

Minutes Rev A prepared 2/13/19
Finance Committee Meeting Tuesday February 12, 2019
9:30 AM Conference Room

Distributions: Previous Minutes, Financial Report, Draft Agenda

Attendance: Committee members Fred Miller, David Sorkin, Nolan Zisman, Sal Monaco (Chair); Board members Joseph Guterrez (Treasurer/Liaison), Todd Handy, David McDonald (President); HOAMCO staff Julie Navarro (General Manager), Mike Bullock (Project Manager, present for some items), Anna Hansen (Executive Assistant); ECIA member Amelia Adair (Chair, Stable Committee).

1. **Public Comment/Announcements.** Barry Silver declined appointment to the Finance Committee by the Board after recommendation by the FC. Todd Handy was appointed to the Board in January, and has thus left the FC.
2. **Additions to/Adoption of Agenda**—adopted as distributed.

3. **Approval of Minutes**

January 15, 2019 minutes approved as distributed.

4. **Stable Committee Future R&R Projections (Amelia Adair)** Amelia presented several requests and questions on behalf of the Stable Committee:
 - Thanks for the regular assessment increases necessary to keep services and amenities up with inflation.
 - Suggestions for dividing some Replacement Reserve items to better track different maintenance requirements and expected life.
 - Discussion of regular maintenance for stable roads vs. periodic major regrading and basecourse replacement.
 - Advisability of a Stables monthly report separate from regular monthly financial report.
 - Need Stable Committee help for 2020 in planning maintenance and replacement items.
 - Mike Bullock reported that the Stables water distribution system is currently leaking about 2K gallons per day, at a tiered rate of over \$60 per thousand, and the limit of patching has been reached—new system or major repairs needed at about \$50K from Replacement Reserve.
 - Water distribution system cost \$56K in 2011 with an estimated life of 25 years. Unfortunately, system was built with irrigation, not water distribution, materials and methods.
 - Better collection actions are needed for barn owners who are delinquent in paying their water, fly predator, and manure disposal bills. Stable Committee members are embarrassed to be associated with “deadbeats.”

5. **General Manager's Report**

Report on Status of R&R 2019 Projects—no overall Gantt Chart is available yet. Pool is consuming all management time.

Pool Update

- Phase 1 Repairs needed for pool opening in May include Deck demolition/replacement, Drainage from deck, Bath House interior replacement (except for Family and Mechanical

areas), well pump alterations to bring it up to code, Pool Heater replacement/repair, and Septic Tank replacement.

- Bids and contracts for Phase 1 will be available for review at a special Finance Committee meeting 2/15.
- Other items for Fall Phase 2, include the Pool House Family Bath and Electrical/Mechanical areas, and possible use of backwash effluent for irrigation.
- Phase 1 cost is currently estimated at \$431K, and complete cost at \$550K. This compares to a budgeted amount in the Replacement Reserve of \$600K from 2018-2021.
- A Gantt Chart schedule will be available in about a week once bids are reviewed and contracts let.

6. **Board Liaison's Report**

- Update on 2018 Audit—expected to be available for review at a special Finance Committee meeting on 2/15.
- The Board altered the 2019 budget recommended by Finance Committee to increase GL 5500 Legal Fees Admin from \$20,000 to \$40,000, and reduce the Projected Transfer to Replacement Reserves from \$176,184 to \$156,184. This was correctly summarized in the Assessment Invoice Letter, but the incorrect detailed budget was posted on the web site. Failure to inform the Finance Committee of the alteration was explained as an oversight.
- A corrected budget was obtained from Emily at HOAMCO Albuquerque.

7. **Financial Reports**

Review of January 2019 Report and Bank Statements

- The amount of a rollover of a CD maturing on 2/28/19 to 2022 at higher interest depends on Reserve cash needs for Pool modifications and Stable water system. A written Cash Flow Projection for 2019 will be presented at the 2/15 special FC meeting.
- The amount shown on the Balance Sheet of the January Financial Report, GL 1290, is added to the 2018 amount. It is not clear whether this should all be taken as an adjustment to the 2018 Balance Sheet. Committee suggestion: **Ask the Auditor.**

Review of AR and Collections

- It appears that at least two long overdue accounts on the Accounts Receivable Report show no lien fee. Has a lien been placed? Has it been mis-categorized?

8. **Other Business**

Annual Calendar—Several items relating to the review of Office processes and Board Procedures that are shown as “At Board Request” have not been performed for over two years. Does this constitute adequate internal controls? Committee suggestion: **Ask the Auditor.**

9. **Next Meetings**

Special Finance Committee Meeting for Audit review, Pool Contracts review, Reserves Cash Flow review—Friday Feb. 15, 9 AM, Conference Room

Finance Committee Regular Meeting Tuesday, Mar 12, 2018 at 9:30 AM.

10. **Adjourn**—12:18 PM