



Somerset Owners Association

FINANCE MEETING RECAP – Monday, July 10, 2017

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Members Present: Ron Sobrero, Ryan Burns, Ray Lee, and Joe Fadrowsky - Via Phone (until 5:35pm)

Homeowners Present: Glenda Powell, Tom Fitzgerald

Others Present: Phil Bateman, Tracy Carter, Bernadette Rodas, Melissa Ramsey

CALL TO ORDER

Ron Sobrero called the meeting to order at 4:00pm

SPECIAL PRESENTATIONS BY NON-COMMITTEE MEMBER (PHIL BATEMAN)

Phil Bateman was present to discuss comments that were received from Ryan B. & Joe F. Phil B. noted that all comments were addressed and inputted into the final revised draft. Committee briefly discussed payroll and procedures. Joe F. inquired on Phil Bateman's commitment to delivery of first draft for next year. Phil B. noted that although the process took longer this year, he should have a first draft available by April 2018.

Committee and Phil Bateman discussed how the audit process is conducted. Ryan B. inquired if the auditors conduct an on-site visit, which is only done if staff is handling cash on site.

Ray Lee noted that he spoke with Phil Bateman before the meeting regarding different ways of handling capital contributions, proper allocations and reporting on the P&L. Phil noted that there are several ways separate fund and separate reporting on the funds.

MOTION: Joe Fadrowsky made a motion for the finance committee to recommend the capital contribution to be ran through P&L(Income Statement). Ryan Burns seconded the motion. Motion carried unanimously.

MOTION: Joe Fadrowsky made a motion for the Board to accept the audited financial statements for 2016. Ray Lee seconded the motion. Motion carried unanimously.

APPROVAL OF JUNE 5, 2017 MEETING RECAP

MOTION: Joe Fadrowsky made a motion to approve the June 5, 2017 meeting recap. Ray Lee Seconded the motion. Motion carried unanimously.

HOMEOWNER FORUM (Agenda items only)

No comments at this time.

OVERVIEW OF MAY 2017 FINANCIALS

a. Manager's Report and response to previously provided questions of committee members on possible out of line conditions

Ray L. noted that the landscaping repairs need to be revisited, as there may be some items that need to be coded to reserves instead of operating. Tracy C. noted that these items are to be addressed on the variance report and that accruals will be properly adjusted in each period. Joe F. asked staff to provide some rough estimates of the rockery wall repairs. Glenda P. asked the finance committee to discuss how we will pay specifically for the rockery wall. Tracy C. noted that he received a rough estimate from Seth P. and it is well over a million dollars. Ron S. noted that there may need to be a special assessment considered to pay for the Rockwall repairs. It would be up to the Board to decide if it is one lump sum, or divided throughout the year.



b. Approve May Financials – subject to audit

MOTION: Ron Sobrero made a motion to approve the May financials, subject to audit and board approval. Ryan Burns seconded the motion. Motion carried unanimously.

ASSOCIATION CONTRACTS OVERVIEW

Management noted that the Canyon Nine maintenance fee is not based on 12 equal payments and vary each month depending on the maintenance.

It was noted that the payment information for Pandora needs to be updated, as the previous Assistant Manager, Andrea Bryant, is still paying it. +The cleaning staff has given notice that they are quitting in November. Tracy C. noted that their level of service shows that they are not being paid enough, so we should anticipate an increase in the cleaning budget for 2018. Two porters have been hired to assist with cleaning during the day, but there still needs to be regular extensive cleaning of the facility. Joe F. noted that there are several contracts missing that he would like to see added.

SPECIAL PROJECTS OVERVIEW

Review of Common Area, TCTC, and Gates Special Projects Spreadsheet

This item is deferred until the next meeting. Strategic Planning needs to decide on what direction to go in.

OLD BUSINESS

a. Has the RFP for a Rock Wall assessment within Somerset been issued?

Seth Padovan and Ryan Dominguez met with Janell Thomas, city engineer, and she was able to answer their questions. She confirmed that we will need a combination of grading and wall permits. There are no guarantees of how quickly the process will take, but reviews will be done in normal time frames. Seth is hoping to start work in October.

They will be in touch with owners near the affected areas to show pictures and plans to keep them informed. We would need \$26,400 for the remaining items necessary for an RFP.

MOTION: Ron Sobrero made a motion to authorize the release of \$26,400 to issue an RFP to take care of the process that is put forth by CFA Engineering Land Surveyors. Ryan Burns seconded. Motion carried unanimously. Joe would like unanimous written consent.

b. Status of Pond Cleanup

Janell from the city of Reno does not think we need a permit or grading plan for this project. There is intent to have a report for the board meeting. The cost would be about \$100,000.

c. Status update of existing rock wall damage due to winter rains.

Item was not discussed.

d. Progress of fuel reduction initiative (Budget? /Timing? /Contractor?)

