## Briarwood Falls Condo Association Executive Board Special Meeting Minutes December 6, 2021 10:00 AM (approved 12/09/2021)

Chair: Chris Burke Minutes Submitted Joe Geiger
by:

Board Members Present:

Chris Burke, President, Pat Perna, VP, Karen Pontrelli, Treasurer/Director, Joe Geiger, Secretary/Director,

and John Pacheco, Director

Guests: Deborah Haraldson, Pat O'Rourke, Ron Sabatos

Board Members Absent: Maintenance / Director, Bill Cucchi

TOPICS	DISCUSSION	ACTION
1) Call to Order	Chris called meeting to order at 10:10 AM	
2) Additions to Agenda	• None	
3) Community Member Input	• None	
4) Discuss Possible adoption a method to set Reserve amount and Budget	<ul> <li>Joe made motion to adopt consistent mathematical method for calculating the reserve and Budget amounts given known line-item expenses without the reserve.</li> <li>Karen 2<sup>nd</sup> motion.</li> <li>Document showing the proposed method was presented and discussed (document is attached to minutes)</li> <li>Chris requested a vote on the motion and method</li> <li>All Board members present approved. Bill Cucchi was absent</li> </ul>	Post calculation method on BWF Website / Financials
Community Member Input	• None	

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5) Adjourn	Karen made motion to adjourn	
	Joe 2 <sup>nd</sup> motion	
	Meeting was adjourned at 10:50 AM	

Attachment: CALCULATION METHOD FOR DETERMING ANNUAL INCOME, RESERVE AND CONDO FEE Rev 0 – 12/6/2021

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#### CALCULATION METHOD FOR DETERMING ANNUAL INCOME, RESERVE AND CONDO FEE Rev 0 - 12/5/2021

What you're looking for is the number, when you subtract a % from it, gives you a number you know: i.e., the number you know is the total lineitem expenses without the Reserve. You have 2 unknowns; the Budget X and Reserve R and the Reserve is a percentage of the Budget.

We want the Reserve R to be a chosen % of X the Budget or Income from Fees.

The Math is done as follows:

[X - R] = T

R = (%/100) X

Then,

[X - (%/100) X] = T

Where X is what you're looking for, the Year's Budget or Year's Income from Fees.

The % is what is proposed to be allocated for the Reserve

T is the total expenses of the budget line items without Reserve

Solving for X the math is:

[X - (%/100) X] = T

X[(1 - (%/100)] = T

X = T / [(1 - (%/100)]

So, in the case where: Line-Item Expenses T = \$276,976, and

% To Reserve is 12 %

X = \$276,976/(1-0.12)

X = \$276,976/0.88 = \$314,745 and,

the Reserve is (X-T) = \$37,769

Condo Fee = X / (Total Sq. ft.) as stated in latest Schedule A2

If you roll over a cash balance C from previous year's budget/expenses, the formula to use is:

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[X - (%/100) X] = T - C

#### **Amount of Budget to Reserve**

Currently, Connecticut only requires that the Board allocate a reasonable amount to reserves based on the expected future expenses for repair and replacement of elements. As learned from the 2020 Reserve Study findings, a reasonably funded reserve is typically in the range of 25 - 40 percent of the annual income from fees. Since 2006 BWF Association has been allocating only 10% to reserves. It is recommended in the 2020 Reserve Study to increase the reserve allocation by 2% each year for the next 15 years to meet expected costs from 2022 -2050. This strategy should be evaluated every 5 years in conjunction with update of the Reserve Study.

The FHA, Fannie Mae & Freddie Mac, in order for them to issue a mortgage to prospective Unit buyers, require that a Condo Association put at least 10 % of the annual income from fees into Reserve.