

Islandia I Board Annual Budget Meeting

December 6, 2006

Attending: Tom Gilson, Mick Mullen, Bert McConnell (by Phone), and Nancy Vallejo

Tom Gilson called the meeting to order at 7:30 PM and established that the requirement for a quorum was met. The purpose of the meeting was for the board to review the proposed budget for 2007.

I. Old Business

- **2007 Budget**

Tom Gilson highlighted the three fold increase of insurance premiums for 2007 as the major driver behind the maintenance charge increase for the year. He further explained that because the insurance premium cycle had changed it was necessary to accrue the full premium amount by July 2007 so that we can avoid a \$10-12K finance charge. A maintenance schedule was presented which loaded the full insurance premium into the first three of four payments for each unit type. After discussion, a motion was made to accept the front loaded payment schedule to avoid the finance charge. The motion was seconded and carried unanimously.

There was a discussion about alternative providers of insurance for the building and Tom cited several activities on the island in the Presidents Council and across the state addressing insurance rates. Tom said we would sponsor a committee to actively pursue these alternatives and support like minded groups.

Nancy Vallejo reviewed exception line items in the 2007 budget and fielded questions from the floor. At the conclusion of the questioning, Tom made a motion that the budget be accepted as published. The motion was seconded and carried unanimously.

- **Cooling Tower Replacement:**

Tom explained that we have been told that to repair the current fiberglass cooling tower would be a waste of money. The current tower, regardless of repairs would not withstand a major hurricane which could cause the building to be without A/C for as long as 6-8 weeks. The original repairs were estimated to be \$65K and a new stainless steel tower is estimated to be \$160K. It is expected that money from prior assessments and the reserve account, should be sufficient to complete this work without an additional assessment.

- **Elevators:**

The elevator Cabs have been fully upgraded since the last storms, however, the mechanical control mechanisms at some point will need to be replaced with digital controls. Building 2 converted to digital controls at a cost of \$140K. We will continue to monitor the outages of the elevators in the coming months. The plan is to defer replacing these controls until 2008, but if performance becomes problematic, we may have to take action earlier, which would likely mean an assessment.

- **Parking Lot/West Side Restoration**

Money is in the budget to address repaving the parking lot as well as a study of the west side concrete.

The meeting was adjourned at 8:10 PM

Submitted by Bert McConnell, secretary, Islandia I Board of Directors