

Minutes of the Finance Committee Meeting Tuesday March 13, 2018 9:30 AM Conference Room

Attendees: Sal Monaco (Chair), Todd Handy, Marti Zieg, David Sorkin, Dan Drobnis, Members; Isabel Ugarte (General Manager); Joseph Guiterrez (Treasurer); Jennifer Rodriguez (Assistant to GM), Mike Armijo. Absent: Sandy MacGregor, Fred Miller, Isabel Ugarte.

Distributions: Previous Minutes, Financial Report, Agenda

1. Additions to/Adoption of Agenda. Adopted as distributed subject to issues arising during the discussion.

2. Approval of Minutes Approved as provided without change.

3. General Manager's Report (provided by Jennifer Rodriguez and Mike Armijo) • Report on Status of R&R 2018 Projects: All projects that should have been started in February/March are on schedule with the exception of 7.2.1 Riding Arena sub-surfacing and Railing RFP; Mike indicated that he believes temporary maintenance for the adult decking at the pool will serve the needs for this year and the pool will be able to open on time.

- The committee discussed how to best represent R&R item detail on the budget. The Treasurer would prefer to keep an individual spreadsheet of projects and costs rather than having a GL entry for each item. The committee saw no problem with this method so long as the GM maintained it.

4. Board Liaison Report

- Investment Ladder is now active with R&R funds invested in one-, two- and three-year CDs with interest rates from 1.85 to 2.25%.

- The Treasurer has been in contact with ECIA's insurance broker, Steve Crawford, regarding the insurance renewal. There was some concern about a premium increase due to lawsuits in the previous years. Todd mentioned that an increase notice must be provided by March 15, 30 days before renewal.

- Final Audit: A MOTION was made and passed unanimously to recommend the Board accept the final version of the Audit performed by Porch and Associates.

- Other Issues: the Treasurer managed to get \$100,000 into the legislative budget for the County to repair/perform maintenance of Hike/Bike trails. This is an addition to our budget and great news. The exact nature of the work needs to be worked out with the County, but it more than doubles the budgeted amount of \$90K for 2018.

5. Financial Reports February 2018 Report (with Adjusted Trial Balances from Audit)

6. Finance Committee Annual Report The report was provided to Courteney Handy with a reduction of 200 words from the original version.

7. Review of Collections Proposals Hays & Friedman and Moses, Dunn, Farmer & Turner: After a lengthy discussion, the committee passed a MOTION to recommend that the Board accept the proposal by Moses, Dunn, Farmer and Turner.

8. Executive Session: Review of Board Proposal (Dan Drobnis, David Sorkin were not present for this discussion) The committee reviewed a "straw man" concept of charging fees for use of

certain amenities. The members who stayed for the discussion unanimously recommended against this for several reasons:

1. The imposition of fees is not likely to significantly reduce future assessments (at best a few dollars per homeowner) and, in fact, the administration and oversight of such a program may result in a net cost to the Association.

2. Creating a fee for amenities that have historically been free of charge will likely result in community discord and unrest, harming the harmony and well-being of our community.

3. The potential harm to the Association in unintended costs such as County taxes if these fees are perceived as revenue generating poses a serious downside risk.

4. Our accounting system is best described as a "minimum viable product" and the committee feels it is unlikely that it could correctly and flawlessly handle the proper accountability of any such fees.

Because a quorum was not present for this discussion (1 short of quorum), the committee members did not pass a formal motion. The members asked the Chair to contact members individually to get their opinion/vote on a statement to be provided to the Treasurer. The Treasurer will then pass this opinion to the Board at the next meeting.

9. Next Meetings Regular Finance Committee Meeting Monday, April 16, 2018 at 9:30 AM

10. Adjourn: Meeting was adjourned at 12:15 PM.