

MEETING MINUTES
MEETING OF SVCA FINANCE COMMITTEE
WEDNESDAY, August 22ND 2018, 6:30 PM
MULTI-PURPOSE ROOM

I. CALL TO ORDER

- a. The meeting was called to order at 6:33 p.m.

II. ROLL CALL

Finance Committee: Carol Houlton, Chair; Eric Trower, Board Member; Rick Gray, Tony Louzao, Paula Birchler, Collin Morrow, and Penny Carter.

Sudden Valley Staff: Mitch Waterman, General Manager; Jennifer Spidle, Accounting Manager; Ashley Neuman, Admin Specialist.

Community Members: 7

III. ADOPTION OF AGENDA

- a. GM requested to add a discussion on Golf Finances following the Adoption of Agenda.
- b. The Agenda was adopted as amended by acclamation.

IV. GOLF FINANCES

- a. The GM stated last week a comment had been made on social media regarding Golf revenue. He wanted to clarify that the numbers stated over social media were inaccurate and wanted the correct amounts noted.
 - i. The revenue difference from 2017-2018 year to date totaled \$61,509 positive; there was \$10,071 bad debt expense so our actual was \$71,600. The revenue difference from last year is 70% and the net difference is 321% better.

V. APPROVAL OF MINUTES

- a. No Minutes were submitted for approval.

VI. CONTINUING BUSINESS

- a. 2019 Draft Budget Discussion and Voting as Necessary – Handout

- i. Jennifer stated her goals for the evening was for the Committee to determine a collections rate for the 2019 budget and define what to include/what not to include in the Operations budget.
- ii. Along with the updated draft 2019 budget, Jennifer prepared a handout that included two dues options based on a 91% collections rate for the next 10 years, 2018 to 2027.
- iii. She prepared two different options for proposed dues for 2019.
 1. Each option collected ~\$7 Million over the estimated reserve study amount as there are Association assets not currently included in the reserve study to be added to the 2019 reserve study per the WUCOIA law.
 2. The two items that were removed from the two budget options were
Operational: additional Maintenance Person and additional Security Officer.
- iv. Director Houlton stated the two different dues options were provided as there had been discussion at the Board level having the dues increase at a reasonable amount and gradually over the 10-year period.
 1. Director Houlton noted that each reserve study project that is deferred to another year rather than addressed during its scheduled year will increase the project cost.
- v. Director Houlton stated the primary objective for the evening was to fund 2019, however, she wanted it known what the impact on future years might be.
- vi. Tony Louzao stated, when the two dues options are presented to the community it needs to be explained to the community that the percent change is unknown in 2028.
 1. Director Houlton expressed that the percentage increase beyond 2027 is unknown because of many factors such as collections rates, inflation, etc.
- vii. Rick Gray suggested there be a middle ground between dues Options 1 and 2.
- viii. Jennifer stated that a 91% collections rate would be a reasonable estimate and is based on the idea that when dues increase the collections rate may decrease. Additionally, based historical information with and without a collections specialist, 91% would be a conservative percentage.

- ix. Penny Carter expressed concern that the budget was only being looked at from one perspective and felt that a Special Assessment should be considered for Roads and CRRRF.
- x. Collin Morrow inquired if the GM salary assumption was accurate and whether or not an adjustment needed to be made.
 - 1. It was recommended to add an additional \$50,000 under Operations Administrative Salaries to account for potential GM salary. Jennifer would make the change.
- xi. The finance Committee agreed to reduce Rec/ Pool/ Park department expenses by 2% based on the 91% collections as that department is funded by a Special Assessment and nets to zero.
 - 1. Jennifer would make the adjustment.
- xii. Jennifer would update the provided drafted budget to be in line with the approved Option 2 structure and incorporate the changes discussed [and noted above].
- xiii. It was recommended that a combined meeting with the FC and BOD happen on 9/13/18.

ORIGINAL MOTION: Rick Gray moved to accept 91% as the assumption for the collections rate for 2019. Paula Birchler seconded the motion. The motion was subsequently tabled.

MOTION TO TABLE: Penny Carter motioned to table the topic until the topic had been thoroughly discussed. The motion was adopted by acclamation.

MOTION: Collin Morrow moved to approve Option 2 structure as the 2019 budget recommendation to the Board of Directors. Eric Trower seconded the motion and it was approved with 5 in favor and 1 opposed.

MOTION: Penny Carter moved to bring back the motion previously tabled. Eric seconded the motion. And it passed unanimously. See Original Motion.

ORIGINAL MOTION: Rick Gray moved to accept 91% as the assumption of the collections rate for 2019. Paula Birchler seconded the motion and it passed unanimously.

MOTION: Tony Louzao moved Finance recommend the Operations budget with suggested changes to the Board of Directors. Penny Carter seconded the motion and it passed unanimously.

VII. NEW BUSINESS

a. SVCA Mission Statement

- i. Penny Carter stated she had requested the BOD and FC use the Mission/Vision statement as a guideline for the recommendations being made and that it be referred to at not only the Board but all Committee levels.

VIII. MEMBER QUESTIONS AND COMMENTS

- a. A member made comments regarding the Mission/Vision Statement.
- b. A member thanked Jennifer for creating the handout including the two options, namely Option 2 and appreciated her effort.

IX. CLOSE

- a. The meeting adjourned at 9:01 p.m.

Action Item List

Task	Assignee	Date Assigned	Due Date	Completion Date	Comments
Make suggested adjustments to the draft 2019 budget	Jennifer	8/22/18	N/A	N/A	
Apply Option 2 structure to the draft 2019 budget at 91% collections	Jennifer	8/22/18	N/A	N/A	