



Channel Club Tower Association, Inc.  
One Channel Drive  
Monmouth Beach NJ 07750

**Board/Budget Meeting  
September 13, 2012  
8:00 PM**

The meeting was called to order 8:00 PM. Members present were Canavan, Ciambrone, Gryczka, Kennedy, McAndrew, Rich, Tesser, Eileen Rise, Horton Hickerson, CPA and 27 unit owners

**Secretary's Report:** Mrs. Ciambrone made a Motion to approve the July 26, 2012 minutes. A Motion to accept the minutes was seconded and passed.

**Treasurer's Report:** Mr. Rich made a Motion to approve the bills in the amount of \$429,458.80. This amount included \$254,458.80 that was being transferred to the reserve fund.

**President's Report:**

Mr. Kennedy gave a preliminary report.

Before I turn the meeting over to our Treasurer, Ed Rich, I have a few remarks.

There are two meetings each year that are most important.

The first, in May, is the Annual Meeting, where the election to the Board takes place. Normally, each year, three Board members are selected for a three-year term. These three join the sitting six members who have one or two years left in their term.

As per the Association bylaws the duty of the Board is to make decisions, to manage the building, maintain the building and to do it in a fiscally responsible manner.

The second important Meeting is each September when the Board votes on a budget for the coming Fiscal year. That budget is the business plan for the next year. It lays out what will be done and how it will be paid for.

Because of the importance of this budget, I feel it is also important to review what the Board has decided with the building owners.

This budget is prepared with careful attention to what must be done; what should be done; and what will be an additional benefit to all residents. All of this must be done in a balanced budget that includes continuing to fund our reserves for future needs. The budget we present this year meets all that criteria and does it with no increase in maintenance fees.

I want to give you the timeline for this budget.

In June, each year, our accountant begins to start our first draft budget. He uses the numbers up to that time and fills it in by interpolating the final months. At the same time our building manager is submitting to him, expenses and income for items we will have for the New Year.

During this period I compiled a list of items that were suggested by residents either at meetings or by the new program we have – filling out the “Suggestion Form”.

This list was given to all Board members, and they were asked to prioritize them by number. By the way, the top three were the roof, the hot water heater and updating the building reserve schedule.

All these items are incorporated and the draft is updated. The next step is that the draft went to the Finance Committee. The Committee had a meeting and reviewed every line item. The Draft was refined once again.

The next step is a workshop meeting for the full Board with one agenda item:  
The Budget.

At the meeting, held last month, Ed Rich and I presented the final draft of the budget, line by line. Each line item was discussed and comments were made. Any fine tuning needed was done, and that line item was closed.

When the entire budget had been reviewed, it was ready to be sent to the owners.

Tonight, Ed and I, along with comments from the Board will make the exact same presentation to you.

Before we get started there are two rules.

- 1) I will make every effort to move around the room so that the meeting is not dominated by a couple of owners.
- 2) As we did with the Board, after each line item is discussed and questions answered, it will be closed and we will move to the next one.

There are seven categories and 54 separate line items.

In closing, we all like to speak to “The Bottom Line”, and of course that is important but the “Top” lines are just as valuable.

If a good, in depth look at the top lines is done, the bottom line will be just fine.

**Revenue Line Items** consist of maintenance fees, income interest, late charges, cell tower(s) leasing payments. Income from interest and late charges will decrease this year. Due from or (to) is any monies left from the prior year and the last two line items are transfers to the deferred maintenance and reserve accounts. Net revenue is \$1,452,100.

**Line Items of the Operating Expenses (There are 6 categories).**

**Category 1 - Administrative Expenses:**

- Audit Fees – same as previous year based on 2-year contract.
- Bad Debt – reduced from previous year.
- Depreciation – this is based on fixed assets.
- Insurance – estimates project a 3% increase in premiums. There are four agencies bidding. Renewal is December 1, 2012. Insurance premiums have been trending upwards.
- Self Insurance – this would be for anything not covered by our deductible for property damage.
- Legal Fees – reduced.

Office Expense – includes Quick Books, software, training, payroll processing costs, supplies, copiers and two new TV's for the social room and health room.

Web Site – reduced now that the site is up and running.

Miscellaneous – the same.

Taxes – computed on interest income and income from cell phone towers.

These items total 16% of the budget.

### **Questions/Comments on this Category**

Q: Why didn't the Board consider increasing maintenance since the reserve fund will be depleted by the roof project?

A: The Board decided that after increasing maintenance fees last year, they would work toward giving unit owners a break.

