

Finance Committee Meeting Minutes
Tuesday December 10, 2019
9:30 AM Conference Room

Attendance: Committee Members Present: Bette Huston, Nolan Zisman; Excused Absences: Dan Drobnis, Marti Zieg. Board Members: David Sorkin, Sal Monaco.

Representing HOAMCO: Julie Navarro-GM, Mike Rogers-OM, Kristen Kipp-Accountant. There was a quorum (50% of membership-2 of 4).

Announcement: As Sal Monaco has joined the ECIA Board, Bette Huston chaired today's meeting. In Dan Drobnis' absence, Nolan Zisman took minutes. A new Chair will need to be elected at the January 14, 2020 meeting.

1. Public Comment - None

2. Additions to/Adoption of Agenda: Adopted as distributed.

3. Approval of November 12, 2019 Meeting Minutes: Approved.

1. General Manager's Report

- Updated 2019 Projections – estimated R&R Transfer at year-end: At present there is roughly \$60,000 of expense budget. In addition we have a BBVA Operating Fund CD (\$152,214.76) now assigned to the Operating account that will not be used in 2019.

MOTION: Finance Committee recommends transfer of the BBVA Operating CD to the Reserve Account and a transfer, after end of year, of all remaining net operating income to reserves, as consistent with past practices.

- Update on delivery date of Association Reserves Report- report expected before Dec. 20.
- Pending Contracts: Staff has prepared for Board review and approval at their Dec. 16 meeting the following contracts (for execution in 2020):

- Contract with Poolside for replacement of equipment in pool mechanical room, correction of any drainage issues in that facility and provision of more efficient and visually attractive layout of that space. Contract price is \$104,812.50.
- Contract with Casa de Suenos Construction Inc to build a family changing room at the pool according to plans and specs furnished for this project. Cost shall not exceed \$66,500.
- Contract with IntraWorks for acquisition of 12 IP Security Cameras and installation at strategic locations on CC grounds and at Compadres Park. Contract price is \$20,399 including installation and freight charges. An organizational "kick-off" meeting is scheduled for the week of Dec.16.

These contracts have been budgeted for in the 2020 proposed budget. In addition a contract will be developed with Shade Systems/Exerplay for pool shade structures at a cost of \$37,967. This proposal was recommended by the Facilities and Grounds Committee and the Finance Committee has concurred, subject to a review of the pending contract. There is \$25,000 in the proposed 2020 budget. An additional \$17,967 will need to be requested of the Board in January to cover the cost of this project.

1. Board Liaison's Report

- Adoption of Draft Budget Message (Motion to Approve)
MOTION: Finance Committee recommends adoption of the Draft Budget Message, Rev B, with the further revision of exclusion of the section on Motions.
- Revision of Finance Committee Nov. 12 Budget Motions (as there was no November Board meeting):
 - **MOTION 1:** Adopt the 2020 Budget, as presented to the Community on 12/14/19 for total expenses and transfers to reserves of \$1,624,213, balanced by anticipated revenues of \$1,624,213 - funded primarily by an annual assessment of \$550 per lot, an increase of \$25 from the 2018-19 assessment. The above includes adoption of the following detail:
 - a. Recurring Operating Expense Not To Exceed (NTE) \$1,275,293
 - b. Non-recurring Operating 3rd party ECIA Asset Review \$ 2,000
 - c. Transfer to Capital Project Fund \$ 118,836
 - d. Transfer to Replacement Reserve Fund \$ 228,084
\$ 1,624,213
 - e. Adopt Replacement Reserve expenditure budget* NTE \$ 301,438
 - f. Adopt a Capital Project expenditure budget NTE * \$ 118,836

* Itemized in proposed 2020 budget

- **MOTION 2:** Instruct the ECIA's bookkeeper to transfer at the end of 2019 an amount from the 2019 Operating Budget to the Capital Reserve Fund sufficient to bring the Capital Project Fund to a year-end balance of \$118,836.
- **MOTION 3:** Instruct the ECIA's bookkeeper and auditor to use the amount transferred at the end of 2019 from the Operating Budget to the Replacement Reserve so as to adjust any remaining 2019 Operating Budget surplus or deficit to \$0.
- Year-end Audit Details - Porch and Associates will perform the 2019 audit once the year-end financial records have been reviewed and approved.

1. Financial Reports

- Review of November 2019 Report and Bank Statements - Finance Committee recommends approval of the November financial reports. The Finance Committee also instructed the Bookkeeper to move GL 5860 (Committee Expenses) from the Facilities and Grounds section of the report to the General and Administrative section. November expenses reported in GL 5950 (Misc. Admin) should have been reported in GL 6006 (Hiring Expenses).
- Review of AR and Collections - Nolan presented a tabulation of AR data which shows a reduction in delinquent accounts between August and November. Finance Committee would like to see this tabulation (separately for lot owners and barn owners) included in future monthly financial reports. Finance Committee also recommends that all barn owners who have delinquent fees received the same notice letters as do lot owners.

Finance Committee awaits HOAMCO's recommendations on criteria for establish "write-off" of bad debts. They will be provided to Fin. Committee members prior to the January 14 meeting.

1. Other Business

- Discussion on metrics to measure performance: Finance Committee reviewed suggested metrics and are recommending for Board approval two (2) Key Financial Performance Indicators (KPI's) and seven (7) "dashboard" metrics to be initiated with the availability of January data. Similarly Facilities and Grounds and Stables Committee are jointly

recommending two Operational KPI's and two (2) "dashboard" metrics.

MOTION: Finance Committee recommends adoption of seven (7) metrics as defined in Attachment 1.

- Capital and Reserve Budget Preparation Calendar (a procedure): Finance Committee is proposing a procedure to be used by all committees and Staff so that all capital project and reserve expense inputs to any future year budget are prepared and submitted at the same time each year.

MOTION: Finance Committee recommends adoption of Budget Preparation Calendar Procedures as defined in Attachment 2.

Note: It was agreed that the referenced forms (Capital Project Request, ECIA Asset Replacement Evaluation and Reserve Expense Worksheet) be included with this documentation as a "packet".

- Revised Collection Policy - The intent of this revision is to apply the same procedural action items to all fees and charges, not just the lot assessments. A draft was discussed but requires further modifications. Nolan and Amelia will work on this for review at the January 14 Finance Committee meeting. The following motion was approved:

MOTION: Finance Committee recommends establishment of a late fee to be assessed to past due assessments and fees, the amount to be determined. This "notification" should be included in the addendum mailed with the assessment.

Note: This late fee schedule would be in addition to, not in lieu of the 15% interest now charged against delinquent accounts.

1. **Next Meeting**

Saturday, Dec 14, 10 AM, Budget Forum for residents

Dec 18, 11 AM, Office Procedures Prep Meeting

Jan 9, 10 AM – 1 PM, Office Procedures Review

January 14, 9:30 AM, Regular Finance Committee Meeting

1. **Adjourn** - 12:15 PM.