

# anthem

community council

## Committee Reports

Fiscal and Resource Management  
March 15, 2017  
Civic Building Vision Room  
1:00 pm

### MEETING MINUTES

#### **Members Present:**

Richard Yennergell (Chair)  
Glenn Klinksiek  
Brian Fahey  
Bob Hebert  
Mark Senn  
Lynne Kirkman

#### **Members Absent:**

None

#### **Others Present:**

Bob McKenzie, ACC Board Treasurer  
Doug Greenstein, CFO  
Neal Shearer, COO  
Dawn Dworak, Management Analyst  
Brad Enos, CPA – Audit Partner

#### **CALL TO ORDER**

The meeting was called to order at 1:00pm. A quorum was achieved.

#### **ADOPT AGENDA**

Agenda was adopted.

#### **APPROVE MEETING MINUTES**

- A. Meeting Minutes from January were previously approved by Email.

#### **NEW BUSINESS**

##### **A. Discussion on February Financial Statements**

Chairperson Yennergell led a general discussion on 2017 YTD financial results. There were no major concerns raised by FaRM members with the financial package. Chairperson Yennergell led a discussion on boosting internal efforts to find additional banks to do laddered CD investments and moving funds out of banks which are not paying current market rates. Member Kirkman advised that she would initiate a discussion with a number of local banks she was familiar with to investigate investment options and opportunities. CFO Greenstein advised that Ms. Blanche Munnely, an ACC staff accountant, does a banking review periodically to determine if additional “internet” banks are available, and advised that most higher-rate CD opportunities were limited to consumers, not businesses. However, Ms. Kirkman’s involvement was welcomed, and Lynne will report back to both the FaRM team and staff as to potential additional local bank investment opportunities.

##### **B. Master Plan Project Involvement**

In prior months, members of FaRM commented on how they could assist the ACC and Master Plan Committee on future master plan projects. The discussion centered on providing financial insight and cash flow analysis for selected project(s) and the importance of identifying recurring operating costs for whatever project(s) get approved, and how those recurring costs would be funded and their potential impact on future assessment levels. Neal Shearer, ACC COO and Dawn Dworak, ACC Management Analyst led a discussion wherein Mr. Shearer provided detailed background to FaRM on the Master Plan historic and current process, their estimated timetable in 2017 to bring projects to the Board, the challenges and obstacles in moving the projects forward, and other matters. Mr. Shearer stressed the importance of gaining FaRM input and guidance on both the capital cost components of potential projects as well as the ongoing annual operating costs involved with approved master planned projects. Mr. Shearer indicated that the Planning Committee is scheduling potential joint meetings on 03/28 and 04/11 which are intended to joint meetings with FaRM, and that his team was working to provide initial cost estimates for those meetings in advance of a May presentation to the Board. Mr. Shearer also responded to Member Klinksiek’s queries on the renovations to the Community Center, and how that project factored into proposed Master Plan Projects. Mr. Shearer indicated that the renovation project was independent of the Master Plan Projects and that it was his

anticipation that the Board would look carefully at all potential projects prior to making funding decisions. Mr. Shearer stressed that the FaRM Committee was a vital element in assessing how the proposed projects could possibly impact future assessment rates and that such a financial review was viewed by the Board as a key factor in potential Board approvals. At least four members of FaRM advised that their schedules allowed for participation in the joint meetings of 03/28 and 04/11.

**C. 2016 Audit Discussion**

Brad Enos, CPA, who is the Partner-in-Charge of the ACC Audit, and also is the Partner on the CountryClub, Parkside and Village at Anthem audit, was invited to discuss how his firm approaches the audit, their testing procedures, their evaluation of internal controls, and other aspects of how the audit is performed. Mr. Enos spoke at length on these issues, and stressed that the ACC had strong internal controls and that their historic audits had minimal recommended adjustments. Member Klinksiek raised questions as to the value of an independent review of internal controls on some periodic basis, and Treasurer McKenzie suggested that perhaps the ACC may be willing to consider creating an "Audit Committee" which would be a subset of FaRM plus a Board member, who would do an independent annual review of selected areas of the ACC's financial controls. Chairperson Yennerell and Member Klinksiek also raised the possibility of engaging the auditors on a separate internal control project on some periodic basis to further confirm the adequacy of current internal controls. Mr. Enos advised that their firm does perform internal control testing within the audit scope, and their experience to-date was that the ACC had exceptionally strong controls over all aspects of the finance and accounting functions, particularly given the size of the organization and the limited staffing. Treasurer McKenzie advised that he would entertain opening that discussion with the ACC Board in the near future to gauge their interest in pursuing auxiliary independent reviews.

