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CHARTER RESOLUTION ESTABLISHING AND APPOINTING
HERITAGE RANCH OWNERS ASSOCIATION
FINANCE COMMITTEE

WHEREAS, Article X, Section 3 of the Restated Bylaws ("Bylaws") of Heritage Ranch Owners Association ("HROA") creates the Finance and Credit Committee, hereinafter known as the Finance Committee; and

WHEREAS, Article X, Section 3 of the Bylaws of HROA requires the Board to appoint annually the membership of the Finance and Credit Committee; and

WHEREAS, the Board desires to appoint the Finance Committee to perform a preliminary review of HROA financial reports, prepare and propose an annual budget, and to advise the Board as to the wishes and concerns of the membership of the Association regarding the purpose(s) herein.

NOW THEREFORE BE IT RESOLVED that the Finance Committee shall continue service based upon the following COMMITTEE CHARTER:

I. PURPOSE AND AUTHORITY:

- A. The Finance Committee's primary purpose is to provide general supervision of all Association finances, subject to the approval of the Board.
- B. The responsibilities of the Finance Committee shall include:
 - i. In coordination with Management, develop and make recommendations to the Board on the Association's annual operating budget, annual capital budget, annual assessments, adjustments to fees and charges, reserve and new improvement planning and funding strategy, and investment strategy, and assist the Board with the adoption of a final budget for the forthcoming Fiscal Year;
 - ii. Assist in ensuring all required monthly, quarterly, semi-annual, and annual reports are prepared, and evaluate and make recommendations to the Board and Management on monthly financial statements and reports, annual accounting audit and tax returns, annual contracts, capital expenditures, financial policies and procedures, spending authorities and investments;
 - iii. Assist in ensuring an annual, independent audit of the Association's financial records and accounts is performed by a certified public accountant;
 - iv. Assist in ensuring a Reserve Study update is performed annually, including a visual inspection by the Reserve Specialist no less than every three (3) years. The Reserve Study shall include all major components which HROA is obligated to repair, replace, restore, or maintain and shall follow the nationally recognized standards in compliance with the Governing Documents and California law;
 - v. Assist in ensuring the timely distribution of the Annual Budget and Policy Disclosure to membership as required by California Law;
 - vi. Assist in the regular review of vendors utilized by HROA to verify appropriate licensing and insurance requirements are met.

vii. As requested by the Board, conduct other assigned duties.

- C. The Finance Committee is advisory in nature. The Committee and each member serve at the pleasure of the HROA Board of Directors. Committee members may not make final decisions on any matters, expend HROA funds, or speak on behalf of HROA, without the prior approval of the Board of Directors as may be documented in meeting minutes. The Finance Committee shall advise the Board on financial matters that affect Heritage Ranch Owners Association.
- D. Subject to the Board's approval, the Finance Committee shall have the power to approve, through its Chairperson or Co-chairperson, payment of all bills and accounts of HROA in excess of One Thousand Dollars (\$1,000.00) for any particular bill, and refer and report to the Board on all expenditures requested or incurred in excess of the adopted budget.
- E. The Finance Committee shall regularly review current and potential banking services to determine if they meet the needs or may be the most beneficial to HROA, and shall have the authority to transition banking services through its Chairperson, but may do so only with approval of the Board.
- F. The Finance Committee shall have the authority to reinvest matured funds in accounts that protect the principal and must be covered by insurance provided by an agency of the federal government or a guaranty corporation subject to Section 14858 of the Financial Code. Investments will be made in accordance with HROA policy, and California and Federal law. A summary of investments shall be reported to the Board no less than quarterly.
- G. The Finance Committee shall oversee accounting procedures, handling of cash transactions and deposits, and shall have the power to institute and modify methods of accounting and handling of the Association's finances, and financial policies of the HROA, subject to approval of the Board.
- H. The Finance Committee shall have general oversight of the bid process for goods and services, reviewing competitive bids, and making recommendations to the Board regarding changes to policies or procedures pertaining to soliciting, obtaining, reviewing, and processing bids and contracts.
- I. The Finance Committee shall oversee the collection activity of HROA including appropriate notifications. They will make recommendations to the Board regarding modifications to HROA policies and procedures, and actions to be taken as may be appropriate.
- J. The Finance Committee shall assist in ensuring an investigation into any suspicious or fraudulent activity relating to financial transactions, financial reporting, bid processes, or other matters within their purview to be conducted, and shall report any findings to the Board.
- K. The Finance Committee shall keep HROA confidential information confidential.

