

Minutes Rev B dtd 11/13/19

Finance Committee Meeting Tuesday November 12, 2019

9:30 AM Conference Room

Distributions: Previous Minutes, Financial Reports, Agenda, Replacement Reserve

Attendance: Committee: Sal Monaco (Chair), Marti Zieg, Nolan Zisman, Bette Huston, Dan Drobnis; Board: Carol Sanguinetti (Treasurer), David Sorkin (Liaison), Melicent D'Amore (Vice President); HOAMCO: Mike Rogers (Facilities Manager), Julie Navarro (General Manager), Kristen Kipp (Portfolio Manager/Bookkeeper); Public: Joseph Gutierrez (Treasurer Emeritus), Paul Fink

1. Public Comment

- Joseph requested consideration of a recommendation to be added to a Board motion at the 10/24/19 meeting to clarify funding for Stable road repairs related to Stables water system replacement. Complete motion including recommendation for funding: **Motion 1, below, (5-0-0).**

1. Additions to/Adoption of Agenda

- Items added to Other Business for Collections Policy and Capital/Reserves Budgeting

1. Approval of Minutes

October 15, 2019-Rev B dtd 10/15/19 approved as distributed.

4. General Manager's Report

- Review of changes made to budget since October meeting—updated to reflect \$66.5K Capital Family Changing Room requested by Board. Per sf cost of about \$500 plausible because of commercial codes and bathroom complexity.
- Any 2019 budget issues/updates that would change year-end estimates – based on latest Financials and invoices as of October 31, 2019 as well as Board policy changes (e.g., paying for stable meters)
- Association Reserves review and expected delivery date of report; Review completed, report expected by year-end.
- The FC discussed the shift from paper to electronic filing of liens with Santa Fe County for overdue accounts. The fee for each application and each removal increases from \$25 to \$30, but staff time is saved. As a result, the FC saw no need to change the lien fee applied to each account from the current \$200.
- A second defibrillator was ordered in order to have one in the Community Center and one at the pool.
- Board has decided that water meter replacement costs (as part of Stables water project) will be entirely paid by ECIA. Already in existing budget numbers.

5. Final Recommended Budget and Draft Budget Message

- 2019 projected transfer to Reserves is now about \$400K, of which about \$150K has already been made.
- About \$215K of 2019 expended costs remain to be reconciled to the R&R spreadsheet. While current 2020 and 2021 R&R cost estimates are considered accurate, the unreconciled costs could add roughly \$10K/yr to estimated out-year costs over 25 years.
- Reconciliation will be done in early 2020 when Association Reserves updated report is available.
- Considering the roughly 5% general inflation since the last Assessment was set in 2018, and the demands for rebuilding the Replacement Reserve after about \$1M in

Reserve expenses in 2019, a 4.8% increase in assessments to \$550/yr was discussed. This would be less than the \$575/yr guidance provided to the Board earlier.

- One FC member argued for no increase, given community patience with the extended 2019 pool outage.
- **Motion 2, below, to recommend a 2020-21 assessment of \$550/yr (4- 1-0) Zieg dissenting.**
- **Motion 3, below, to recommend the 2020 budget as modified on 11/12/19 (5-0-0).**
- Dan will prepare a draft of a Budget Message
- A joint meeting of Board and Finance Committee will be held on 11/18 at 5:00 pm.

6. **Board Liaison's Report**

- Carol Sanguinetti was introduced as the new Board Treasurer.
- The Finance Committee recommended that Carol seek from the Board blanket routine authority to authorize transfers within the Balance Sheet General Ledger accounts, to include authority to authorize purchase and sale of securities such as CDs, with appropriate notice to Board and Finance Committee after such actions. This will allow the Treasurer to maintain proper cash balances and investment instruments.

7. **Financial Reports**

- Review of October 2019 Report and Bank Statements
 - Cash, particularly in the Reserve account, must be monitored carefully. We hope to avoid cashing a CD before maturity, but that option is available.
 - The GM and Facilities staff have different debit cards with different limits to facilitate accounting and control.
- Review of AR and Collections—Kristen commented that, compared to other HOAs she works with, the ECIA has a relatively good overdue Accounts Receivable situation.

1. **Other Business**

- Report on FC Workshop—about a dozen people attended, including 3 Board members. Thanks to Staff who helped set up and put away.
- Office Procedures Review team and dates
 - Team Dan, Sal, Bette, Carol, Julie, David S.
 - Prep Meeting 12/18 11 AM to go over topics, questions, documents
 - Procedures Review 10 AM 1/9/20
- Collection Policy—Sal presented a simplified template. The FC suggested that it be used to review and simplify all existing Board Policies after check with attorney that it contains all needed information.
- Capital and Reserve budgeting policy-Nolan presented a draft which appears promising, will be reviewed at next meeting.

1. **Next Meetings**

Monday, November 18, 5 PM, Joint Meeting of FC and ECIA Board

Tuesday, December 10, 9:30 AM, Finance Committee monthly meeting

Saturday, Dec 14, 10 AM Budget Forum for residents

Wednesday, December 18, 11 AM-12 N Procedure Review Team Prep Meeting

Thursday, January 9, 10 AM-1 PM Office Procedures Review

1. **Adjourn—11:43 AM**

Motion 1: The Finance Committee recommends that the complete Board motion of 10/24/19 regarding Stables Arroyo Road be modified to read as follows:

- **Accept New Image Construction's bid for laying base course on the ECIA stables Arroyo Road. The bid has been endorsed by both the Stable Committee and ECIA staff.**
- **Approve the expenditure of operating/maintenance Replacement Reserve funds not to exceed (NTE) \$12,000 including GRT.**
- **Move \$12,000 cash from Operating GL 1013 to Reserve GL 1050.**
- **Increase the 2019 Replacement Reserve budget by \$12,000.**
- **Reduce Operating Stable Repairs & Maintenance, GL 6634, by \$8,400 and Stable Roads, GL 6635, by \$3,600.**

Motion 2: The Finance Committee recommends to the Board an increase in the per lot per year assessment from the current \$525 to \$550 for 2020 and 2021.

Motion 3: The Finance Committee recommends that the Board adopt the annual ECIA budget as modified by the General Manager on 11/12/19.

Action Item: Carol to request routine authority to move funds on Balance Sheet.

Action Item: David S. to request Board President ask attorney review of simplified Board Policy template.