

MINUTES OF ECIA FINANCE COMMITTEE MEETING

Wednesday, June 9, 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 Gisela Knight and Nolan Zisman; Board Liaison Todd Handy, GM Bill Donohue and Board member Tom Wilmot. Bob Gaines and Pat Bell were excused absences. The proposed agenda was amended to include "Job Descriptions" under Old Business. There being no one for public forum, the minutes of the May 12 meeting were approved as amended (on page 1, middle of page, change "Gray" truck to "Red" truck).

--GM Report: Bill reported work on the new water line in the main buildings was nearly completed. The estimated cost of \$6,000 to \$7,000 is still a valid projection. He wants to ask the Board for funding from contingency not to exceed \$7,000. The FC approved this strategy 3-0-0.

--Board Liaison Report: Todd reported the Board approved a budget of \$11,000 to replace the Red truck. The Board is aware of our concern about the confusing "presentation" of the covenants and guidelines. In March of 2009 a sub-committee reviewed the by-laws and concluded their validity going forward. The architectural guidelines are in review. Once they find and review a letter from our attorney regarding the force behind the 1972 covenants, they will take into consideration the suggestion to move these to the by-laws. The Board also agreed with our recommendation to put out an RFP for auditing services for next year. Our current auditor is to be included in the distribution. Due to difficulties in hiring an adequate number of lifeguards at the hourly wages we are offering, the Board decided to waive the requirement of passing a pre-employment drug screen. The FC members are very concerned about the Board by-passing its own recently approved guidelines and policies as well as the exposure to major financial liability in the case of a pool accident attributed to an untested "under the influence" employee. Dan will draft a letter of concern from the FC to the Board.

--Old Business: The Board has not yet decided on a date for Financial Training. It was agreed that there be two separate offerings- - one for Board members and a separate one for FC members. Tom will work to get a date set asap.

In reviewing the Replacement Reserve Schedule Nolan ran a comparison of the RRS line items with the Facilities and Grounds Committee's Log. He and Bill will meet to go over the results of the comparison and decide what additional assets should be added to the RRS. One factor that needs some thought and subsequent discussion with the full FC is setting a dollar thresh hold that differentiates out those depreciating assets that do not have much dollar impact on budgets that can be treated as "small project replenishment". This subject will be carried over to the next meeting.

Dan and Gisela shared their draft mark-up of the FC Charter with the other attendees. Nolan had some further suggestions that he will e-mail to Dan. This will also be carried to the next meeting. As the charter calls for annual election of the

Committee Chair, elections were held and Dan will chair the committee for another year by a vote of 3-0-0.

Due to the length of the meeting discussion of the proposed changes to the Job Descriptions, to ensure all necessary financial duties and responsibilities are included therein, was tabled to the next meeting.

--Review of Financials: Due to a lag in bank reporting and QuickBooks report runs, the May 31 Balance Sheet shows over \$465,000 cash at Edward Jones and a 1st State Bank CD that matured. These have already been applied. There is considerable concern about the seemingly high rate of non-payment of assessments. "Back of envelope" calculations suggest that over 400 properties have not had their assessments paid yet and this number could still be above 200 as the year progresses. The FC strongly urged Bill to get out notices and lien letters as quickly as the process allows, as well as following up with foreclosures where necessary. Expense control will have to be explored if assessments collections do not rapidly catch up to budget. To save meeting time in the future it was agreed that significant P&L variances and other key observations be documented and distributed with the financials ahead of the meetings. The FC agreed to start with any line item with a variance greater than \$1000 which is also +/- 10% of budget.

--New Business: As information, F&G is submitting a capital project proposal to the Board which requests funding for Phase I of a three-phase landscaping of the CC area. Phase One, projected at \$67,800, will cover the area between the breezeway and patio, including the small children play area. Tom asked the FC to submit a recap of funds available for capital projects in 2010-2011. These are estimated as follows:

- Capital Reserve: \$28K; Authorized transfer to Capital Reserve: \$35-50K;
- Unallocated Fund Balance: \$25-35K; Total: \$88-113K.

In setting up a calendar for the 2011 Budget process, Tom suggested making the joint FC/Board session as a separate session on Oct 25. The FC approved the other proposed dates.

The only committees presently short of desired membership levels are the Conservation and Finance committees. Dan will try to get into the July Vistas a FC recruitment article.

The meeting was adjourned at 12:15 PM The next meeting is scheduled for Wednesday, July 7 at 9:30 AM.