

Minutes

Finance Committee Meeting Tuesday October 16, 2018
9:30 AM Conference Room

Distributions: Previous Minutes, Financial Report, Agenda, Draft 2019 Budget, 2018/20 Replacement Reserve and Forensic Audit Report

Attendees: Committee members David Sorkin, Sal Monaco (Chair), Todd Handy, Nolan Zisman, Dan Drobnis; Board member Joseph Gutierrez (Treasurer); HOAMCO staff Julie Navarro (General Manager), Emily Spies (NM Director of Accounting)

Excused: Fred Miller, Sandy MacGregor

1. **Public Comment**—None
2. **Additions to/Adoption of Agenda**—Todd requested a discussion of the bidding for the Annual Audit—added to GM report.
3. **Approval of Minutes**—Revision B approved as distributed:

September 18, 2018 minutes

4. **General Manager's Report**

Report on Status of R&R 2018 Projects—The results of discussions between Julie, Sal and Nolan were distributed.

Pool Update--The Engineering Study is expected to be complete in the first week of November. F&G Committee considering a special meeting to review, depending on contents and exact completion date.

Hike/Bike Trail Maintenance—two segments scheduled for Oct. 1-2, third segment on Oct. 20.

Capital spending request from F&G for 2019—being refined. Currently totals \$108K; not clear that much money is available.

Revised 2019 Draft Budget—Needs Stables to be incorporated in the overall budget, better visibility of R&R transfer, Dictionary/Chart of Accounts to be generated, consolidation of some GL items considered, Revision Date added within the spreadsheet, consideration of privacy for salaries.

Year-end Audit—Only one bid received, from Porch & Associates, despite efforts to contact previous ECIA auditors and HOAMCO contacts. Treasurer advised negotiating with Porch (**Motion 1**).

5. **2019 R&R Items**—List of 2018-2020 items updated. Next step is a detailed update of R&R master spreadsheet Schedule by Line Items tab so that Replacement Reserve 25-year Financial Model can deliver useable results.
6. **Board Liaison's Report**

Forensic Audit Report—Distributed to Committee prior to meeting. Full review postponed until November meeting when author Thad Porch, Stacy Maule from HOAMCO and Board President MacDonald will be available. In preparation, the Committee requested:

- Treasurer to remind the Board of its commitment to make the report public (**Motion 2**).
- Board to formally accept the report (**Motion 3**).
- HOAMCO to formally respond to the report's recommendations (**Motion 4**).

- Board to formally respond to the report's recommendations (**Motion 5**).

Treasurer reported that the Board has been hampered in responses to two motions last month by the need to integrate three new members. The Committee recommended a discussion with HOAMCO regarding the size of bill (\$30K) for wasted pool water by failure to set valves correctly, and for reinstating the position of Parliamentarian.

7. **Financial Reports**—September 2018 Report and Bank Statements

The amount of cash in the Alliance Operating ICS was discussed. The interest rate there actually exceeds the current short-term CDAR rate, but cash flow and CDARs will be evaluated at year end.

Facility attendants overrun is a result of problems correctly assigning the salaries of staff with other duties temporarily acting as attendants.

Operating Budget underrun looks to be about \$270K because of delays in replacing staff who left.

Numbers for delinquent accounts by year are estimates, but better than nothing.

8. **Next Meetings**

Regular Finance Committee Meeting Wednesday, November 14, 2018 at 10:30 AM.

Note change in day and time to accommodate other attendees!

MOTIONS

Motion 1: The Finance Committee recommends that Treasurer Guterrez negotiates with Porch & Associates for the scope and cost of the 2018 Annual Audit. 5-0-0

Motion 2: The Finance Committee requests the Treasurer to remind the Board of its existing public commitment to release the Forensic Audit of the theft by HOAMCO staff as soon as possible. 5-0-0

Motion 3: The Finance Committee notes that HOAMCO has accepted, and recommends that the Board formally accept, the findings and recommendations of the Forensic Audit. 5-0-0

Motion 4: The Finance Committee requests that HOAMCO respond in writing to the applicable recommendations contained for it within the Forensic Audit by Nov. 1. 5-0-0

Motion 5: The Finance Committee requests that the Board respond in writing to the applicable recommendations contained for it within the Forensic Audit and provide a date by which such a response may be expected, noting that the Board may wish to retain direct responsibility for compliance for certain items, or delegate items to the Finance Committee or elsewhere. 5-0-0