

## Budget Meeting

November 10, 2018

Daytona Beach Shores Hotel (formerly the Lexington Inn)

10:03 A.M.

Present: Phillip Holley, Bob Buckner, John Caupp, Mary Schumacher, Brittany Potesak, Linda Jeffries (Acknowledgment of Vice President Richard Taylor's absence due to surgery)

Owners Present: Approximately 25

### **Budget Meeting**

Treasurer's report presented.

Planned v Unplanned Expenses for 2018 presented.

- Money borrowed from the Reserves for the unplanned expenses MUST be paid back this year.
- Noted that unplanned expenses have been heavy this year.

### **Proposed Budget for the Year 2019 Beginning 01/01/2019 & Ending 12/31/2019**

<b><u>Income</u></b>		<b><u>Annually</u></b>
Maintenance Fees (1989 Unit Weeks)	<b>\$550.00</b>	<b>\$1,093,950.00</b>
Shortfall Association Weeks (Note 18)		<b>-\$192,500.00</b>
<b>Sub Total</b>		<b>\$901,450.00</b>
Interest		<b>\$2,000.00</b>
Miscellaneous Income		<b>\$125,000.00</b>
<b>Total Income</b>		<b>\$1,028,450.00</b>

<b><u>Expenses</u></b>	<b><u>Per Week</u></b>	<b><u>Annually</u></b>
Administration of Managing Entity (Note 1)	\$16.34	\$32,500.00
Audit Fees (Note 2)	\$4.66	\$9,274.00
Bank Charges (Note 3)	\$0.10	\$200.00
Cable TV, Telephone & Wi-Fi (Note 13)	\$14.08	\$28,000.00
Credit Card Processing Fees	\$4.52	\$9,000.00
Division Fees (Note 4)	\$2.00	\$3,976.00
Electric	\$15.59	\$31,000.00
Gas (Note 5)	\$8.04	\$16,000.00
Ground Upkeep & Sign (Note 12)	\$5.91	\$11,750.00
Housekeeping (Note 6)	\$16.09	\$32,000.00
Insurance (Note 7)	\$23.13	\$46,000.00

Maintenance (Note 8)	\$35.19	\$70,000.00
Operating Capital (Note 15)	N/A	N/A
Other Expenses (Note 15)	N/A	N/A
Payroll/Payroll Taxes (Note 9)	\$188.54	\$375,000.00
Permits, Licenses & Fees (Note 10)	\$2.01	\$4,000.00
Pest Control	\$1.26	\$2,500.00
Pool Maintenance	\$13.57	\$27,000.00
Professional Fees (Note 10)	\$23.63	\$47,000.00
Provision for Bad Debt (Note 11)	\$20.74	\$41,250.00
Rent for Recreational & Other	N/A	N/A
Commonly Used Facilities (Note 15)	N/A	N/A
Security Provision (Note 15)	N/A	N/A
Taxes (Note 19)	\$0.50	\$1,000.00
Federal Income Tax	\$2.51	\$5,000.00
Taxes Upon Leased Areas (Note 15)	N/A	N/A
Water/Sewer & Garbage (Note 14)	\$18.60	\$37,000.00
<b>SUB TOTAL</b>	<b>\$417.02</b>	<b>\$829,450.00</b>
<b>Reserves (Note 16)</b>		
• Building Structure & Exterior	\$13.57	\$27,000.00
• Elevator Upkeep & Modernization, Hydraulics	\$5.53	\$11,000.00
• Mechanical & Electrical	\$9.05	\$18,000.00
• Painting & Waterproofing, Exterior	\$1.51	\$3,000.00
• Paving/Resurfacing	\$2.01	\$4,000.00
• Roofs	\$9.05	\$18,000.00
• Pool & SPA Site Improvements	\$9.05	\$18,000.00
• Unit Interiors	\$50.28	\$100,000.00
<b>SUB TOTAL</b>	<b>\$100.05</b>	<b>\$199,000.00</b>
<b>Total Expenses</b>		<b>\$1,028,450.00</b>
<b>TOTAL INCOME</b>	<b>\$517.07</b>	<b>\$1,028,450.00</b>
Minus Misc. Income & Interest Income (Note 17)	-\$63.85	-\$127,000.00
Shortfall Association Weeks	\$96.78	\$192,500.00
<b>Total Maintenance Fees</b>	<b>\$550.00</b>	<b>\$1,093,950.00</b>
Note: Interest earned on Reserves is prorated to each component's ending balance.		

Proposed Budget presented suggesting an increase in maintenance fees to \$550.00 plus taxes. (Owner were reminded that due to a surplus in previous years it has been possible for owners to be charged reduced taxes for two years. (That surplus has been depleted.)

Discussion:

- Concerns over the elevator presented by owners
  - Board advises that concern over the elevator has been a top priority. A recent estimate provided by our contracted company for a general refurbishing was for \$46,000.00. This large amount led the board to request a second quote from another elevator company. This new company found issues raising concern that we were not receiving proper maintenance as agreed within our contract prompting an independent study. This study concurred with the findings of the second company leading the Board to cancel the present contract. A new contract has been signed and work began immediately to rectify serious issues. The estimate for this work is \$3,300. (Note was made that this may not solve all elevator issues. This estimate is only for the work originally quoted by the first company at \$46,000.00)
  
- Wants V Needs discussion.

One owner brought forth a request for hairdryers to be placed in each the rooms. Discussion considered Wants V Needs in regards to the present budget concerns. Unplanned expenses have forced us to focus heavily on our Needs list. Reminders were given that hair dryers, blenders, cookie sheet and various items are available to borrow from housekeeping.
- Option of special assessments discussed
  - Owner input: One opinion stated was that in his opinion a gradually increase is easier for a household to absorb than special assessment.
  
  - Board states that experts in the field of timeshare management advise a 3-5% annual increase to absorb inflation costs.(electric, salaries, vendors)

Motion to accept the Proposed Budget – Greg Hindle, Seconded by Marcus Allen.

Motion carried - unanimous

Meeting adjourned -10:46