

**Minutes Revision C dtd 8/13/19**  
**Finance Committee Meeting Tuesday August 13, 2019**  
**9:30 AM Conference Room**

**Distributions: Previous Minutes, Financial Report, and Agenda**

**Attendees:** Dan Drobnis, Bette Huston, Sal Monaco (Chair), Nolan Zisman; **HOAMCO:** Julie Navarro (General Manager), Michael Franciosi (Vice President), Kristen Kipp (Bookkeeper/Comptroller); **ECIA Board:** David Sorkin (Alternate Liaison), Joseph Guiterrez (Treasurer/Liaison), David McDonald (President); **Guest:** Marti Zieg (former Committee member).

1. **Public Comment/Announcements**—Sal announced the immediate resignation of Committee Member Fred Miller for reasons of health.
1. **Additions to/Adoption of Agenda**—Nolan requested a discussion of preliminary 2020 Capital items to the agenda as distributed, added to Item 7.

**1. Approval of Minutes**

July 9, 2019—Approved as distributed.

**4. General Manager's Report**

- Report on Status of R&R 2019 Projects
  - Work on Stables water system replacement has begun, completion expected end of September
  - Stable owners are paying the cost of new Badger meters, with improved readouts
  - Invoices being sent monthly for water usage
- Pool Update on costs
  - Currently approved contracts at \$816K, including community water system replacement/upgrade.
- Plans for obtaining Phase 2 pool estimates
  - Russ Winslow is helping to gather Phase 2 Specifications/Bids
  - Present very rough estimate is \$250K
- Other ongoing projects/issues
  - Additional cash for replacement reserves will be needed from early transfer from Operating. **Motion 1** to recommend \$156K early transfer from Operating to Reserve cash accounts.
  - Once pool Phase 2 2019 needs are firmer, it may be necessary to cash a CD a few months early to provide additional cash. This is a cash management issue; Reserves funds are available
  - Hike/Bike path maintenance in 2019 will consist of Seal Coating for about \$20K. About \$30K needs to be held for a 10% match to County replacement of substandard areas
  - The Conservation Committee has recommended that goats not be used in 2019 for greenbelt fire control. There is presently no alternative proposed for the \$10K budgeted
  - Cleaning by outside contractor has been increased to weekly. Rodent problems have declined. Railroad room needs further attention; Weeds on Hike/Bike trail need attention.
- Preliminary 2020 budget issues

- An extra \$100K in Operating underruns are presently projected to be available to move to Reserves
- It appears that no increase in the Operating budget will be needed for 2020
- However, a plan will be needed to rebuild, through assessments, more than a \$1M withdrawal from Reserves

#### 5. **Board Liaison's Report**

- Joseph distributed an analysis of costs to complete current Reserves projects, and cash projections as detailed above. See attachment.
- Joseph plans to transition Treasurer duties to David Sorkin throughout the rest of 2019

#### 6. **Financial Reports**

- Review of July 2019 Report and Bank Statements
  - Kirsten received compliments on her informative notes to the Financial Report
  - Property and other insurance are now being billed monthly instead of yearly. Not clear why this was changed, or whether it should continue this way
  - Legal fees of about \$21K attributable to Solar Litigation against the Association—apparently a settlement of almost \$5K has been received and will be credited next month. According to President McDonald, our insurer has acknowledged responsibility for the rest.
  - Nolan had several concerns with the division of expenses related to otherwise underutilized lifeguards doing maintenance tasks, and division of other maintenance expenses.
  - Julie said that because of the extra maintenance help, she is not aware of any needed maintenance that has been deferred.
- Review of AR and Collections
  - The oldest/largest outstanding account was settled
  - Assertive efforts continue on all accounts older than 2019

#### 1. **Other Business**

- Nolan presented information on deferred 2019 and proposed 2020 capital projects from the Facilities & Grounds Committee. List attached.
- Deferred approved 2019 projects total \$63K and include Sporting accessories for pool, Baseball Field player protection screens, Additional security cameras for Compadres Park and Community Center, Additional Playground equipment, Pool jump board, Dedicated Pickle ball Court at Compadres Park
- New proposed projects total \$34K and include a Special Needs Dog Park Annex, Pickle ball court enhancements, Improved Exterior Lighting at the Community Center, and additional landscaping around the pool.
- Additional Pool Phase 2 enhancements proposed include Outdoor Rinse Showers, a Family Changing Room, Outside Lockers, Improved Parking Lot drainage near the pool, a Pool Entrance scanner installation with new cards.
- Nolan agreed to extract coverage information from existing ECIA insurance to prepare for bidding 2020-22 coverage.
- Committee Elections—Chair Sal Monaco agreed to serve for one more year and was elected 4-0-0
- Board President McDonald requested a rescheduling of the Office Finance Procedure Review. This initiated a lively and frank discussion of the following topics, among others:
  - Board President disrespect in waiting to delete almost half of the scheduled review topics less than 40 hours prior to review meeting
  - Any rescheduled review would require prior agreement between Board and Review Team of topics to be covered

- Skepticism regarding the President's claimed Board process of reaching a decision
- President's general claims of Board decisions without documentation
- Failure of President to accurately convey information from Board Chairs
- Failure of Committee Liaisons to bring timely information to their committees
- Failure of Board to post timely web minutes
- Failure of Board to properly document reasons for Executive Sessions, and inclusion of items in Executive Session not allowed by Bylaws
- Failure of Board to follow their own Procurement and other Procedures
- Failure of Board to observe Bylaws process for appointment to Board vacancies

## 1. Next Meeting

Reschedule next Finance Committee Regular Meeting—Thursday 9/12 9:30 AM

### 1. Adjourn to Executive Session: Discuss Committee/Board relations (4-0-0)

## 10. 10. Adjourn

**Motion 1:** The Finance Committee recommends that the Board authorize the early transfer of \$156,184 (as provided in the 2019 budget) from Operating cash to Reserves cash (4-0-0)

**Vote of No Confidence (from Executive Session):** Because of continuing problems with communications, irregularities in procurements, irregularities in appointment of Board members, and concerns about management of HOAMCO, the Finance Committee believes it is necessary to state to the Board that it no longer has confidence in the leadership of Board President David McDonald. (4-0-0).

**Motion following Vote of No Confidence:** The Committee requests that our Liaison or Alternate Liaison to the Board deliver this vote of no confidence to the Board at the next working session or regular meeting of the Board.