

Cottonwood Palo Verde
Audit & Finance Committee Meeting Minutes
Date: December 4, 2024

Board Liaison Present: Len Horst

Management Present: Brian Sage, Controller, Steve Hardesty, GM

Committee Members Present: Denise Orthen, Rich Bruno, Lauren Kingry,

Committee Members Absent: Pat Duncan, Brian Shaw

Homeowner Guests: None

Called Meeting to Order at 2:00 p.m. by Denise Orthen, Chair

Election of Officers

Chairperson Orthen announced that Brian Shaw would fill the Secretary position for 2024/2025. All other positions are filled.

Department Assignments

Brian Shaw- Admin

Pat Duncan- Food and Beverage

Lauren Kingry – Golf & Landscape

Rich Bruno- Facilities, Pool, and Custodial

Approve/Modify Agenda: Approved as presented

Approve/Modify November: Approved as presented

Financial Report- Brian Sage

- **Revenues** were -2.9% lower than Budget in October. Overall, the YTD Revenue numbers are -2.3% lower than Budget
 - F&B: -8.1% lower than budget in October due to lower Food, Banquet and Liquor sales, but offset with stronger Beer and Wine.
 - Golf Operations: -1.8% lower than Budget in October due to lower Driving Range Income. YTD Sales are up +2.3% higher than Budget.
- **Expenses** were +1.6% lower than Budget in October. Our overall YTD Expenses are +3.9% lower than Budget YTD.
 - Golf Maintenance Expenses were under in October due to lower Seed/Sod costs, but partially offset with higher fertilizer costs.
 - Landscape has also kept its expenses under control and is +114K below budget YTD.
 - F&B Expenses were higher in October due to some “catch up” on Entertainment expenses on October.
 - Administration was over Budget in October due to higher recruiting costs. YTD we are -\$57K higher than budget YTD.

- Facilities were under in October and are running +\$43K better than October Budget YTD.
- **Operations Net Income** was -4.0% worse than budget, however, YTD Net Income is +\$234K better than Budget
 - Golf Operations are +\$247K better than Budget YTD.
 - Landscaping is +10.8% better than budget YTD.
 - Administration is worse than Budget YTD.

Old Business

- **Investment Strategy Policy:** Len Horst
 - HOA President Len Horst provided a detailed review of the Investment Strategy Policy. All Audit & Finance input to the Board was considered in the analysis and in the final investment decision. The Board appreciates the help from the Committee and assured the Committee that the Board takes a position of No Risk as it relates to any changes to the current Investment Strategy. General discussion followed with Len Horst welcoming any and all recommendation from the A&F Committee.
- **Status of By-Laws Revision:** Steve Hardesty – General Manager
 - GM Hardesty provided a lengthy review of the topic. No By-Laws changes are being revised currently. He discussed that the primary work surrounded moving many dated procedures over to Rules and Regulations. He suggested that the final recommendations would come to the Board by December/January.

New Business

- **Committee Member Reports**
 - **Admin/P.V. Gate:** Brian Shaw
No additional information was presented
 - **Facilities/Maintenance:** Denise Orthen
No additional information was presented
 - **Food & Beverage:** Pat Duncan
No additional information was presented.
 - **Golf/Landscaping:** Lauren Kingry
No additional information was presented.
- **Charter Review**
Chairperson Orthen asked for approval of the existing A&F Charter. Motion made and approved by members present. Quorum of the Committee approved.
- **Accounts Payable Process Orientation:** Brian Sage
Brian Sage will coordinate the orientation for Rich and Lauren

Board Liaison: Len Horst

A written brief was provided to the committee by Chairman Horst. The document is in the Committee file for review upon request to the Chair. General topics were the

CW Sound System, a Jonas Update, and Capital Reserve requests that were approved.

General discussion followed.

General Manager: Steve Hardesty

- Swing into Golf Event was reported to be a significant revenue success. Final profit figures were reported at \$10,000.
- Cox negotiation appears to be coming to a positive conclusion with the HOA receiving the full \$11,000 earlier agreed upon. Further negotiations were discussed
- Administration will not have formal orientation of the committee member roles and responsibilities this year as normally done every two years. All committee members were to have received the power point slide handouts describing Committee member roles/responsibilities.

Homeowner Comments: None were present

Recommendation to Management: None

Recommendations to the Board: None

Meeting Adjourned at 3:17 PM

Respectfully submitted,

Lauren Kingry, Audit & Finance Interim Secretary

Denise Orthen, Chairperson