Tracy Carter and Ryan Dominguez met with Goat Grazers and it was determined that our project is too large for them. We do not have to divert Reno Green from the contract. Tracy & Ryan have been trying to find other outfits with enough staff available and are waiting to hear back from Action Lawn, All Seasons, and Job's Peak Weed Control. There needs to be a board workshop to go over what needs to be done based on the terrain. Once we have a contract, Tracy will call the vendor that wrote the report for more information. Before we do anything, we will sit with the board to ensure we are all going forward with same mindset.



e. Report on Somerset CD portfolio

Two reports that came out of our system do not show a maturity date. One of the reports can be put into Excel in order to manipulate the information and add a maturity date. Committee noted have to be able to see what the annual income interest is based on this portfolio.

f. Any business issue not addressed due to recent FirstService Management transition- Andrea discussion

Discussion on that the board should not be doing anything on their own, but rather that SOA management should direct them. The project status grid will be rewritten in order to be more accurate.

g. Revision to the two-year analysis of Reserve with proper G/L coding

There is some miscoding that needs to be classified to the reserves. Moving forward, Bernadette will clean up the coding process.

NEW BUSINESS

a. Update on 2018 Landscape Contract Initiative “Wants and Needs”

There is a possibility to leverage the 2018 contract against Del Webb if the contract allows us to bid tree maintenance items and landscaping items separately. Our contract is up in February and it was discussed if we should go out for bids earlier in order to stay in line with budgeting years.

The other item to consider is the performance target; participants would share in the reward. The goal is to present the contract to the Finance Committee in September.

b. Status of insurance coverage for Somerset rock wall future repairs

Footage of the rock walls is completed. We will not have anything further until we can tell them the results of the report. Once we have the information for coverage, we can then find a provider.

c. Implementation of Joe’s water consumption spreadsheet

This item was not discussed.

d. Establish 2018 Budget Process dates and Budget agenda items

There will be a finance meeting that transitions right into a budget meeting on August 7th.

e. 2016 Audit Review

This was discussed under item Special Presentations By Non-Committee Member (Phil Bateman).

f. Tree removal proposal

The tree removal proposal would remove 40 dead or dying trees. It is a reserve item but will cost over \$5000. Trees will be replaced, but not all at once. The cost of \$6720 would be just for the removal. All the trees have been GPS’d.

MOTION: Ron Sobrero made a motion to approve the Reno Green tree replacement proposal for \$6720. Joe Fadrowsky seconded. Motion carried with Ray Lee, Joe Fadrowsky and Ron Sobrero voting in favor. Ryan Burns did not vote as he stepped out of the room shortly.



g. Irrigation Specialist Report

The irrigation specialist will be fixing sprinkler heads and putting heads in different situations. There is a pressure issue that should be easy to resolve. Ryan D. is meeting with Reno Green on Tuesday 7/11 to discuss further. Joe F. recommended a side-by-side comparison of the under turf to see which is better.

h. Town Square Budget

Ryan Dominguez: draft budget

Ryan D. would like the draft budget implemented as early as August 1st, 2017. A reserve study was done last Thursday, 7/6, and the report should be out later next week. Ryan D. pulled a list of items that need to be on the budget straight from the CCRs. The current budget is \$72,000 without a management fee or reserves. Joe F. noted that we should also include all legal fees. There are currently four business in Town Square that pay assessments. Joe F. noted that we need to be able to give 30 days' notice of a new budget, so September 1st, 2017 would be the earliest tentative start date.

MOTION: Joe Fadrowsky made a motion to approve the budget for Town Center, which will be added to the next meeting with an update of \$8000 in legal fees, as well as the other reserve amounts. Ryan Burns seconded the motion. Motion carried unanimously.

i. TCTC/Gate Camera Revised Proposal

Ron Eckhardt discussed breaking the single project into two pieces – one for the gates, and one for the club, which would raise the overall cost by \$6500. The new cameras are delivering usable images. If we were to do the entire project, they would take \$5000 off the service agreement. Several cameras have expired from monthly dues and just a few cameras remain on contract with a total value of \$9400. Ron E. said we should move forward with this project, take the \$5000 credit and continue paying towards the \$9400 balance over the next 14 months.

MOTION: Ray Lee made a motion to install new cameras for the full set of gates & throughout the clubhouse with a price increase of \$6500. Ryan Burns seconded the motion. Motion carried unanimously.

COMMITTEE MEMBER DISCUSSION

Ron Sobrero asked if there is another way to get information to the committee. Some members do not have a chance to review the packet prior to the meeting. He requested that the packets be sent out earlier. Bernadette responded that she will work on getting them sent to the committee members a week to a week and a half earlier than usual. Tracy advised that a lot of the packet information gets to them at the last minute, so it can be difficult to get it all together quickly. Ron Sobrero suggested that if information is not turned in by a certain time, it should be deferred to the next meeting.

HOMEOWNER COMMENTS - NONE AT THIS TIME

ADJOURNMENT:

MOTION: Ron Sobrero made a motion to adjourn the meeting at 5:52pm. Ray Lee seconded the motion. Motion carried unanimously.