

MINUTES OF ECIA FINANCE COMMITTEE MEETING

Wednesday, May 12, 2010 9:30am ECIA Conference Room

--Call to Order/Attendance: The meeting was called to order by Chair, Dan Drobnis, at 9:30AM. Those also in attendance included members Pat Bell, Gisela Knight and Nolan Zisman; Board Liaison Todd Handy and GM Bill Donohue. Bob Gaines was an excused absence. The proposed agenda was amended to include "Auditor RFP" under New Business. There being no one for public input, the minutes of the April 14 meeting were approved as amended (on page 2, top line, add the following sentence: "Bob suggested this recommendation doesn't seem practical or beneficial". There followed a motion to delete this recommendation from the monitoring list which carried 3-0-0.

--GM Report: Bill reported work on readying the pool for this summer season is nearly complete; he hopes to start filling it today. While the cost of replacing missing tiles in the deep end will be greater than anticipated he expects the total cost for tiles, re-decking and a new pool office roof should come in at or very close to budget. He has been able to hire only 10 of 15 planned lifeguards for the summer. He feels that the drug test requirement is having an impact on the number of candidates. He feels that even with 10, he can reshuffle assignments to provide the necessary coverage to keep the pool open all season.

--The water leak in the ranch house has been found and repairs are under way. Running new lines to the bathrooms will have minimal impact on the structure. The estimated cost of \$6,000 to \$7,000 is expected to be offset by a corresponding reduction in our water utility charges for the year.

--A draft copy of the new Replacement Reserve Schedule was handed out. Many of the numbers have been revised and selected line items moved to out years as these assets are still in working order. The next objective is to identify assets/amenities that should be, but are not yet, on the schedule. Copies will be made available to F&G to also assist in this effort.

--Bill will be acquiring a truck for that to new Community Services Mgr. He has found one for about \$12,000 (having had \$14,000 budgeted). He also needs to replace the existing "Red" truck that is close to failing. He has \$8,000 in the R&R Schedule for 2011 but thinks the cost might be closer to \$10,000. The FC voted 3-0-0 to recommend advancing the R&R monies from 2011 to 2010 to get this truck.

--The question of eliminating paper distribution of pre-meeting materials was raised. Gisela will require having the whole package continue to be delivered. Since Bob was absent he will continue to receive delivery until the office is otherwise noted. Nolan would like a hard copy of the legal-sized P&L statement only delivered, if do-able; otherwise would be OK with continuing to get the whole packet.

--Board Liaison and Financial Reports: Todd reported on both these agenda items.
· He feels that no response is needed to the Auditor's March 10 audit letter. The FC concurred. Gisela asked that FC members receive a copy of the Auditor's Final Audit

report. Bill will arrange.

- He distributed copies of the next iteration of spreadsheet that can be used to help assess actual vs. budget. He also distributed a copy of the 2010 budget broken out on a monthly basis. There is still work to be done to seasonalize logical line items for more accurate comparisons as the year progresses. Todd will work with Bill on this. Any attempts to add additional line items will be deferred until preparation of the draft budget for next year. The label on the last line will be changed from "Net Income" to "Net Income Prior to Reserve Transfers".

- Assessment collections are matching expectations. A discussion of liens and late fees was started but then tabled to next meeting.

- The bank has not yet complied with our request for statements to end on the last day of each month. We are awaiting this to be able to match our month-end records with those of the bank.

- Dan was reviewing some covenants provided by Todd regarding enforcement of assessments. He found that the By-Laws (which state that they must be reviewed and updated, as needed, every two years) had last been published in 2000. Those by-laws reference the covenants issued in 1972, even though they were updated in 1996. Our lawyer as advised those old covenants, even though obsolete, are still applicable. It was decided to advise the Board that:

1. The by-laws must be reviewed and revised, as needed, as quickly as possible, then put on a two-year review schedule and so enforced; and,

2. Revision of the By-Laws should incorporate the language of the obsolete covenants rather than have them continue by reference.

Todd will so advise the Board.

--Draft job descriptions were briefly discussed. Nolan volunteered to review them for clarifications and additions and bring his recommendations to the next meeting.

--The FC is recommending Financial Mgt. training for the Board (FC members may also attend) to be scheduled for Saturday, July 17. It was suggested this training also include our legal documents (Articles of Incorporation, By-Laws, Covenants, and Guidelines).

--As the FC was unprepared to discuss revisions to its Charter, this was tabled to next meeting. The need to reflect the FC's increase role in monitoring financial mgt. policies and execution of procedures was indicated. Dan will work with Gisela to prepare a draft of suggested revisions.

--New Business: The FC voted 3-0-0 to recommend to the Board the issuance of an RFP for auditing services for the next 3 years. If the Board approves, an RFP will be drafted for review at the next meeting. The need to be very specific in what we expect from the auditor was recognized.

--The meeting was adjourned at 11:40 AM The next meeting is scheduled for Wednesday, June 9 at 9:30 AM. Included on that agenda will be the job descriptions, RFP and charter revisions.