Q: How much will be left in the reserve fund at the end of fiscal year 2013?

A: 350,000.00

Q: Under depreciation-would that include the new chiller unit and boiler?

A: They are not depreciated items.

### **Category 2 – Building Operations**

Electrical Repairs – decreased

Elevator Repairs – increased

Exterminator – decreased

Fire Alarm – increased. More fire extinguishers will need to be replaced.

HVAC – increased. The building will have the heating and cooling system components cleaned.

Painting & Decorating – Our new maintenance man will be doing some carpentry in the mail & bike rooms

Plumbing – same.

Repairs-Exterior – increased.

Lobby Expenses – increased (this includes door repairs, flowers, intercom repairs, & uniforms.

Interior Repairs, Cleaning & Electrical Supplies and trash repairs remain the same.

Supplies, General have increased as in-house personnel do more of the work and supplies will need to be purchased.

Window Cleaning will remain the same (two-year contract).

### **Category 3 – Grounds Maintenance**

Five line items (landscaping & tree trimming, sprinkler repairs, lawn care, snow removal and tennis courts will all remain the same. Only swimming pool repairs will increase as pool tile repairs are needed. The two contract services have been negotiated at the same amounts as this year.

These items total 3.3% of the budget.

### **Category 4 – Operating Services**

Valet Contract, Accounting, Lifeguard Contract will remain the same amounts for the same reason as above. The Reserve study is new this year as a one time expense.

These items total 17% of the budget.

### **Questions/Comments on this category:**

There were some comments on the need for lifeguards. The Board is looking into this subject.

Guards clean the pool, water test every two hours, enforce rules, monitor the pool filters and heater.

C: A Unit owner commented that in a medical emergency guards are trained to administer CPR.

C: There is no rebate or reduction from insurance on the question of lifeguard/no lifeguard.

Q: What is the time frame for a reserve study?

A: Usually the life and valuation estimates for replacement are 10-20 years.

C: A unit owner reminded the Board that the last reserve study in 2000 did not include the garage.

### **Category 5-Payroll Line Items**

Building Maintenance – increase due to hire of new maintenance person.

Front Desk – decrease (one less person). Staff has been re-positioned.

Housekeeping – decrease. One position changed to part time.

Office – remains the same.

Workers Comp – increase. Rates have gone up.

Group Medical Ins. – decrease. Management goes out to at least 4 companies every year for quotes.

IRA – decrease.

This represents 38.5% of budget.

### **Category 6 – Utility Expenses.**

Electricity and Gas have gone down due to shopping the market for better rates.

Telephone – remains the same.

Water – increase due to announced rate increase.

This category represents 14.5% of budget.

### **Questions/Comments on this Category**

C: In discussing utility expenditures “Solar Panels” on the roof were suggested.

A: The Board discussed this option this evening. The roof may not be a possibility since there are many obstructions on it and our roof warranty could be voided since the panels need to be bolted to the roof. Other possibilities include the garage roof, green areas and the parking area. All would require permits and possible zoning changes. The Board will continue to look into this.

### **General Questions & Comments**

There was a discussion on the TV for the Social Room. There will be some protocols on usage. Programming will be limited to the free basic service CCT now receives.

A question was asked on how much the lobby flower maintenance costs.

A: \$100.00 per month includes replacement if a plant dies.

Q: How many bids will the Board solicit for the new roof?

A: The Roof Management Company has gone out to five bidders, the same number as when we did the garage project. Also, there were three quotes on the chiller replacement.

C: A unit owner again questioned the Board on the bill list.

A: Mr. McAndrew answered that any owner may get a copy of each month's list by going to the management office.

C: A unit owner commented that very little of the Budget is discretionary.

Q: A unit owner wanted to know when the minutes would be posted on the web-site.

A: Next week.

Mr. Kennedy asked if any of the Board members wanted to make any comments on the Budget.

Mr. Tesser commented that he was proud to be part of the Board.

Mr. Raynor said – great job to the finance committee and manager.

Mr. McAndrew – great to have a budget without an increase, but we will have to pay the piper down the road.

C: A unit owner thanked the Board on behalf of the resident for their diligence and hard work on the budget.

Mr. Hickerson, CPA announced that the coupon books would be mailed out Monday, September 19, 2012.

A Motion was made and seconded to accept the 2012-2013 Budget. The Motion was passed by the entire Board.

The meeting was adjourned at 9:20 PM

Respectfully submitted,

Carol Ciambrone, Secretary

Eileen Rise, Building Manager