

Minutes Rev A

Finance Committee Special Meeting Tuesday July 2, 2019

9:30 AM Conference Room

Distributions: Agenda, Replacement Reserve/Financial Model Analysis Spreadsheet

Purpose: Review the Replacement Reserve and Operating Funding for future years in light of the most recent Pool and other Replacement Reserve expenditure estimates. The Board has requested early information on the impact of Reserve Expenditure estimates upon the 2020-21 assessment.

Attendees: Sal Monaco (Chair), Nolan Zisman, Fred Miller, Dan Drobnis; **Board Members:** David McDonald (President), Joseph Guiterrez (Treasurer/Liaison), Todd Handy, David Sorkin; **HOAMCO Staff:** Julie Navarro (General Manager), Mike Rogers (Pool Manager); **Guest:** Bette Huston.

1. R&R Data Update

Discussion of updated database. It appears that planned Hike/Bike maintenance and apron project have been included twice, allowing a reduction in the Operating budget for these items of about \$90K for 2020. This will have a ripple effect moving forward to somewhat reduce needed revenue.

2. Analysis of Different Assessment Scenarios

- Review of Reserve Funding vs. Expenditures as a function of future assessments. Several scenarios were examined, including the effect of a Special Assessment.
 - A preliminary assignment of water and septic components of projected 2019 expenditures would indicate a Special Assessment of about \$127 per lot:
- | | |
|-------------------------------------|-----------|
| • New Well Pit and Pump (Kuckelman) | \$20,763 |
| • All Water Mgt Associates work | \$204,345 |
| • Stables Water Distribution | \$128,000 |

Total is \$353,108, or approx. \$127/lot.

3. Use of “One Time” Special Assessment

- Per Declaration of Covenants in Article V (Covenant for Assessments), Section 4 (Special Assessment for Capital Improvements) “the Board ...may levy a special assessment payable by installments or otherwise, to be used for the purpose of installation, maintenance, repair or replacement of an electrical and/or gas utility system(s), a piped water and/or sewer utility system(s) and streets, roads, and drainage system(s). Such special assessments shall be apportioned on a per lot basis...”
- A lively discussion ensued regarding the meaning of a “water and/or sewer utility system.” All agreed that so classifying some of the work would be problematical, and likely to lead to legal challenge.
- Such a challenge would be divisive within the ECIA membership.
- Collection of a Special Assessment during such a challenge could be difficult to implement, and even more difficult to unwind should a challenge be successful.
- Whatever the financial advantages, attempting a Special Assessment would represent an unacceptable legal, political and administrative risk and would not presently be recommended by the FC to the Board.

4. Motion to the Board to Recommend 2020-21 Assessment Amount

- The Finance Committee considered the likely Operating Budget needs, and projected Reserve expenditures as currently foreseen.
- There appears to be some duplication of expenses from the Operating budget projection, and the specific Hike/Bike maintenance and Aprons project, which will need correction.
- The Finance Committee anticipates a recommendation of \$575-\$595 per lot for 2020-21 (See Motion 1 Below).

1. **Next Meeting**

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

1. **Adjourn**

Motion 1: The Finance Committee tentatively anticipates a recommended 2020-21 assessment to the Board in August in the range of \$575-595 per lot, contingent upon further review of projected 2019 Replacement Reserve and Operating expenditures at the regular August Finance Committee meeting.