

HEATHER GARDENS BUDGET & FINANCE COMMITTEE
JUNE 16, 2023, MEETING NOTES
COMMITTEE MET IN THE BOARD ROOM
MEETING ALSO AVAILABLE ON ZOOM

TO: Members of the Heather Gardens Budget & Finance Committee, HGA Board of Directors, HGMD Board of Directors, Chief Executive Officer, and Chief Financial Officer.

FROM: Terry Hostetler, HGA Treasurer, and Craig Baldwin, HGMD Representative/co-chair.

Committee: Terry Hostetler, Co-Chair, Craig Baldwin HGMD Representative and Co-Chair, Ray Nash, Randy Lane, Richard Ferguson (excused), John Recob, Bev Havens, Bill Archambault.

Staff: Jerry Counts, CFO.

Audience: Approximately 15 residents, including HGA Board Members and HGMD Board Members

Welcome and Chair Comments: The B&F Committee meeting was called to order at 10:00 AM. A quorum was established. Co-Chair Hostetler welcomed all members and guests and thanked Harry Laubach for his service to the committee and the community.

The May meeting report was accepted as presented.

Monthly Operating Analysis Review: Jerry Counts, CFO, reviewed the May 2023 financial statements for HGA and HGMD. All questions were answered.

The recent flooding of the basements of 29 units was discussed. The Association arranged for the rental of fans and heating elements to assist many residents whose homes had water intrusion from the May rains. It was reported that the cost per unit for rental of necessary equipment was about \$7,000 per unit. Questions were raised whether HGA insurance would reimburse the Association for the cost. An insurance claim has been filed. HGA has not received a definite answer regarding whether the insurance carrier will honor the claim for that cost. The committee recommend that the HGA Board review the declaration and the insurance policy in regard to final liability for the cost incurred by HGA. The committee also noted that the final outcome may set precedent for future incidents of this nature.

Subcommittee and Other Reports:

Audit Subcommittee: Report was reviewed with no comments.

Insurance Subcommittee: Randy Lane, subcommittee chair, reported that the insurance subcommittee met with brokers regarding HGA insurance coverage costs for the upcoming year. While no final amounts are available at this time it is known that premiums will increase substantially. The committee and the Board will work diligently to minimize the increase. Much more on this will be reported in future meetings.

Capital Projects Subcommittee: John Recob, subcommittee chair, reported that the subcommittee will meet at 1:00 PM on June 22nd to continue the preparation for the 2024 budget cycle. Board members are encouraged to attend. The meeting will be in the Board Room.

Investment Update: Nothing new to report.

Unfinished Business:

- 1) Discuss draft budget development schedule for 2024. The proposed schedule requires additional input from both HGA and HGMD before finalization.

New Business:

- 1) Motion by Nash seconded by Havens and approved unanimously the Budget and Finance Committee recommend that the Heather Gardens Association Board of Directors ratify the contract with Long Mechanical to furnish and install one new 100-gallon Rheem Ruud Water Heater in Building 216 for the cost of \$31,000 plus a change order reserve of \$3,100 for a total cost of \$34,100. This was an emergency installation.
- 2) Motion by Recob seconded by Havens and approved unanimously that the Budget and Finance Committee recommend that the Heather Gardens Association Board of Directors approve the contract with Building Envelope Consultants to provide consulting/design, as well as bid and construction management necessary to resolve the water penetration issues on the northwest side of Building 244's underground garage. The contract cost is \$22,740 with a change order reserve amount of \$3,411 for a total cost of \$26,151.
- 3) Motion by Lane seconded by Baldwin and approved unanimously that the Budget and Finance Committee recommend that the Heather Gardens Association Board of Directors approve the contract with 5280 Waste Solutions for a monthly cost of \$13,606 with a monthly change order fee of \$1,540 for a total monthly cost of \$15,146. The contract covers the trash and recycling removal and disposal from the HG Clubhouse, Rendezvous Restaurant, Maintenance Building, Country Places 1 – 6, as well as the multi-story condominium buildings. Also covered is the Sanitation Stations on HGA Property. As a result of recent changes to HGMD's by laws regarding signatures required on contracts above \$5,000, who has authority to sign contracts regarding HGMD, and certain Colorado statutory restrictions regarding the appropriation of funds for a governmental unit, the Committee realizes that both Boards will need to work out

certain details regarding the contract. Time is of the essence as the current contract expires soon.

- 4) Motion by Baldwin seconded by Recob and passed unanimously that the Budget and Finance Committee recommend that the Heather Gardens Metropolitan District Board of Directors approve the removal and replacement of damaged asphalt in the parking lot of the maintenance facility at a depth of 6 inches by Denver Commercial Properties for an estimated cost for 5,000 SF at \$6.15/SF for \$30,750 plus a change order of \$4,250 for a total \$35,000. Any repairs over or under that amount will be priced at \$6.15/SF to be determined during the project. The contract will include the following: 1) the project is tax exempt. 2) Contractor to provide all permits. 3) Contractor will remove all waste. 4) Contractor will excavate to a depth to provide road base plus 6 inches of asphalt. 5) Contractor will install crack sealing at transitions. 6) Contractor will provide all needed repairs plus or minus 5,000 at \$6.15/SF.
- 5) Motion by Baldwin seconded by Lane and passed unanimously the Budget and Finance Committee recommend that the Heather Gardens Metropolitan District Board of Directors approve the purchase of an Artic Industries BL812, CF-R 722 CF Freezer to be installed by Shamrock Foods for \$22,531 with subcontractor work totaling \$6,250 plus a change order of \$6,178 for a total cost or \$34,949. This is \$4,959 over budget. As there was no rationale provided for the needed freezer size, the committee further recommends that the HGMD Board of Directors research and verify the cubic foot actually needed.

Members of the audience wishing to speak on non-agenda items: A resident member suggested that the next Joint Budget and Finance Committee meeting be held prior to the departure of the current Chief Financia Officer.

The meeting was adjourned at 12:35 PM. The next meeting is currently scheduled for Monday, July 17th at 10:00 AM in the Board Room and via Zoom.