

SUNSET INC.

Board of Directors Meeting 2018 Budget Discussions November 3, 2017 9:00 a.m.

Todd Dawson called the meeting to order. Marilyn Henkel and Diane Linton were in the office. Todd Dawson, Craig D'Angelo and Wayne Porter attended by phone. Reggie Perkins, Sunset Inc. Accountant attended by phone. Steve Walz, unit #400 was in the office.

President Todd Dawson officially opened the annual budget discussion meeting.

Treasurer Marilyn Henkel presented the Sunset Inc. 2018 budget packet and began explanation of the various documents.

- Page 1. 2018 Annual Operating Budget: The Board reviewed the proposed operating budget for 2018. The Board was pleased with the \$65,000.00 income that benefits Sunset Inc. from the T-Mobile and Verizon leases. Marilyn said that the proposed 2018 Operating budget almost mirrors the 2017 Operating Budget. The Board agreed to no increase in the annual unit owner maintenance fees. Todd Dawson moved and Diane Linton seconded to approve the proposed 2018 Operating Budget. Motion Carried.
- Page 2. 2018 Replacement Fund Budget: Marilyn pointed out that the storm damages from Hurricane Irma were posted at an expense of \$66,000.00. Discussion of a special assessment to unit owners would be \$1,000.00 per unit for Sunset expenses for Irma damages. Other line item expenses discussed were Generator Replacement at \$50,000.00, Main Lobby renovations at \$25,000.00 and new Elevator Equipment at \$325,000.00. Another item in the fund would be Landscaping Improvements at \$3,000.00. Income for the budget would include Maintenance Fees, Transfers from Operating Budget, Interest Income and Special Assessments to unit owners. Todd Dawson moved and Wayne Porter seconded to approve the proposed the 2018 Replacement Fund Budget. Motion Carried. Todd asked if there were any questions on the Elevator budget. Todd explained that if Oracle were selected than Sunset would save \$60,000.00 by not going with Thyssenkrupp. Oracle does not care about a maintenance contract after the warranty period so the remaining Thyssenkrupp contract can be fulfilled. It is estimated that the elevator modernization project will be \$325,000.00.
- Page 3. 2018 Statutory Reserve Budget: Marilyn discussed Sunset's proposed projects and the timeline of completion. A new line item added would be Sunset's entrance project. With the storm water and natural gas improvements being made the streetscape will be in need of improvement. The proposed budget will be \$10,000.00. Todd Dawson moved and Craig D'Angelo seconded to approve the Statutory Reserve Budget. Motion Carried.
- Page 4. Projected Major/Repair/Replacement Expenditures: The Board reviewed the Replacement Costs for each of the 2018 major expenditures. Also discussed the timing of projects. It will be an expensive year for Sunset with the elevator project finishing in

October 2018. The Lobby Renovation will probably move into 2019. Diane Linton moved and Todd Dawson seconded the approval of the Projected Replacement Expenditures. Motion Carried.

- Page 5. Analysis of Replacement Fund Income, Expense and Fund Balance: Sunset Accountant, Reggie Perkins, explained the document and projected the cash flow for 2018 and into the future. Todd Dawson Moved and Diane seconded to approve the cash flow document for the 2018 budget. Motion Carried.
- Page 6. 2018 Proposed Insurance Deductibles: The Board reviewed the document and previous moves to reduce the insurance deductible from 3% to 2%. Todd Dawson moved and Wayne Porter seconded to approve the Insurance Deductibles for 2018. Motion carried.
- 2018 Reserve Fund Cash Flow Projection: The Board reviewed the cash flow analysis for the 2018 budget year. In reviewing the elevator expense time table the anticipated payments would be 1/3 at contract signing, 1/3 at the beginning of construction and 1/3 at completion. The cell tower income and maintenance income will assist with cash flow expenditures. The Reserve Balance should not drop below \$100,000.00.

Treasurer Marilyn Henkel informed the Board that a cover letter along with the 6 page budget packet will be sent to unit owners for review. The package will be mailed to owners by November 15, 2017. Todd Dawson suggested that should any owner have questions regarding the 21018 Budget for Sunset should be referred to Marilyn for answers. The next Board Meeting at the end of November will be used to approve the 2018 Budget for Sunset Inc.

Todd Dawson discussed the Assessment process and the plan of informing Sunset Owners. The information must be sent 14 days in advance of any Board approval. The Board estimates that a \$1,000.00 assessment will be needed to take care of Irma repairs and approximately \$3,000.00 for the new elevator installation.

The estimated due date for owner assessment payments will be \$1,000.00 on February 1, 2018, \$1,500.00 due in April and \$1,500.00 in September 2018. Marilyn predicted that a number of unit owners would pay in full. However, the Board wanted to establish the payment schedule for owner cash flow planning.

Sunset has already paid for Hurricane Irma damage. But once the funds come back to Sunset from owners it will replenish the reserve fund.

Todd Dawson will email unit owners and inform them of the plan for assessment and have them research their insurance policy for possible claim due to Irma damages.

With no further topics to be brought before the Board, the budget meeting properly adjourned.

Respectfully Submitted,

Wayne M. Porter

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Recording Secretary