

Minutes Rev A 5/15/19
Finance Committee Meeting Tuesday May 14, 2019
9:30 AM Conference Room

Attendees: Members Sal Monaco (Chair), Nolan Zisman, Fred Miller, Dan Drobnis; Board Members Joseph Guiterrez (Treasurer, Liaison), David McDonald (President), David Sorkin (Alternate Liaison), Todd Handy; HOAMCO Staff Julie Navarro (General Manager), Lou Wagner (Director of Accounting), Michael Franciosi (Vice President); Guest Betty

Distributions: Previous Minutes, Financial Report, Agenda

1. **Public Comment/Announcements**—Sal announced that Sandy MacGregor has resigned from the Committee and will be moving from Eldorado.
1. **Additions to/Adoption of Agenda**—Adopted as distributed.
1. **Approval of Minutes**—Approved as distributed.

April 9, 2019

4. 4. General Manager's Report

Report on Status of R&R 2019 Projects

- All except Pool Rehab and Stable Water suspended pending Pool completion and Stable Water firm bids.

Pool Update – Status of Project Work

- Schedule Review indicates that July 4 is still a reasonable expectation for opening, with mechanical startup and State inspections the major unknowns.
- Deck pour will be done in about 2-3 weeks.
- 2019 Pool and Community Center water/septic combined upgrades holding to budget of \$748K, with \$25K of original \$30K contingency still remaining.
- 2020 Phase 2 costs expected at \$162K.
- Pool Manager Mike Rogers has offers out to about 14 lifeguards, most pending drug tests. Lifeguards will be used on temporary maintenance and landscape projects prior to pool opening.

Stable Issues (water lines)

- Some scope clarifications are out for re-bid.
- Tentative budget is now \$125K.
- It is not clear how or whether long-time road drainage issues will be addressed.
- Responsibility for various maintenance areas, including those at the Stable, have been assigned to individual maintenance staff. Some extra effort has recently been put into Stable items such as common area fences and arenas to deal with normal winter deterioration.

Update on capital projects for 2019

- All currently on hold pending Pool completion and Stable Water bids.
5. **5. Cash Flow and R&R for 2019**

Continued discussion of cash flow needs for R&R and operations.

- Some preliminary analysis indicates that Reserve cash requirements may exceed current Reserve cash by about \$50K. If so, this would happen later in the summer, allowing time to assure adequate Reserve liquidity.
- Operating expenses appear to be running at or slightly under budget, and Operating revenue on target, which would allow the early budgeted transfer of up to \$155K from Operating cash to Reserve cash. Additional CDs of up to about \$450K are also available if needed.

Total R&R needs for 2019 and implications for future assessments.

- A rough analysis indicates that by the end of 2020, the Replacement Reserve will be drawn down about \$400-500K more than previous estimates as a result of greater-than-anticipated Pool rehab and Stable water expenses.
- If more detailed analysis, expected by July, supports this estimate, this would indicate that an assessment increase to the \$600-650 range over the planned \$550 for 2020 may be necessary to rebuild the Reserves over 5 years.
- President McDonald was informally advised to begin preparing Board and Association members for this sort of news.
- Betty offered the opinion that some might prefer to pay all at once up front to make up a Reserves shortfall, rather than stretched over several years. Betty was advised that the Association By Laws do not allow a special assessment for this purpose.

6. 6. Board Liaison's Report

- Recommendations on Motions made at the Finance April meeting (changes to reserve expenditures and CD investments) were adopted by the Board.
- At the Board's organizing meeting on May 13, all officers continued unchanged.

7. 7. Financial Reports

Review of April 2019 Report and Bank Statements

- An apparent doubling of anticipated Dumpster servicing at the Community Center was traced to a second Dumpster at the Stables being miscoded.
- A discrepancy in insurance payments was traced to a more complex miscoding. Lou is investigating.
- Julie will redact and forward to the FC the legal invoices for 2019 to allow understanding of why legal expenses are so high.
- Julie will apply extra scrutiny to assure that bills from Honstein Oil are correct and plausible, and that all checks drawn on the Sunshine Bank account are valid.

Review of AR and Collections

- Lou explained the basis for the 2019 presentation of Accounts Receivable—only 2019 overdue accounts with unpaid balances from previous years are shown.
- Results of collection efforts by Moses-Dunn appear good. However, the FC members would like additional information on collection efforts for accounts overdue by more than 2 years: **Motion 1 below.**
- First warning letters have been mailed to about 230 overdue accounts—an historically normal number. The next step is the filing of liens upon properties not current on July 1.

Use of Credit Reporting as Incentive for Paying Assessment

- Use of an adverse credit report for owners with overdue accounts was discussed. Michael advised that this would require knowledge of Social Security Numbers, which the Association does not have, assumption of liability for account accuracy, and possibly little return.

1. **Other Business**

- There was a short discussion of the possibility of split payments for assessments. This was tried once in the recent past, with considerable resulting confusion. Michael advised that HOAMCO does not have tools that would help, other than sending out multiple invoices at increased expense.

1. **Next Meeting**

Finance Committee Regular Meeting Tuesday, June 11, 2019 at 9:30 AM.

1. **Adjourn—11:35 AM**

Motion 1: The Finance Committee requests from the Treasurer and General Manager additional information on collection efforts and status, particularly for accounts with overdue balances of 2 year