

Minutes Rev A dtd 6/13/19

Finance Committee Meeting Tuesday June 11, 2019

9:30 AM Conference Room

Distributions: Previous Minutes, Financial Report, Agenda, Irrigation Proposal, Proposed Stable Water Contract

Attendees: Committee: Nolan Zisman, Sal Monaco (Chair), Fred Miller, Dan Drobnis; Board: Treasurer/Liaison Joseph Guterrez, President David McDonald (thru Item 6); Member/Alt. Liaison David Sorkin, Member Todd Handy; HOAMCO Staff: ECIA General Manager Julie Navarro, New Mexico Vice President Michael Franciosi; Guest: Betty Huston

1. **Public Comment**—Michael announced that Lou Wagner has left HOAMCO after one month as Director of Accounting. ECIA's new accountant will be Rhonda Krajewski.
1. **Additions to/Adoption of Agenda**—Version 2 of the agenda was adopted as distributed.
1. **Approval of Minutes**—Approved as distributed.

May 14, 2019

4. General Manager's Report

Pool Update – Status of project work/Gantt Chart review; Update on costs and pool opening date

- Pool budget is unchanged at \$750K, except for \$30K additional funds (below) for the Irrigation system to ecologically dispose of backwash water.
- Uncertainties regarding Pool mechanical and electrical equipment, inspections, and Contractor scheduling difficulties make it unlikely the Pool will open before mid-July.
- The Finance Committee advised that the Board be frank and prompt with Association members regarding Pool status.
- Mike Rogers is now in charge of Pool rehab contract management, and overall maintenance responsibilities.
- Russell Winslow, who has been overseeing Pool reconstruction, will possibly be available for Phase 2 Pool projects but not before.
- Treasurer Guterrez distributed an analysis of cash flow for the Pool, Stable and other Replacement Reserve projects. It indicates that an additional \$32K cash will be needed. This would be most conveniently available from Operating cash.

ECIA Irrigation Proposal

- The ECIA has been seeking an environmentally responsible way to process and reuse waste water from the Community Center and Pool.
- Water Management has submitted a proposal for treatment, storage and irrigation use of such waste water. It exceeds the original estimate of \$20K by about \$30K, for the fixed price of \$50,580
- The FC reviewed the Water Management updated proposal and the justification that Water Management had originally been selected by competitive bid, and invited to submit a complete proposal once the scope was fully identified. The FC advised that Julie

provide this justification as a written part of the procurement file, and recommended that the Board accept this enhanced proposal (**Motion 1 below**).

RFP and proposed contract for stable waterlines

- The FC reviewed the RFP documents and proposed contract for the Stable Water Line replacement project and recommended that the Board approve the proposed contract with New Image, with modifications. (**Motion 2 below**).

5. **R&R Projections Update**

- A significant unknown is the condition of Pool electrical and mechanical equipment. More will be known in a couple of weeks.
- Nolan distributed an outline of a 5-year update of Replacement Reserve requirements. A fully detailed itemized update to the complete schedule and financial model is needed for review at the July FC meeting for inclusion in the 2020 budget discussions.
- Sal and Dan offered to assist.

6. **Board Liaison's Report**

- Report on Motion made at May meeting (to request from the Treasurer and General Manager additional information on collection efforts and status, particularly for accounts with overdue balances of 2 years or longer) **was not available as requested**.

7. **Financial Reports**

Review of May 2019 Report and Bank Statements

- An underrun on Facilities Maintenance Payroll to date was caused partly by absence of a Project Manager. Mike Rogers has been assigned to this position.
- Hike/Bike Maintenance plan includes only Avenida Eldorado slurry seal. Ave. Casa del Oro appears in need of similar treatment.
- The status of insurance—prepaid vs. expensed—was questioned. **HOAMCO needs to provide clarification.**
- Legal fees continue to overrun excessively. The explanation now appears to be Solar Litigation, about 2/3 of all legal fees charged year-to-date, which should be covered by insurance since the ECIA is the defendant. It appears that the deadline for filing an insurance claim has passed, possibly leaving the Association stuck with thousands—or perhaps tens of thousands—of dollars in legal expenses and possible claims. (**Motion 3 below**)
- Aged owner balances on the redacted Financial Report do not make sense without column headings. **This is minor, but was supposed to be corrected months ago.**

Review of AR and Collections

- Some \$83K may not be shown correctly on the Accounts Receivable report. **HOAMCO investigating.**
- It appears that Collections for overdue Stables accounts are not happening. **Nolan will investigate** the Association's documents and Stable Rules to determine what recourse is available, including non-MIGS status and liens on barn owners' home properties.

1. **Other Business**--none

1. **Next Meeting**

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

1. Adjourn

MOTIONS

Motion 1: The Finance Committee recommends that the Board accept the augmented proposal from Water Management for the treatment and irrigation use of waste water from the Pool and Community Center for \$50, 580.

Motion 2: The Finance Committee recommends that the Board sign the contract for the Stable Water Distribution Project with New Image for \$127,914.25 with the following additions/modifications:

- **The Contractor shall be responsible for permits and inspections.**
- **The Contractor shall assure that all Subcontractors have required insurance and provide indemnification against Subcontractor actions.**

Motion 3: The Finance Committee is concerned that notification requirements for reimbursement of legal expenses by existing insurance regarding Solar Litigation may not have been met. The Finance Committee requests further detailed information.