**D. Cell Tower Leases**

Chairperson Yennerell asked Member Senn about the Cell Tower Leases, and Mr. Senn advised that while his initial review raised questions as to the fairness of the current revenue stream, he asked staff to provide additional background on the history of the leases and why there was such strong interest from third parties in monetizing the current leases. CFO Greenstein provided some initial background information. It was Member Senn's opinion that the leases should be more carefully reviewed to see if there were opportunities to renegotiate the financial terms. Member Senn additionally commented that cell coverage in the Anthem area was spotty and that concurrent to discussions on financial terms, that it would be in the Community's best interests to also initiate discussions with carriers to improve overall coverage. Member Senn's opinion was that fewer better placed towers could potentially provide better service than additional towers in bad locations such as the locations we have now. CFO Greenstein advised that he would initiate a discussion with COO Shearer and CEO Kohl on that subject and advise FaRM accordingly.

**E. Focusing on Providing Value to the Community**

Member Senn introduced a discussion wherein he raised concerns that FaRM Committee should be able to provide additional value to the ACC Board and the Community at Large by exploring new areas where services could be introduced that would make Anthem a stronger value proposition to potential future home buyers. He raised concerns that with the future anticipated construction in Tramonto, Deer Valley and Norterra, that future buyers would have a wider choice of living opportunities and that Anthem should explore any and all areas which could continue to keep Anthem as a highly attractive and desirable living destination. He offered two ideas for potential exploration: (a) negotiating with a provider such as COX Communications to offer basic cable, internet and wi-fi services as a standard community benefit, which he indicated was available in other HOAs he was familiar with and provided significant savings to HOA members as opposed to individual family purchases of such services. He indicated that in other communities that offered it, that individual families could opt for additional services over the base level, but that by negotiating a community wide agreement with a provider, and building that reduced fee into the standard community assessment, that it would bring down the overall cost of those services to each individual family; (b) Additionally, Member Senn brought up another issue related to ACC assessment and indicated that since, in his opinion, the ACC assessment purely goes to municipal services, it is very much akin to municipal tax and/or property tax. Perhaps it would be prudent to investigate whether there is potential to petition legislative bodies to introduce legislation that makes municipal services assessments akin to the types of payments that now qualify as tax deductible. Member Senn's reasoning also included that in the ACC, the assessments cover the maintenance and upkeep of what Member Senn believes are municipal services, which, in non-HOA communities, is covered by the municipality and qualifies for favorable tax treatment.

**OLD BUSINESS**

**F. Review of RFP and Procurement Process**

Member Senn reminded the FaRM members that at a prior meeting, there had been discussion as to petitioning the ACC Board to allow FaRM to review the process of obtaining competitive bids for various high-dollar contracts and to review how the ACC approaches those contracts. Chairperson Yennerell requested that CFO Greenstein hold a conversation with CEO Kohl and COO Shearer to invite them to a future FaRM meeting so that FaRM could hold a preliminary discussion on this topic and offer their services and experience. FaRM pointed to the success of Member Klinksiek's role in the Insurance RFP as an example of the value of their involvement. CFO Greenstein advised that he would attempt to see if the CEO and COO could attend the May FaRM meeting to introduce that discussion.

**G. Review of Fair Compensation Levels**

Chairperson Yennerell additionally referenced that at a prior meeting, that FaRM was concerned that the ACC was providing adequate compensation to employed staff so that appropriate levels of talent could be attracted to, and retained by the ACC. He clarified that the intent and interest in this area was not to opine on current individual staff salaries or even to know that information – but that the intent was to evaluate whether a generic position(s) had pay ranges that made sense in terms of attracting and retained appropriate talent. CFO Greenstein advised that such a project was undertaken in the recent past by CEO Kohl, COO Shearer, CFO Greenstein and HR Manager Richardson, and that such an analysis was in place and had been shared with the ACC Board. Chairperson Yennerell suggested that if CEO Kohl and COO Shearer could be available at the next FaRM meeting to discuss the RFP and Procurement issues, that perhaps the issue of pay ranges and talent acquisition could also be discussed.

**EXECUTIVE SESSION**

- There was no executive session.

**ADJOURNMENT**

- There being no further business to discuss, the meeting adjourned at 2:45 pm

Respectfully Submitted,  
Douglas Greenstein