



DC Ranch Association – Board of Directors Budget Workshop Minutes

Date/Time: Tuesday, October 16, 2018 / 6 p.m.
Location: Homestead Community Center
Purpose: 2019 Proposed Operating Budget and Reserve Plan
Chaired By: Susan Grace
Minutes Rec: Ashley Dernovsek
Status: Draft of Minutes

Attendance

Directors: Vince Durocher, Mike Esparza, Philip Geiger, Susan Grace, Fred Green, Elizabeth Kepuraitis, and Stephen Koven

Invited Guests: Executive Director Darren Shaw, Executive Assistant Ashley Dernovsek

1. Call to Order

1.1 Roll Call/Establish Quorum

Mr. Shaw conducted roll call. Seven directors were present, which satisfied the quorum requirement. Mr. Koven attended the meeting via telephone. The meeting was called to order at 6:03 p.m. by President Susan Grace.

1.2 Member Comment Period/Open Forum

There were no member comments.

2. 2019 Proposed Operating Budget and Reserve Plan

Mr. Shaw presented the 2019 proposed operating budget and reserve plan, along with the proposed assessment adjustments.

He shared a brief historical assessment snapshot and continued onto the bottom line numbers. The 2019 consolidated proposed operating budget was presented. Mr. Shaw explained that to improve efficiencies and cost monitoring, new cost centers were created, which were: Community Standards, Human Resources, IT/MIS, Communications/Community Relations and Fleet. In prior budgets, expenses associated with the foregoing were part of larger cost centers, where expenses were harder to track. Mr. Shaw also reviewed the proposed operating budgets for the 15 neighborhoods and Ranch master. Total operating expenses are proposed to increase 3.95% (\$255,687) and the proposed reserve plan funding requirement is proposed to increase 8.9% (\$116,500).

Mr. Shaw also reviewed the proposed reserve plans and their related fund requirements, as well as funded levels for the 15 neighborhoods and Ranch master.



Ms. Kepuraitis requested that there be a formal Board resolution permitting the Market Street Villas and Rosewood neighborhoods to fund their reserves at a level less than the policy requirement (75%). By consensus, the directors agreed.

Mr. Shaw disclosed that there was roughly \$50,000 in savings realized with the renewal of the employee health benefit plan (contracted the prior day). The directors discussed the best use of those funds and decided to create a gas stipend incentive program for the new third-party security services provider's employees; the objective being to increase employee retention rates. The program amounts to a \$5 gas stipend per eight-hour shift paid quarterly, in arrears.

Ms. Kepuraitis made a motion to approve the gas stipend incentive program (amounting to just under \$50,000 annually). Mr. Green seconded the motion. The motion was approved by a majority vote of the six directors present (Vince Durocher was no longer present at this time). Mr. Geiger was the only dissenting vote.

Discussion ensued regarding projected interest and expense rate factors used in the reserve study. Currently 1.5% is used annually for interest income and 2.5% for expense inflation. Mr. Green suggested that a higher interest income rate could be considered, such as 2%. Ms. Grace asked that the matter be presented to the Budget and Finance Committee; Treasurer Mike Esparza concurred. No action was taken at this meeting, while Mr. Shaw said he would consider all the comments.

Mr. Shaw requested the Board allow him to use \$80,000 in reserve funds for an irrigation audit and repair program and \$20,000 to begin a tunnel camera installation program. Ms. Grace asked to see the tunnel camera plan, prior to incurring any expense. Mr. Green motioned to approve the request. Mr. Geiger seconded the motion, the motion carried unanimously.

5.1 Adjournment:

Ms. Grace adjourned the meeting at 8:49 p.m.