

**LAKE RIDGE PARKS AND RECREATION ASSOCIATION, INC. (LRPRA)  
FINANCE COMMITTEE MEETING MINUTES**

**May 20, 2021**

**Tall Oaks Community Center and virtually via ZOOM**

**Due to the COVID-19 pandemic, this meeting was conducted as an in-person/virtual hybrid meeting that had two committee members join virtually via ZOOM and one committee member in person. Members of the community were offered the ability to join in, virtually using the software, ZOOM.**

**The meeting video can be seen on the LRPRA YouTube page at [youtube.com/user/LRPRA](https://youtube.com/user/LRPRA)**

**PRESENT:** *Committee Members:* Ron Yoho (Chair), Bill Milne (via ZOOM), Michael Butler (via ZOOM)  
*Staff Members:* Ike Mutlu (COO/GM), Brodie Freer (Assistant Facilities Director via ZOOM), Rebecca Hale (Assistant Finance Director), Kimberly Huh (Accounts Payable Administrator/Finance Analyst via ZOOM), Doug Milburn (Director of Administration and Human Resources), Stephanie Pomier (Payroll Administrator/Staff Accountant via ZOOM), Michael Yuenger (Director of Finance and IT) *Board Members:* Janet Foote (President)

**OPEN MEETING:** Mr. Yoho opened the meeting at 7:01pm.

**OPEN FORUM:** There was no discussion.

**APPROVAL OF THE MAY 6, 2021 MINUTES:** Mr. Milne made a motion to approve the May 6, 2021 Finance Committee meeting minutes. Mr. Butler seconded the motion, and the minutes were approved unanimously.

**LEGAL OPINION ON ASSESSMENTS:** Mr. Yoho began discussion of the legal opinion on assessment increases annually in relation to LRPRA governing documents and Board resolutions. Mr. Yoho explained that the legal opinion states the 5% cap on raising assessments only applies to base assessments and that proposed assessment amounts could be over 5% if it remains under the total cap of the cumulative maximum assessment. He confirmed that the 5% language refers to all classes of homes under LRPRA. Discussion was continued to clarify these points for all committee members. It was agreed by the committee that the legal opinion be sent to all Board members so they can review. Mr. Yoho confirmed that it is committee consensus that management continue preparing the subdivision reserve assessments on the basis of raising them the amount sufficient to what is needed as long as it remains under the maximum cumulative cap. Mr. Yoho elaborated on this further by stating that the committee recommendation is that management should fabricate the reserve budget with the approach of increasing the assessments to the subdivisions that need them and if the increase is in excess of \$100 annually, that assessment increase be spread out over three years.

**APPLICATION OF PROGRAM INCOME:** Mr. Yoho chose to forgo this topic to move on to the review of the preliminary operating budget.

**PRELIMINARY REVIEW OF THE BUDGET:** Mr. Yoho opened discussion by asking each committee member to look through the budget and begin asking questions. It was noted by Mr. Yoho that management has recommended that the trash assessment be moved out of the reserves budget and into the operating budget. The committee concurred with this concept. Clarification on specifics of certain line items were discussed and the explanations by management were satisfactory to the committee. Mr. Mutlu explained that recreation revenues were difficult items to forecast due to the pandemic but it was stated by him that the numbers were drafted to be played in the middle for the coming fiscal year. Mr. Milne recommended that the line item pertaining to employee health insurance coverage state specifically that LRPRA is currently at a 70% association cost coverage and seek to increase that to 80%. Mr. Mutlu confirmed that he will make this change on the budget. Mr. Yoho closed discussion on the topic by stating the budget should have a high probability to meet our

association needs. The committee has agreed with management to proceed on the path they are currently on in regard to budget. Mr. Yuenger made the distinction that if you take the trash pass through out of the budget, the overall budget increase is a total of .2%. He noted that the assessment increase is mainly for the capital reserves budget and not for expenses to the office.

**APPLICATION OF INVESTMENT INCOME:** Mr. Yoho asked the committee if it would be better practice to move the interest income to the reserve account. Ms. Foote commented that this is one option according to CAI practices but not necessarily a recommendation. She stated that if investment income is in the operating budget you may move it to the reserve budget at any time so it gives you more ability to use it when needed. Mr. Yoho discussed that this is a concept to be raised, but not something that needs to have an answer at this moment.

**TREE BUFFERING PRESENTATION:** Mr. Freer presented on the topic of tree buffering within LRPA. His presentation focused on the following items:

- Purpose of and why tree buffering is done
- History of tree buffering within LRPA
- How tree buffering is done
- Buffering vs operational tree expense
- Buffering totals over the last 10 years
- The future of tree expenses

Ms. Hale presented the budgetary implications of tree expense

A 10-year analysis of tree expense revealed combined tree expense in excess of \$1 million. Historically each year, LRPA budgeted \$100,000 in operations and \$100,000 in Reserve for Tree Buffering/Safety Zone Reestablishment. The 10-year analysis for operational tree expense revealed that for FY18 tree expense was \$129,000, FY 19 \$114,000; and FY20 \$123,000. The data suggests that \$100,000 may not be an adequate budget number for operating expense. The average combined tree expense for the preceding 5 years was \$169,000. The following options were offered as options by Mr. Freer and Ms. Hale for funding Tree Buffering/Safety Zone Reestablishment within the Reserve Study

- Option 1: Fund All Tree work out of the Operating Budget. Remove Tree Buffering from Reserves, shift the expense to the operating statement, combined expense would approach \$170,000.
- Option 2: Budget for tree expense in both the Operating and Subdivision Reserves Budgets as we do today. Incorporate tree buffering into the subdivision reserves and allow for the subdivisions to pay for the safety zone reestablishment in their subdivision as the funds are available.
- Option 3: Budget for tree expense in both the Operating and Master Reserves Budgets. The membership at large would pay for the safety zone reestablishment.

Mr. Freer and Ms. Hale shared that PM+ Engineers have many clients who fund tree removal within the reserves and that in most cases the Master Reserve or membership at large absorbs the expense.

After discussion, the committee agreed option 2 would be the best course of action. Mr. Yoho asked management to adjust the draft operating budget to show the plus and minus for costs saved on new insurance to be applied to the cost of tree expense.

**OPEN FORUM:** There was no discussion.

**ADJOURNMENT:** Mr. Yoho made a motion to adjourn the meeting at 9:12pm, Mr. Butler seconded the motion and it was unanimously approved.