Lake of the Woods Association Inc.

Administrative Resolution 2020-21

Setting a Funding Schedule for 2019/2020 Unrestricted Operating Cash Deficit

WHEREAS, the Finance Director has completed the calculation required by the Unrestricted Operating Cash Policy and determined that the Unrestricted Operating Cash balance at April 30, 2020 is under the balance required by the Policy by $69,726, and an additional $129,525 in Operating Cash is required by the Policy as an element of cushion for a total 2019/2020 Deficit of $199,251; and

WHEREAS, the Board believes maintaining the Unrestricted Operating Cash balance at the level required by the Policy is necessary and prudent; and

WHEREAS, the General Manager recommends the Board authorize a total transfer of $199,251 from current and future collected New Construction and Renovation Fee Reserve funds to fund the 2019/2020 Deficit; and

WHEREAS, the Reserve Policy (Resolution 2019-11) for the use of New Construction and Renovation Reserve Fee (NCRF) funds provides that cash that accumulates in the NCRF Reserve will be dealt with in accordance with the alternatives as discussed in the Unrestricted Operating Cash Policy (Resolution 2015-3) and will be restricted to spending programs that improve Common Areas and the Reserve Policy requires that “In the event that the Board authorizes any disbursement from the NCRF for a purpose other than spending on programs that improve the Common Areas established by this Policy, the Board resolution authorizing said spending will acknowledge that fact and shall state the justification for said spending.”

THEREFORE, RESOLVED, the Board of Directors hereby approves funding of the 2019/2020 Deficit using FY2019/2020 collections and FY2020/2021 forecasted collections of New Construction and Renovation Fee funds and planned costs savings initiatives.

FURTHER, RESOLVED, the General Manager is directed to transfer the remaining $59,968 in NCRF funds collected in FY2020 to Operations to fund a portion of the 2019/2020 Deficit; and

FURTHER, RESOLVED, the General Manager is directed to designate future NCRF funds collected in excess of the $215,000 previously allocated for Repair and Replacement Capital spending, up to $139,283, to be applied against the remaining portion of the 2019/2020 Deficit; and

FURTHER RESOLVED, that the Board acknowledges that this resolution authorizes a disbursement from the NCRF for a purpose other than spending on programs that improve the Common Areas established by the Reserve Policy and states as the justification the fact that the unprecedented and uncertain financial and operational impact of the COVID-19 pandemic
requires this disbursement to fund the 2019/2020 Deficit and maintain the necessary and prudent Unrestricted Cash balance.

**FURTHER, RESOLVED**, the General Manager and Director of Finance are directed to monitor and report monthly on the status of the funding of the Deficit.

Effective Date: Immediately

By: [Signature]
Clifton D. Wilks, President

ATTEST:

I, as Secretary for Lake of the Woods Association, Inc., hereby attest that the foregoing Administrative Resolution 2020-21 was adopted by the Board of Directors at a duly-held and noticed Board of Directors meeting held on the August 2, 2020.

[Signature]
Phillip D. Brown, Secretary