2. MEMBERSHIP:

- A. Membership terms are for one (1) year and shall follow the Board election cycle. The term shall commence the first (1st) day of September following the Board election, and conclude the last day of August of the subsequent calendar year. Committee members may request reappointment for additional terms.
- B. The Finance Committee membership is specified in Article X, Section 3 of the Bylaws of HROA and shall be comprised of five voting members: two (2) shall be Board members, one (1) whom shall serve as the Chairperson and one (1) whom shall serve as Co-chairperson; three (3) additional persons from the membership-at-large who must be in good standing.
- C. The HROA Bylaws stipulate there shall also be two (2) ex-officio members: the Treasurer and the Association Manager, hereinafter known as the General Manager. California law requires the Treasurer to

be a member of the Board of Directors effective January 1, 2019. With California law superseding HROA Bylaws, the Treasurer shall serve as one of the Board members appointed to the Committee to avoid conflict with Board quorum and accompanying notice requirements, and reducing the ex-officio membership to one (1).

- D. To allow greater participation with the Finance Committee by the membership, the Board of Directors may form a finance subcommittee composed of four (4) HROA members who must be in good standing. The purpose of the finance subcommittee is to assist the Finance Committee with any or all of the matters within its authorized scope. The finance subcommittee is advisory only. Members of the finance subcommittee are subject to the restrictions and limitations of the Finance Committee, but are not authorized to vote on Finance Committee matters.
- E. When a seat is vacated, the membership-at-large will be notified and solicited for qualified and interested candidates. The Board of Directors will review applications, and perform interviews if deemed appropriate. The Board will make considerations for membership at the next regularly scheduled Board Meeting following the completion of candidate reviews.
- F. Finance Committee members may be removed by majority vote of the Board from time to time as deemed appropriate.

3. GOVERNANCE:

- A. The Board shall appoint the Finance Committee Chairperson and Co-chairperson annually from among the Board membership. The Co-chairperson shall serve in place of the Chairperson in any Committee related matter when the Chairperson is not available. Should both the Chairperson and Co-chairperson be unavailable, Committee related matters shall be postponed until such time that either may be available. If the matter cannot be postponed, the Chairperson may temporarily designate a member of the Committee to represent the Committee in any Committee related matter with all actions being ratified by the full Committee or by the Board of Directors at the next regularly scheduled meeting.
- B. The Finance Committee Chairperson and/or Co-chairperson shall act as liaison to the Board to provide Finance Committee feedback to the Board, Board feedback to the Finance Committee, to inform the Finance Committee of emergent issues the Board is addressing relevant to the conduct of the Finance Committee business, to help keep the Board informed of emergent Finance Committee issues, and to serve as the Board's primary point of contact between the Board and the Finance Committee.
- C. Should the Board members appointed as the Chairperson and Co-chairperson not be able to attend a meeting, they may assign an alternate Board member to fill their role for that meeting. The alternate Board member will be considered the Finance Committee member for that meeting, will be included for the purpose of meeting quorum requirements, and may vote on matters under consideration at that meeting as if they were the originally appointed Chairperson or Co-chairperson.
- D. The Finance Committee shall select a Secretary to keep permanent records of the Finance Committee's proceedings and reports.
- E. Finance Committee membership shall be appointed annually with the outgoing Committee Chairperson recommending membership appointments to the Board of Directors with the advice of the Co-Chairperson. The Board reserves the right to appoint Committee members from the general membership without or despite a recommendation from the Committee Chairperson or Committee. Recommendations shall generally be presented to the Board for consideration at the first regular Board meeting following the annual election. Such recommendations will follow the Bylaws and Committee Charter membership requirements. The Board will be mindful that adding new members to the Finance Committee between December through April could create interruptions to the budgeting cycle.

- F. Should a voting member not be able to attend a meeting and quorum not be met, a non-voting member may be designated as a voting alternate by the Chairperson or Co-Chairperson for the absent voting member. Members assigned as a voting alternate will be authorized to vote on behalf of the voting member only for the meeting which they are designated as the voting alternate.
- G. Finance Committee members must sign the Conflict of Interest and Confidentiality Agreement (“Agreement”) in order to serve on the Finance Committee. If a Committee member refuses to sign the Agreement, their refusal will be documented and considered voluntary resignation from membership. If a Committee member violates the Agreement, their Committee membership will be suspended and the Board will be notified immediately. The Board will perform, or cause to be performed, an investigation of the alleged violation. Upon conclusion of the investigation, the member under investigation will be notified of findings, and any necessary and/or appropriate actions will be taken including enforcement in accordance with the Governing Documents and/or legal action.
- H. The Finance Committee must establish a quorum at every meeting in order to conduct business. A quorum is defined as a majority of the current voting members present in person.. Ex-officio and non-voting members shall not be included for purposes of establishing quorum.
- I. A majority vote (51% or greater) of the Committee members present at a meeting at which a quorum is present will be required to carry a motion/take an action. Ex-officio members shall not cast votes, and shall not be included for purposes of calculating a majority vote.
- J. Should less than a quorum be present at any meeting of the Finance Committee, a majority of those present may recess or adjourn the meeting. When the recessed or adjourned meeting is reconvened, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.
- K. The Finance Committee will meet once per month, on a fixed schedule as published by the Committee, or as otherwise determined and announced, and shall be conducted in accordance with the Governing Documents and simplified Robert’s Rules of Order. Any changes to the monthly meeting schedule will be coordinated and communicated by the Chairperson to the Committee membership, and communicated to the general membership.
- L. The Finance Committee, by majority vote, may establish an advisory Committee Work Groups to conduct special assignments as required by the Committee, and upon such establishment the Committee must:
 - i. Document and provide a clear purpose and develop goals for the Committee Work Group;
 - ii. Establish Committee Work Group membership. The Committee Work Group Chairperson must be a voting member of the Committee. Committee Work Group members must be members of the Finance Committee;
 - iii. Put forward a timeline for the Committee Work Group being established and terminated; and
 - iv. Include all actions of the Committee Work Group in the minutes of the Committee.
- M. The Finance Committee, by majority vote, may request the Board establish a Focus Group to conduct special assignments as required by the Committee, and upon such establishment the Board and Committee must:
 - i. Document and provide a clear purpose and develop goals for the Focus Group;

