[DRAFT MINUTES]

LAKE SAINT LOUIS COMMUNITY ASSOCIATION

FINANCE COMMITTEE MINUTES – July 18, 2023

1. The meeting was called to order by Chair Geoff Beckemeier at 6 pm.
2. Present were committee members Geoff Beckemeier (Chair), Scott Grieshaber (Secretary), Ken Dobbins, Debra Cannon, and Bill Kral. John Surgant (Vice-Chair) was absent. Also present: General Manager Heather Becker; CA Board member Angie Hopping, and CA member Tom DeLong.
3. The agenda was unanimously approved. (Ken Dobbins motion, Bill Kral second)
4. The minutes for June 20, 2023, were discussed and approved. (Bill Kral motion, Debra Cannon second)
5. Old Business:
	* 1. 15% Capital Expenditure limitation. The Committee has offered to craft a message to the CA members ahead of the September ballots, explaining the current limitation on CapEx, and potential amendments to the current restrictions that could be put to a CA vote.
		2. Finance Committee to craft Best Practices for bid acquisition and review on all CapEx over $20,000.
		3. Finance Committee will receive P/L detail for specific cost centers, such as Boats and Docks, prior to September, before setting 2024 rates.
		4. Review of Insurance coverages is scheduled for the August 15 Finance Committee meeting with our insurance broker.
		5. FC proposes meeting with investment manager(s) to discuss CD investment strategy.
6. New Business.

June 2023 Financials - General discussion ensued on YTD financials as presented.  Discussion centered around variances for Salaries, Maintenance, and the status of current CD’s.

1. The meeting adjourned at 7:00 p.m. (Dobbins motion, Grieshaber second).

Respectfully Submitted by Scott Grieshaber

Proposed letter to the CA:

LSLCA Members,

The LSLCA Board of Directors is asking for your input on an amendment to the existing By-Laws governing Capital Expenditures (defined as expenditures in excess of $5,000, and hereafter referred to as CapEx).

The Board believes an amendment is necessary due to multiple upcoming renovations expected to challenge our current CapEx limitations. For example, costs to renovate the swimming pool area are anticipated to reach $500,000, and the 2022 CapEx budget limitation was $505,107. In other words, there would be no other available budget to conduct repairs and maintenance to CA property during the year in which the Swimming Pool is renovated.

The specific language in the By-Laws state:

**Section 4**. Allocation of Revenue.

To help ensure adequate funding is available for the ongoing operations, maintenance, and incremental improvements to LSLCA amenities, the Association’s revenue shall be used to cover expenditures in the following order:

1. Administrative Cost, then

2. Operating and maintenance of all existing amenities and Common Properties, then

3. Contributing as required to Dredging Reserve, then

4. Contributing as required to Emergency Reserve, then

5. Up to 15% of total revenue may be used for Capital maintenance and improvements, but not more than the amount of revenue remaining after funding items 1 thru 4, and

6. All remaining revenue to be added to the Assessment Reserve.

Suggested amendments to alleviate a backlog of necessary repairs and upgrades include:

1. Revise Line #5 to read: “Up to 15% of total revenue may be used for Capital maintenance and improvements.” The additional funding language decreased the 2022 CapEx Budget from $630,384 to $505,107.
2. Allow for the sale of existing equipment to offset CapEx for replacement of that equipment.
3. Create additional reserve funds for anticipated CapEx related to the Swimming Pool and/or Tennis Courts. The By-Laws currently allow for only three Reserve funds: Assessments, Dredging, and Emergency.

The existing Reserve accounts are well-funded, and have recently received an independent accountant report to support those findings. However, with our growing membership and aging of our existing infrastructure, along with inflationary pressures on construction and maintenance expenses, we feel that the existing By-Laws are hampering our ability to enhance and upkeep our CA assets which we currently enjoy. We look forward to your feedback and the ability to continually improve the LSLCA.