

**HEATHER GARDENS JOINT BUDGET & FINANCE COMMITTEE
JULY 18, 2022, MEETING REPORT
COMMITTEE MET IN 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 Bill Archambault, HGMD Treasurer

Committee: Terry Hostetler, Co-Chair, Bill Archambault, Co-Chair, Craig Baldwin, Harry Laubach, Ray Nash, Randy Lane, Richard Ferguson, and John Recob.

Staff: Jon Rea, CEO; Jerry Counts, CFO.

Audience: Approximately 16 residents, via zoom, 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 residents present via Zoom.

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

Subcommittee and Other Reports:

Audit Subcommittee: Report was reviewed.

Insurance Subcommittee: The chair reported that the insurance broker anticipates that property insurance rates will increase in 2023 by 20% over the rates paid this year. It has been several years, if ever, that the Association has had an appraisal prepared for HGA property and strongly encourages the Board of Directors to have an appraisal completed early in the next (2023) fiscal year. An appraisal is needed to ensure that HGA has reasonable insurance coverage for the owners of units. If a local appraiser is capable of doing a facility as large as HGA it would be less expensive than using an appraiser from out of town. The insurance subcommittee recommends that an amount be included in the 2023 budget for this purpose. The insurance broker also anticipates that cybercrime and auto insurance will see a substantial increase in 2023.

Investment subcommittee: Nick Picucci of Raymond James made a presentation to the B&F committee. Rates on Treasuries are today, returning 3.15% on a 2-year investment. The Federal Reserve Board has increased interest rates and investment returns are increasing as a result. At the next meeting of the Federal Reserve Board, it is expected that the Board will increase rates by 75 basis points. The Board is working to slow inflation by raising rates. The B&F committee recommended that the HGA Board of Directors authorize investing \$1,000,000 in 2-year Treasuries. A motion was made and passed unanimously to that effect. A motion was prepared and forwarded to the HGA Board.

Capital Projects Subcommittee: No meeting. However, the chair will meet in the near future with the CEO and the CFO to review the capital component listing. A subcommittee meeting will be arranged after that.

Unfinished Business:

Motion by Nash, seconded by Baldwin that the Joint Budget and Finance Committee recommend that the Heather Gardens Association Board of Directors approve the revisions and update to the FINANCE – 4 EXTERNAL AUDIT POLICY, last updated on June 18, 2019. The motion passed unanimously after minor changes were made.

New Business:

- 1) Motion by Recob, seconded by Baldwin and passed that the Joint Budget and Finance Committee recommend that the Heather Gardens Association Board of Directors approve the contracts with Custom Welding and Fabrication, and Sunny Day Concrete to furnish and install new metal stairs and the necessary concrete piers located on the north side of Parking Structure #3. The project cost is \$39,321 with a change order allowance of \$3,932 for a total cost of \$43,253.
- 2) Motion by Recob, seconded by Nash, and passed unanimously that the Joint Budget and Finance Committee recommend that the Heather Gardens Association Board of Directors approve the contract with BC&E to provide design documents for the five remaining stairs needing to be replaced as a part of the Parking Structure Maintenance Plan for 2022 and to waive the three bid requirements. The contract is for \$28,900 with a change order allowance of \$2,890 for a total cost of \$31,790.
- 3) Motion regarding revision to JPM B-1 Budget and Finance was removed from the agenda and will be discussed at the August meeting of the Committee.
- 4) Motion by Baldwin, seconded by Laubach and passed unanimously that the Joint Budget and Finance Committee recommend that the Heather Gardens Association Board of Directors approve the revisions and update to **JPM B-2 Capital Financing Program** last updated on February 18, 2020 (HGA) and February 20, 2020 (HGMD),
- 5) Motion regarding revision to JPM- B-3 Internal Audit Program was removed from the agenda and will be discussed at the August meeting of the Committee.
- 6) Motion by Baldwin, seconded by Laubach and passed unanimously that the Joint Budget and Finance Committee recommend that the Heather Gardens Association Board of Directors approve the revisions and update to **JPM B-4 Business Insurance Program** last updated on February 18, 2020 (HGA) and February 20, 2020 (HGMD).

Members of the audience wishing to speak on non-agenda items: None

The meeting was adjourned at 12:25 PM. The next meeting will be on August 15, 2022, at 10:00 AM in the Board Room.