

Minutes RevB

Finance Committee Meeting Tuesday October 8, 2019

9:30 AM Conference Room

Distributions: Draft Budget, Agenda, 2020 Capital Requests, Pool Phase 2 2020 estimates.

Attendees: Nolan Zisman, Sal Monaco (Chair), Bette Huston, Dan Drobnis; HOAMCO: Julie Navarro (ECIA General Manager); Board: David McDonald (President), Nancy Sulzberg, David Sorkin (FC Alt Liaison), Todd Handy (Acting Treasurer/FC Liaison); Guests: Mel D'Amore, Taylor Ward.

1. **Public Comment.** Mel D'Amore noted that this would be the second Finance Committee meeting she has attended.

1. **Budget Review and Open Discussion**

GM e-mailed revised budget based on September actuals with full-year 2019 projections in Excel spreadsheet form to FC members the day before the meeting, which facilitated prior review and comments.

- The budget as reviewed assumes a 2020-21 assessment of \$575. This represents neither a decision nor a recommendation.
- The budget was reviewed line by line, and Julie noted requested changes for the next revision, to be reviewed at the regular FC meeting Oct. 15.
- Areas discussed included Insurance Recovery income for 2019 and 2020, Stables billing for water, *Vistas* production and web redesign, basketball court resurfacing, Greenbelts fire control, Quarterly committee budget reviews, HOAMCO fee, Dog Park weed barrier, Legal fees for administrative and insured issues, staff and contractor maintenance tasks, division of expenses between Operating and Replacement Reserve.
- In general, a small increase in revenues and reduction in expenses will probably show in the next budget revision.
- The 2020 Capital requests total \$58K. The Board needs to review them and decide which to budget and schedule.
- Pool Phase 2 requests total \$215K, not including replacing worn out mechanical and electrical equipment. An evaluation of pool mechanical/ electrical performed by a third party is pending.
- A suggestion was made by a Board member that the FC should review Committee budget requests prior to submitting them to the GM and incorporating them into the budget. This would help address questions that came up but could not be answered during the budget discussion. This would likely require a weekend or evening special meeting. Members of the FC were in agreement with this process. FC recommended that the Board make this a requirement for committees with a requested budget of \$1,000 or more.
- There are still some 2020 R&R items that need to be re-reviewed to determine which, if any, could be deferred at least until 2021. Nolan and Julie will meet to discuss before the next Finance Committee meeting.

1. **Review of 2020 Assessment Recommendation**

- Sal presented the results of incorporating the pre-meeting figures for projected 2019 results, and 2020 Operating, Capital and Replacement Reserve numbers into our 25-year financial modeling tool. Note that this file is read-only and is a complex forecasting model

currently available only to FC and Board members. Anyone wanting to view this model (read only) should make the request through the committee chair.

- This analysis indicates that if an annual Operating expense underrun of \$75K is assumed, which is historically reasonable, then a \$575 annual assessment for 2020-21 will bring the Replacement Reserve back up to a level adequate to fund 5 years of projected RR expenses by 2022.
- Based upon present preliminary financial modeling and assumptions, it appears that a 2020-21 assessment of \$575 may be adequate. This will be further reviewed at the Oct. 15 FC regular meeting.

1. Next Meeting

Finance Committee Regular Meeting October 15, 2019 at 9:30 AM.

1. Adjourn