

**Muirfield Association, Inc.**  
**Board of Trustee Meeting**

**Meeting Date:** October 17, 2011

**Meeting Place:** Muirfield Association Office  
8372 Muirfield Dr., Dublin, OH 43017

**Start Time:** 4:30 p.m.

**Attendance:** Trustees: Jeffrey Stucke, Michael Grodhaus, Chris Curry, Diana Evans, Robert Fathman, Warren Fishman, Peggy Pace, John Reiner  
Trustee Absent: Scott Streator  
Staff: Walter Zeier, Sandy Moreland  
Legal Counsel: Jeffrey Kaman

**Chaired by:** President, Jeff Stucke

**Call to Order:**

- Meeting called to order by Mr. Stucke at 4:35 p.m.
- The topic of this special meeting – discussion of budget cuts vs. assessment adjustments for 2012.

**Budget Discussion:**

- Mr. Kaman informed the trustees that their fiduciary responsibilities are to operate, maintain and administrate the common properties in Muirfield Village. They have the ability to decide when and what amenities will be operated and how they will operate; the amount of grounds maintenance; and capital expenditures to approve. The board of trustees has the ability to levy an assessment each year at a specified dollar amount per \$1,000 fair market value. The initial assessment levied years ago was \$1.50 per \$1,000; in recent years the assessment has been \$2 per \$1,000. The board has the flexibility to raise the assessment up to \$3 per \$1,000 without a vote of the membership. Mr. Kaman noted that the assessment can be billed annually, semi-annually or quarterly. Mr. Zeier said a change in billing from annual to semi-annual or quarters would negatively affect cash flow.
- In reviewing the budget, Mr. Kaman offered three options that the trustees may consider to assist in offsetting the decrease in income.
  - Option 1: Kaman & Cusimano will review the taxed values of the association-owned parcels. Requests for revision of value may be needed on some of the parcels. He will prepare a report for the next meeting
  - Option 2: the board of trustees may want to consider creative use of marketing revenue by sharing with utilities, offering exclusive use of a product, naming rights or naming events.
  - Option 3: With board approval, Kaman & Cusimano will continue, through legal action, to bring about a significant drop in the amount of delinquent accounts.

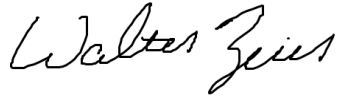
- To illustrate the seriousness of the expected shortfall in income and the need to adjust the budget or increase the assessment, Mr. Zeier presented reports describing the past 5 years' income vs. operating and capital expenditures.
  - The Income vs. Expense Report for 2005-2010 showed that assessment income was lower in 2010 than in 2005, due to declining property values; interest income was less in 2010 than in 2005, due to declining interest rates. Property care expense increased significantly due to additional maintenance of the medians and city rights-of-way at the direction of the trustees; swim and tennis expenses increased due to state lifeguard regulations and the waterslide and spray-ground additions.
  - Key Expenses over the past five years included construction of the spray ground and water slide; additional maintenance/mowing of the medians and rights-of-way; increased repair of paths; and realizing decreases in interest income and assessment income due to poor economy.
  - Key Expense Reductions incorporated over the past five years included decreasing maintenance staff from 28 to 16 persons; increasing winter lay-offs; changing material/supply vendors for more competitive pricing; and reducing tree and pathway repairs.
  - The 2012 Proposed Capital Expenditures (part of the 5-year, long-range plan) totals \$183,100, but with limited funds expected, the capital expenditures can be put on hold temporarily, with the exception of pool furniture repairs and replacement, which cannot be postponed.
  - Potential Budget Cuts described expenses that could be cut to offset the shortfall in revenue that is expected next year. Cuts were proposed for all departments: Administrative - not distributing the resident directory; charging for mailbox replacement numbers, offsetting the expense. Grounds - lessening the amount of pathways repaired and decreasing the level of island maintenance. Pools and Tennis - shortening pool operation hours that would reduce staff and chemical expenses; not funding a tennis pro position.
- After discussion, Mr. Stucke asked the trustees to give Mr. Zeier direction on how to deal with the revenue shortfall predicted for 2012, either take major cuts, raise the assessment, or partial cuts and dipping into the reserve funds .
- In response to Mr. Fishman's question whether the Association has a hard figure for the funds needed for reserve, Mr. Zeier said a request for a reserve study has been put out for bid. Once the vender is hired, the study should be completed by late spring 2012.
- Mr. Grodhaus said having a hard number to hold in reserve is a necessity; it will be difficult to justify raising the assessment when we don't know with certainty the necessary amount needed to be kept in reserve.

- Mr. Fathman suggested using reserve funds temporarily until the reserve study is completed and an informed budget can be prepared, understanding the date for the completed study may be well into 2012.
- Mr. Reiner said reduction of pool operation hours and halting production of the resident directory should be done regardless of the final budget decision.
- Mr. Fathman offered the following alternatives: 1 - direct the general manager to keep the normal (untrimmed) budget by dipping into the reserve funds; cut pool operation/hours; halt printing the resident directory; after specific information is received from the county auditor and the reserve study is completed, re-visit the budget to determine whether a raise in assessment is needed. OR, 2 - direct the general manager to keep the normal (untrimmed) budget, trustees approve raising the assessment to \$2.15 per \$1,000 (making residents aware that the increase in assessment will not overall increase payments, rather offset the loss in assessment due to lower property valuations calculated at the county level); cut pool operation/hours; and halt printing the resident directory.
- Mr. Kaman reminded the group that funds taken out of reserve and not paid back within the same fiscal year may be subject to significant tax obligations.
- Mr. Zeier expressed the need to review and approve an operating budget and a limited Capital expenditures budget in November, understanding that adjustments will be made as hard figures come in from property valuations in January 2012 and the reserve study in late spring 2012. He will pare down the capital expenditures budget to include only pool furniture repairs and the reserve study cost.
- As there was no consensus from the trustees regarding increasing the assessment or accepting Mr. Fathman's suggestions, Mr. Curry moved to direct the general manager to prepare two separate budgets:
  1. Option 1 budget would be based on:
    - a. raising the annual assessment 10% (\$2.20 per \$1,000)
    - b. reduce pool operations/hours
    - c. halt printing of resident directories.
  2. Option 2 budget would be based on:
    - a. no increase in assessment (which will realize a shortfall of approximately \$175,000 in assessment revenue)
    - b. reduce pool operations/hours
    - c. halt printing of resident directories
    - d. agree that reserve funds will be used to offset the shortfall.

Mr. Fathman seconded the motion: Vote: 8 for; 0 against; 0 abstain. Motion passes 8,0,0.
- Based on the need for further discussion, Mr. Stucke suggested meeting again before the regular November meeting.

**Adjournment** - Ms. Evans moved to adjourn the meeting. Mr. Curry seconded the motion.  
Vote: 8 for, 0 against, 0 abstain. Motion passes: 8,0,0.

Respectfully submitted by:

A handwritten signature in cursive script that reads "Walter Zeier".

Walter Zeier, Secretary/Treasurer  
Muirfield Association, Inc.