

Minutes – Finance Committee Meeting

September 26, 2022, 4:30 pm

Present at last meeting: Aubrey Lara (m), Susan Timmer (m), Will Vizzard (m), Tara Zimmerman (m), Mary Gray (m), Jackie Grebitus (Board Liaison), Bettsi Ledesma, Observers: John Baker, Cheryl Nelson, Markus Dascher, Karen Lowrey, Marty Dyer, Margie Kenouer, Carol Duke, Peter Pelkofer, Margaret Flynn, Don Elwinger, Al & Nina White, Kathy Walsh, Jim Shaw

- 1) Approval of August minutes – Approved via email
- 2) Old business:
 - a. Follow-ups and updates on Board actions- Re water billing- Bettsi will meet with the superior of her previous contact and will try to negotiate a billing start date for water use of July 2023.
- 3) New business:
 - a. Review Browning draft reserve budget- The Board is in the process of reviewing the draft reserve budget and identifying changes to the current draft. Ms. Gray noted that the paint we will be using has a 12-year warranty, necessitating a cycle longer than 6 years. Mr. Vizzard spoke to the difficulties of separating the siding and painting cycles and stated that over the siding cycle approximately only 10% of all siding is replaced, so although we are replacing the plywood with a longer lasting material, siding cycles will not change much in the near future. However, Mr. Browning will need to account for this influx of longer lasting siding in his reserve budget. Further discussion of the Reserve Budget was tabled, pending receipt of a new draft. Ms. Ledesma invited committee members to review the draft budget carefully and submit suggested edits to her.
 - b. Review Operations budget-
 - i. Flood insurance- Ms. Ledesma stated that she sent out two versions of the operations budget: one including the cost of flood insurance for homeowners, and one that does not include that cost, relying on homeowners to purchase their own insurance. The budget does include the cost of insuring the clubhouse and cabanas. She noted that insurance costs are up 25% over this year. Mr. Vizzard asked whether our costs would go down because of our decreased risk, per Flood Control. Ms. Ledesma replied that our costs will be less than they would if our risk hadn't decreased but that there is still a cost increase. ILS will provide a full report.
 - ii. Water Costs- In the draft budgets provided, water costs per unit are estimated at \$34.75/ month. This is half what was expected because Ms. Ledesma only budgeted for the cost of 6 months of billing, anticipating that the county will not

begin billing us until July. Ms. Gray moved to **recommend to the Board that instead of budgeting for an unknown number of months with unknown liability, they consider making a mid-year adjustment to dues when the switch in billing occurs.** Ms. Zimmerman seconded the motion. Approval was unanimous.

- iii. Staffing Increases- Ms. Ledesma stated that in the past the HOA had a full-time handyman. After he retired, we contracted out for this work as needed. However, the coverage was inadequate for our needs: homeowners' wait times for repairs were lengthy and we paid a premium for expedited work. Ms. Ledesma proposed that the HOA discontinue the contract and hire a full-time handyman again. In addition to the handyman work, Ms. Lara asked whether this person could cover the extra janitorial labor line item. Ms. Ledesma thought this was possible and that they could cover some of the gutter and downspout cleaning, thereby reducing these costs. Ms. Ledesma will make these adjustments and re-estimate the added cost/benefits of adding a handyman to the payroll.

Other discussion ensued, exploring the budget for unknown line items and possible savings. No possible savings were identified.

- c. Review of August financials- Ms. Ledesma summarized the financials, noting an increase in cash in Operating funds, due to receipt of interest payments on overdue assessments, and a dip in Reserve cash due to landscaping expenses booked last month. Ms. Gray asked if anything was running over allocation on the Reserve budget. Ms. Ledesma stated that several expense categories were nearing or exceeding their budgeted allocation. While the Board tries to stay within budgetary guidelines the Reserve budget provides, they expect some variance. Because of the nature and purpose of the Reserves, we are able to absorb these cost overruns without incurring special assessments. Ms. Ledesma assured the committee that the Board sees all these financial materials and makes judgements about whether expense can or cannot be deferred.
- 4) Homeowner forum- Questions were asked and opinions stated about the budgets, particularly the reserve budget.
 - 5) Next meeting: October 24, 4:30 pm
 - 6) Meeting adjourned at 6:11 pm