

## **MINUTES OF ECIA FINANCE COMMITTEE**

### **March 14, 2007**

The meeting was called to order at 9:30 a.m. by Dan Drobnis, Chair. Present were members Gisela Knight, Allen McQuiston, Nolan Zisman, Pat Bell, Jean Stokes, and Ed Moreno; and General Manager Bill Donohue.

1. No members of the public were in attendance for the public forum.
2. The minutes of the February 14, 2007 meeting were approved, as amended.
3. Auditor Asa Laws presented the auditor's annual report to the committee. Mr. Laws indicated that the auditor's main concern is about the clarity of allocations within the Replacement Reserve Schedule. It had mostly been resolved by the ECIA in 2006. He recommended an additional policy revision for 2007, that the ECIA Board clearly identify the source of funding for capital projects. Such expenditures are typically funded from capital funds or from the operating contingency.

Mr. Laws said that the ECIA paid more in income taxes for 2006, which was the result of higher interest rates that generated more income from the association's reserve accounts. He indicated there are not obvious ways available for the ECIA to shelter its income from taxes, but that every year the Board can elect one of two methods of calculating the tax, whichever is most favorable. Mr. Laws said that the ECIA's financial records are well-managed. The committee voted unanimously to commend Bill and Debby on their fine work.

Following the discussion of Agenda Item 6, the committee discussed a motion on whether the \$79,624 in surplus fund balances reported in the audit should be transferred to the capital reserve fund to cover additional costs of the patio renovation. In recent years, the surplus funds have been allocated to the operating contingency reserve. The committee added a provision recognizing that the ECIA Board is considering the development of a long-term plan, which could result in requests for additional transfers in the future, and approved the motion unanimously.

4. The committee reviewed the financial statements for 2007 through February. Mr. Donohue said that reminders have been sent to 500 residents who had not yet paid their assessments.
5. The revised Replacement Reserve Schedule was presented, reviewed, and approved unanimously.
6. Mr. Donohue reported on the patio renovation project. The committee discussed the bidding process for the work. Mr. Donohue said Carr Construction has been selected general contractor and will be seeking bids for subcontractors. The committee asked for clarity on the board's policy on bidding and whether Mr. Donohue should seek input from the Board or the Finance Committee. Mr. Drobnis said there is no policy that he is aware of, but Mr. Donohue was asked to see if he could locate a policy in the ECIA records.
7. The Board liaison was not in attendance. Mr. Drobnis indicated that the Board discussed but did not take action on the proposal to expand and improve the basketball court at its recent meeting.
8. Mr. Zisman said that the state legislature has allocated some funds based on a formal request by ECIA for funding for repairs and new base course on Eldorado's older dirt roads, but that the amount will not cover the actual need. He said it may require a special assessment, an improvement district or other finance sources to perform all of the needed work.

9. Mr. Drobnis said he will not be available for the April 11 meeting. The committee discussed whether to have a meeting at all. Vice-Chair Knight said she will review the situation and let the committee members know if the meeting is canceled.

The meeting adjourned about 11:30 a.m.