$103,175 to 2018 at \$129,900 - increasing \$26,725

1.700125 - Turf Management - 2017 was \$38,775 to 2018 at \$47,000 - increasing \$8,225 - This is a 12 month contract with Keesen which includes fall and winter bed maintenance. This is a new addition to the 12 month contract. It was a 8 month traditional contract before.

1.700500 - Tree Pruning - 2017 was \$10,000 to 2018 at \$20,000 - increasing \$10,000 - This is to remove the deadwood and trim the trees. This requires a 2 man crew with a chipper and a basket to do the trimming at the top of the trees. Three Fountains crew is not able to do this.

1.700800 - Weed and Pest Control/Fertilizer - 2017 was \$5,000 to 2018 at \$12,000 - increasing \$7,000 - This is for spraying the trees to eliminate bugs such as spider mites and emerald ash borer.

1.701400 - Ground Supplies - 2017 was \$2,600 to 2018 at \$1,000 - decreasing \$1,600

1.720200 - Asphalt Sealing - 2017 was \$18,100 to 2018 at \$18,000 - decreasing \$100 - Three Fountains is only sealing the lanes next year. The asphalt repairs will happen in 2020.

1.720300 - Fences - 2017 was \$5,000 to 2018 at \$7,800 - increasing to \$2,800 - With Keesen covering more of the landscape and turf issues, the crew will be able to do more fence repair.

UTILITIES

It is hard to project the amount required so for 2017 it was \$152,230 and 2018 is at \$153,090 - increasing \$860.

ADMINISTRATIVE EXPENSES

Total Administrative Expenses budget 2017 was \$130,344 to 2018 at \$147,418 - increasing \$17,074

1.900100 - Management - LCM has not raised their rates to Three Fountains in 7

years. 1.900700 - Insurance - 2017 was \$84,000 to 2018 at \$95,000 - increasing \$11,000 - This is an

estimated projection. The actual numbers will be available in December or January of 2018 from Farmers Insurance. The Workman's Comp. Insurance will be available in April or May of 2018.

1.903000 - Engineers/Consultants - 2017 was \$2,000 to 2018 at \$2,500 - increasing \$500

SALARIES

This increase has unanimous Board approval - 2017 was \$281,054 to 2018 at \$281,840 - increasing \$786

SPECIAL PROJECTS

Total Special Projects budget 2017 was \$43,000 to 2018 at \$33,000 - decreasing \$10,573 - This decrease helps to offset increases in the areas of the budget.

1.940205 - Sewer Root Removal - 2017 was \$6,000 to 2018 at \$5,000 - decreasing \$1,000

1.940208 - Landscape upgrades - 2017 was \$19,573 to 2018 at \$10,000 - decreasing \$9,573

The Finance Committees proposed Budget to the Board reflects only a 5% increase.

The Budget is balanced by the amount that is transferred into the General Reserve. This is to address the roofs and other possible capital projects. No funds are being transferred into the Capital Reserve at this time.

There was discussion of the decrease to the Landscaping budget for 2018. Barbara Florey and Katy Conroy both stressed a need to maintain the 2017 budget so that Lane 1 could be newly landscaped around the clubhouse and the island in the lane. There was no agreement to that discussion. Jeff said that the overall budget for landscaping items; turf, trees and pest control has been increased by \$26,000 overall.

There was discussion on the unexpected expenses for 2017. Kathy stated that the cost to replace the roof on building 42, which will be done this fall, is \$42,887.25. Back flow preventers which include the 3 units and the electrician to do his share of the work come to a total of \$62,701. The bid to repair 3230 S Oneida after the water damage is \$33,470. Atlas Concrete Solutions has given Three Fountains a bid for \$13,680 to bevel the interior sidewalks to eliminate tripping hazards. Barbara stated that it is not a job that our crew can do because of ADA liability and the specifics that are required for that. This bid awaits the Board vote of approval. This total of unexpected expenses is \$152,738.57. The wish list of items is exercise equipment and maintenance and a maintenance contract for \$10,000 and dirt spots for \$4,000. The total anticipated expenses are \$166,738.57. The cash in the operating account as of August 2017 is \$286,226.65.

Kathy talked about the need to make a decision on the financing of the proposed roofs for 2018. The total cost to do 6 buildings, which is, 32 units, and 4 pedestals is \$330,584.85. The Board needs to decide on using investment accounts or the line of credit at UMB Bank.

Jeff addressed Mimi Karsh, Chair of the Finance Committee, stating that this is the 2nd year that she has not been in support of the proposed budget. He said that he felt that Mimi and Irene had overstepped their bounds that are specified in the Rules and Regulations on what the Finance Committee's responsibility is. Jeff said the purpose of the committee is to support the Board, to do research for the Board, to help them and to give feedback to the Board. He felt that they were being auditors. He asked Mimi if she thought about stepping down from the Chair of the committee and she said that she had and that she would. Barbara Florey said that she felt Mimi and Irene were being very adversarial to the Board and not supporting the Board. Irene asked if that was due to her questioning and Barbara said that "no", it felt adversarial.

The meeting was adjourned 7:20PM.

Submitted by Barbara Griswold, Secretary

Next Regular Board of Managers Meeting
October 24, 2017 @ 6PM