- ii. Establish Focus Group membership. The appointed chairperson must be a member of the Committee. Focus Group members are not required to be members of the Committee, but must be a member in good standing of the HROA;
 - iii. Put forward a timeline for the Focus Group being established and terminated; and
 - iv. Include all actions of the Focus Group in the minutes of the Committee.
- N. The Finance Committee Chairperson and/or HROA Treasurer shall make a summary report of the financial transactions to the HROA Secretary prior to each Quarterly Board Meeting. This is typically done as the Quarterly Treasurer's Report and may be included in the minutes of the Finance Committee meeting at which it is prepared.

4. ATTENDANCE:

- A. Active participation by Finance Committee members is important to achieving the mission of the Committee. A member's absence at three (3) consecutive regularly scheduled meetings may result in the loss of the Committee membership. In the event of three (3) consecutive absences, the Committee, through its Chairperson, shall make a recommendation to the Board regarding the member's continued participation. The official attendance will be documented in the meeting minutes, and tracked by the Chairperson. The Board shall decide whether a Committee member is removed due to three (3) or more absences. The Chairperson will administer notification of loss of membership due to attendance.
- B. All meetings are open to the general membership of the Association. However, non-Committee members will be required to exit the meeting when the Committee convenes to Executive Session to discuss issues related to legal matters, bids and contract formation, member confidential matters, collection activity, disciplinary actions, or any other matter appropriately confidential to HROA. Members attending the meeting will be provided an opportunity to speak on agenda and non-agenda items. The Chairperson shall determine when membership comments will be heard and the time allowed for such comments.
- C. The Association's Finance Manager shall attend all Finance Committee meetings. The Finance Manager is not a Committee member, shall not be permitted to vote, and shall not be counted for purposes of determining quorum.

5. REQUIRED REPORTS AND MAILINGS:

- A. The Finance Committee shall assist in ensuring the following reports to be prepared not less frequent than monthly.
 - i. Balance Sheet
 - ii. Statement of Revenue and Expenses
 - iii. Trial Balances by Account
 - iv. Summary of Certificates of Deposits and Other Investments
 - v. Accounts Receivable Aging Report
 - vi. Escrow/Deposit Fund Reconciliations
- B. The Finance Committee shall assist in ensuring the following reports to be prepared not less frequent than quarterly.
 - i. Summary of Reserve Contributions and Deposits
 - ii. Summary of Reserve Expenses and Withdrawals
 - iii. Summary of Fixed Asset/Capital Account Additions and Deletions
 - iv. Bank Reconciliations
 - v. Summary of Unbudgeted Expenses

- C. The Finance Committee shall assist in ensuring the following mailings to be prepared and distributed.
 - i. Annual Budget and Policy Disclosure by first-class mail 45-60 days prior to each Fiscal Year
 - ii. Annual Audited Financial Statements by first-class mail within 120 days after the close of each Fiscal Year
 - iii. Changes to Schedule of Fees, Fine & Enforcement Policy, Assessment Rates, and changes to collection procedures and policies outside of the Annual Budget and Policy Disclosure timeline.


- D. The Finance Committee shall assist in ensuring any other reports and notices be prepared as may be determined appropriate by the Committee or as requested by the Board. Distribution of such reports or notices is subject to Board approval.

6. DISSOLUTION:

- A. This Charter shall remain in effect until amended or rescinded by the Board.

THIS CHARTER RESOLUTION establishing and appointing the **HERITAGE RANCH OWNERS ASSOCIATION FINANCE COMMITTEE** is adopted and made part of the minutes of the Board Meeting held on October 24, 2024.

BY: 
Masen Yaffee, President

ATTESTED: 
Tom Swanson, Secretary