

**Minutes Finance Committee Meeting Monday August 14, 2017
9:30 AM Conference Room**

Attendees: Chair Sal Monaco, Dan Drobnis, Sandy MacGregor, Marti Zweig; Treasurer Joseph Gutierrez; General Manager, Isabel Ugarti

1. **Public Comment—No members of the public were present.**
1. **Additions to/Adoption of Agenda—Version 2 of the agenda was adopted as distributed, with the addition of a Treasurer’s item regarding expenditure approval limits.**

1. **Approval of Minutes**

July 17, 2017 minutes were approved as distributed.

1. **Finance Committee Charter Discussion**

Discussion of latest version of charter reviewed by Board Task Group. Sandy and Dan had reservations about the removal of Oversight as one of the Committee’s responsibilities, for historical reasons and for needed assurances of internal controls, which should be important to the Board. Joe said the Board was concerned the FC was being overly intrusive, and that the Board did not want changes to anything done previously—despite Board-directed cancellation of the scheduled August 2 Procedures Review. Sal suggested moving forward as follows.

1. Isabel will distribute new Office procedures.
2. Materials to facilitate comment on the latest charter draft will be distributed.
3. Sal will meld comments by FC members and forward to Board Task Group.

5. **General Manager’s Report**

Pool operations and inspection/plan update. PoolPro has inspected the whole pool facility, and has committed to providing a report to the Board by their Aug. 16 Workshop. Bids have been received for decking repairs in the \$45-70K range—all over the \$40K allocated in Replacement Reserves. There is undesirable drainage from the parking lot near the pool toward and into the pool. The roots of a Chinese Elm near the pool are also lifting the deck. Pool deck surface temporary repairs were charged to Operations; more permanent repairs will be charged to the Replacement Reserves. The GM hopes that some prelim work can be done at pool closing in October, and the rest before pool opening in May 2018. Scheduling will be tight—a lesson in the need for improved communications with the community has been learned.

Hike/Bike Trail Maintenance for 2017. Work is commencing today, 8/14 and is expected to be complete by 9/15. Paths along Avenida Vista Grande and Eldorado will be done. Some pre- and post-emergence weed killer will be used in crack filling; the FC noted the importance of proper Board involvement and community notification.

6. **Board Liaison Report**

Legal activity. A Compliance issue has been settled. Minimal activity for the Solar lawsuit is being paid and forwarded for insurance reimbursement. Significant charges are being incurred for advice on various Stable issues. SEE ITEM 7. The insurance agent has advised that there is no insurance for water table pollution.

Board Guidance—none.

Board Policy – With regard to the periodic ByLaws review, regarding current ECIA practice whereby each month sums in excess of \$10,000 are swept from operational accounts automatically (without signatures from any Board officer). Should this practice be authorized by ByLaws or should we have a separate policy authorizing this practice? The FC advises that sweep accounts are a standard investment practice, and can best be managed by the Treasurer through his authority to manage ECIA funds through HOAMCO and other investment managers. No ByLaws or other authorization should be required.

The Treasurer asked about authorization amounts for Board or multiple signatures, vs. the standard GM and HOAMCO approval authorizations. The FC requested the GM and Treasurer to advise if a change appears needed.

7. Financial Reports

August 2017 Report. There were questions and concerns raised regarding the use of the 1st National Bank of Santa Fe checks and debit card, particularly for the July 4 celebration. The GM provided assurances about needed improvements in card and check access control, risk management and vendor documentation, have been made to bring 1st National controls to the same standards as other HOAMCO disbursements.

The former Edward Jones Operating Account, with a balance of \$15K, has stubbornly resisted closing and transfer to a useful account for several months. The GM indicated that the final requirements have been met and closing/transfer will be done in a matter of days.

An item for Prepaid Assessments has apparently accumulated misapplied late assessment payments. The GM assured the FC that the Office is working on this.

Despite repeated FC requests, there is still no Collections Report that summarizes the amount presently assigned to Carpenter Hazelwood for overdue collection, or any summary of the amounts (if any) collected.

Natural Gas billings have been assigned exclusively to the Community Center, instead of having the proper amount assigned to Pool heating. This has been pointed out since June. Apparently the gas company changed their billing format, which has confused HOAMCO. Failure to correct this obvious discrepancy over three months, after repeated queries by the FC has caused concern. GM pointed out that the problem has been identified (lack of detail on invoice). Gas expenses will be corrected and properly tracked in the future.

\$7.6K has been charged in July to Line 5500, Legal Fees—Admin. MOTION ATTACHED ENCOURAGING BOARD REVIEW.

The FC has ongoing concerns with proper coding of expenses, and usefulness of Financial Reports. MOTION ATTACHED

1. 2018 Budget Preparation

Replacement Reserve Update/Issues. A special workshop was held on Wednesday 8/9. Responsibility for maintaining the R&R will be shared by the HOAMCO GM (identification of new items and purchase price/lifetime), the Board Treasurer (Assumptions), and the FC (Analysis). The FC will review and advise as requested.

Comments on Budget Schedule approved by Board—not presented for reason of available time. The GM is now responsible for generating, presenting, updating and maintaining the 2018 budget, with oversight by the Board Treasurer. The FC will review and advise as requested, and provide a venue for community comments.

1. Next Meetings

Monday September 18, 2017, 9:30 AM Regular Finance Committee meeting

Monday, October 16, 2017, 9:30AM Review of Committee and Individual Budget Proposal
(Committee Chairs and Residents Welcome)

1. Adjourn