

Minutes – Finance Committee Meeting

January 30, 2022, 4:30 pm

Present at last meeting: Susan Timmer (m), Aubrey Lara (m), Will Vizzard (m), Tara Zimmerman (m), Bettsi Ledesma, Observers: John Baker, Barbara Beddow, Markus Dascher, Christina George, Cheryl Nelson, Peter Pelkofer, Don Landsittel, Ashley Tangeraas, Nina White

- 1) Approval of November minutes – Approved via email
- 2) Homeowner comments/questions
- 3) Old business:
 - a. Follow-ups and updates on Board actions- Follow up of FC intent to estimate the percentage of T1-11 siding being replaced with Duratemp (longer life span) in order to inform Browning and obtain a more accurate estimate of future expenses. The more Duratemp is installed in the current siding project, the less we will need to replace in future years, reducing the allocation for this line item. Ledesma and Vizzard will meet to make these calculations, using architectural drawings as a guide.
- 4) New business:
 - a. Projected Reserve Expenses for 2023- In March, Ms. Ledesma will send Browning 2022 End of Year financials along with projections for reserve allocation expenditures for the current year as a foundation for his Reserve Study for the current year. The areas noted below were identified in committee discussion as areas needing Board attention to better estimate reserve costs in the current year.
 - i. Siding and painting- We underspent the allocation in the past year, however there are invoices pending for more than twice the amount we spent that will affect the current year's allocation.
 - ii. Paving- There is an outstanding contractual obligation for \$81K that will affect current year's obligation.
 - iii. Tennis courts- There is discussion about converting Elmhurst courts into some other sports/recreation venue, which would eliminate the need for resurfacing those courts.
 - iv. Landscape, irrigation, trees- While we have received insurance payments on claims on downed trees as a result of recent storms, the remediation (including stump removal) is not a covered expense. These expenses will affect current year allocations.
 - b. Review Year-End Reserve Expenditures – Showing the Reserve Tracker and the End of Year Reserve Fund balances, Ledesma reported that the beginning of year balances were \$10,402,713.38 and the end of year balance was \$11,098,656.20. We expected to spend \$2,394,211 and accrue \$2,251,440 in dues and other income. We spent \$1,508,541 and accrued \$2,373,003. We have contractual obligations pending

totalling \$1,161,360. To clarify questions among homeowners, Ledesma reported that the total amount spent on landscaping in the last year was \$671,821 (GL N23275). She described the invoice/payment system First System uses, which involved direct input of invoices into the First Service System by the vendor, review and signoff by two Board members before payments can be cut. Board members are provided information about when a project was approved and the total dollar allocation along with the invoice information.

Ledesma showed the committee a new, streamlined version of the Reserve Tracker as well as a possible new version. The Reserve Tracker did not include existing pending obligations. Vizzard approved of the streamlined version but made a recommendation that the current year's tracker include the obligated pending expenses carried over from the prior year. This recommended was supported by all other Finance Committee members.

- c. Review Year-End Operations Expenditures- Our reserve contribution exceeded budget as expected, since we had to make up for the month we missed making our contribution (Dec 2021). We had approximately \$10K in unpaid assessment. We brought in more income than expected but had greater expenses than expected (e.g., higher pool and janitorial contracts). We had an overall negative variance (\$106,695) in our operations budget at the end of the year.
- d. Investments- Review First Service plan for transferring CDs- First Service proposed closing our high volume, low-yield CDs, taking a penalty for early closure, and reinvesting in (much) higher yield CDs. Vizzard moved to approve First Service's recommendation for closing out these low-interest CD's, paying the penalty, and reinvesting in higher yield instruments. Zimmerman seconded the motion, all approved.

5) Next meeting: Feb 27, 4:30 pm

6) Meeting adjourned: 5:55 pm