

**Minutes Rev B - 9/15/19**  
**Finance Committee Meeting Tuesday September 12, 2019**  
**9:30 AM Conference Room**

**Distributions: Previous Minutes, Financial Report, Agenda, 2020 Budget 1<sup>st</sup> draft, Replacement Reserve Expenses**

**Attendees: Finance Committee: Dan Drobnis, Bette Huston, Sal Monaco (Chair), Nolan Zisman; HOAMCO Staff: Mike Rogers (Operations Manager), Julie Navarro (General Manager), Kristen Kipp (Accountant/Comptroller); Board: David Sorkin (Alternate Liaison), David McDonald (President), Todd Handy (Acting Treasurer/Liaison); Guests: Marti Zieg (Former Committee Member), Jon D'Amore (Better Eldorado), Melicent D'Amore, Gwen Sperling.**

1. **Public Comment--Jon D'Amore, Melicent D'Amore and Gwen Sperling offered comments urging openness.** Discussion of Forensic Audit for 2018 theft, posting of summary on Web site reinstalled during meeting, questions regarding HOAMCO/Board control of full report. Discussion of how to notify County of vegetation trimming needed to maintain safe sight lines at intersections. Discussion of existing Policy for filing liens for overdue assessments and lien fee amount.
1. **Additions to/Adoption of Agenda—A revised agenda was presented that added two items under 7 (Other Business)**
1. **Approval of Minutes--**August 13, 2019 (Approved by electronic vote) Confirmed 4-0-0.
4. **General Manager's Report**
  - Report on Status of R&R 2019 Projects—A detailed list of pool phase I expenditures was distributed. Major expenditures for pool/water projects expected to total \$818K, and Stables water distribution \$128K (Barn meter costs to be recovered, see 7. below). Total \$963K for R&R expected for 2019.
  - Pool Update
    - Estimates for Phase 2 should be available next month, around \$200K.
    - Most mechanical/electrical equipment, such as pumps, heaters, valves, plumbing, phase converter, electrical panels being considered for replacement.
    - Existing vendor Poolside and another vendor providing evaluation.
    - Sand filters may be good beyond 2020. A consideration is using 3 small filters in series vs. one new large filter.
    - Final Mech/Elec space configuration will determine amount of potential space for Family Changing Room.
  - Hike/Bike Trail Maintenance—\$90K budgeted included apron work, will be used for about \$60K aprons, \$20K Ave. Eldorado near school repave, \$11K Seal Coat expected. \$10K for Greenbelt goats vegetation clearing will be diverted to Hike/Bike Trail maintenance.
  - Plans for Capital spending for 2019—completed, with most projects deferred to 2020.
  - 2020 Draft Budget distributed on paper. Electronic spreadsheet requested. Discussion to clarify that HOAMCO 3% override is applied only to direct salary costs, including taxes. Assumed 2020-21 assessment increase to \$575 leaves Reserve Transfer of \$331K. Reserve expense in 2020 projected at just short of \$500K, thus we will spend more than will be replaced in Reserves. This will further deplete reserve levels and delay reserve replenishment.
  - Status of Dictionary of Accounts—Kristen will review.
  - Association Reserves Study update—Update visit not yet scheduled, report availability by 2020 Budget recommendation unlikely?

- Large Procurements (reviewed by committee after the meeting)—Major pool procurements, Stables water and vendors were reviewed. Almost \$1M in procurements with no major problems observed, but some justifications and recommendations should be better documented. Documents provided to Finance Committee for review after procurements were already initiated (and mostly completed) was not in accordance with existing Procurement Policy.
- 5. **Board Liaison's Report:** Status of contract for 2019 independent Audit—Ongoing difficulty in obtaining interested vendors, consensus to continue with Porch Assoc. and obtain proposal. Acting Treasurer Handy requested that the GM contact Porch Associates for proposal.
- 6. **Financial Reports**
  - August 2019 Report
    - Kristen answered several questions with her preliminary notes.
    - Some Legal fee reimbursements are expected. These should be shown as income and Accounts Receivable when recognized, and not as negative expenses.
    - Cash for both Operations and Reserves needs careful monitoring. CDs are available to be redeemed for each if extra cash is needed.
  - Bank Statements—No questions.
  - Accounts Receivable
    - Aging Report now found on monthly Financial Report.
    - Good progress on reducing old accounts—some through better collection efforts, some through stricter recognition of uncollectable accounts.
    - Additional overdue accounts from 2019 smaller than recent years.
    - Attorney opinion allows overdue Stable bills to be entered as liens against the Lot Owner's account. Question for next month—Policy is needed for how much stable debt (and what period of time) should be allowed to accumulate before a lien is filed?
    - Can the FC see a Customer Balance summary for Stable water and manure accounts? **Kristen will arrange.**
    - GM gets periodic reports on collections activity from collections attorney.
    - Accounts on a payment plan are noted on Aging Report. Payments must be made according to plan; all accounts must be paid up by end of Calendar year to avoid filing of lien and imposition of interest.

#### **Other Business**

- **Stable Meter Cost Share**
  - Water system has been shut off for several months for repair of massive leaks.
  - Barn owners are being billed \$12/day/horse for trucked-in water.
  - Barn owners are being billed \$400 for replacement of the water meter for each barn. This is their portion of the cost share with ECIA paying \$900 as actual connection cost for each barn, including meter, is about \$1300.
  - A plan is being offered to each barn owner to spread payment.
  - Work is expected to be complete week of 9/16, and water system back on after testing by end of September.
  - Stable road repair and regrading is expected to follow shortly thereafter.
- **Office Procedures Review**—Discussions between FC and Board still need to be held regarding topics and questions. No date for a review will be set until agreement is reached.

#### **1. Next Meeting**

Regular Finance Committee Meeting Tuesday, October 15, 2019 at 9:30 AM

#### **1. Adjourn**