

**Hawaiian Paradise Park Owners' Association
Finance Committee Meeting Minutes
October 25, 2016**

1. Call to Order Richard Solie, Treasurer, called the Finance Committee meeting to order at 6:02 pm. Quorum was established. The meeting took place at the HPPOA Activity Center library.

2. Roll Call Richard Solie, Treasurer, Jo Maynard, Board Liaison, Bruce Derrick, Member Representative, Steve Crawford, Member Representative, Shawn Merrill, Member Representative, Ken McGilvray, Member Representative, June Conant, Member Representative

Absent: Chris Stark, Member Representative, Don Morris, General Manager

Guests: Mike Dickerson, Parker Nicholson

3. Approve Agenda Not done

4. Approve Past Minutes No minutes to approve

5. Discussion:

Capital Expenditures: Discussed schedule of capital equipment. Richard Solie stated that depreciation amounted to \$85,000 per year, and suggested that we should have a budget line item approximately equal to that amount for replacement of equipment. Capital improvements were also discussed, including the fact that chip seal road improvements are not being recorded as expense, but rather as asset expenditures on the balance sheet. There was discussion about how these non-expense expenditures could be integrated with the profit and loss budget, which is about expenses. Ken McGilvray stated that he could not support including these in the budget because they are not expense items. Richard Solie said that we need to know how much money we expect to take in, and how much money we expect to spend, including capital expenditures, for the fiscal year.

Motion: Richard Solie made a motion that in addition to the profit and loss budget, the annual budget should include a cash flow budget showing how much revenue we expect to receive, and how much money we expect to spend in the fiscal year, including capital expenditures. The motion was seconded by Steve Crawford, and approved by unanimous vote.

Refinancing Road Bond: Richard Solie stated that his intent was to contact the bond counsel and our representative at First Hawaiian Bank, but that he had been told by the general manager that they would not speak to him without approved minutes. He further stated the the First Call Date is January 1, 2018, which was confirmed by the bond

documents. There was general agreement that we need to move as quickly as possible. Given the complexity of this issue, 14 months is not a long time. Steve Crawford suggested that he try contact them, anyway. June Conant and Ken McGilvray also suggested other names of people involved in the bond funding that might be helpful, including Allan Deehr. June Conant also suggested that we might want to talk to the current bond holder, and see if they are interested in refinancing the bond. Other than discussion, the finance committee took no action.

Financial Reporting Package: Richard Solie said that he would like to see a check register for the previous month included with the monthly financial reports provided for the board of directors. Ken McGilvray suggested that we should use the Audit Detail report instead. There was some discussion that we need to make sure that does not include details of road fees collected, as that would infringe on the privacy of our members. It was agreed that the detail report should only include only expenditures. June Conant said that we should also include an aged delinquency report, summary only, not detail. It was also recommended that we include a collections report. Richard Solie stated that we already have a summary collections report. It was generally agreed that we probably don't need more detail on collections. There was some confusion about the reports already included, specifically, the Profit and Loss Budget Performance - Cash Basis. It doesn't seem to be really a cash basis report. Richard said he would talk to the bookkeeper and get clarification.

Delinquent Maintenance Fees: Richard Solie said that delinquency with balances of more than \$1,000 amounted to \$1,750,000, and asked if we should be pursuing foreclosure. Bruce Derrick commented that Orchid Land Estates had tried that and had not been successful. Jo Maynard explained that the association policy was to file liens, and let others do the collection for us, through escrow, tax foreclosures, and bank foreclosures. Jo added that the reason for that is the high cost of doing a foreclosure, in relation to the amount of money being collected. There was some discussion of the bond requirement that we actively pursue collection for amounts greater than \$2,000. There was also discussion of the threshold amount where we would put a lien on the property. Bruce Derrick thought that it was \$500. Richard Solie thought it was \$1,000, which was supported by other committee member. Richard Solie said that he would verify that amount. There was also discussion of the pre-lien collection procedures, and it was agreed that we should get a detailed report on current collection policies. Richard Solie volunteered to get that information

Budget: Richard Solie said that the budget is not due until May of next year, but that, as a committee, we should start now in developing a framework, and identifying priorities. There was some further discussion of the issue of cash versus accrual, and capital expenditures versus actual expenses, but no action was taken by the committee.

Review of Attorney Fees: This item was added to the agenda in response to a question from one of the owners at the last board meeting. We did not have enough information to discuss this issue. Richard Solie volunteered to get a detailed report of attorney fees for the next meeting.

Allocating Funds for Painting and Reflectors on Main Roads: Richard Solie noted that there are no funds allocated for this, and asked the committee to come up with a suggestion as to where we could get the funds to re-allocate. Jo Maynard said that \$14,000 had been allocated for this purpose, but the line item for this expense in the budget still shows zero dollars. Steve Crawford suggested that we get some idea of what it would cost, either to do it with our staff, or hire a contractor. Richard Solie said that he would check with the general manager, Don Morris.

Agenda for Next Meeting:

Old Business

- Refinancing Road Bond
- Financial Reporting Package
- Delinquent Maintenance Fees
- Budget
- Review of Attorney Fees
- Allocating Fund For Painting and Reflectors

New Business

No items were decided for new business. This will be take up at next meeting

Next Meeting Date and Time

The next meeting of the Finance Committee was tentatively set for November 12th at 1:00 pm in the Activities Center Library. Richard Solie will confirm that library is available for that time.