MEETING MINUTES

1. Call to Order
   a. The meeting was called to order at 7:07 pm.
   b. Members present: Chairman Jeff Gathers, Mahl Avila, Kyle Bateman, Aldo D’Ottavio, Tim McLaughlin, Ted Pickett.
   c. Member Absent: Bryan Schneider

2. Approval of Agenda
   a. The agenda was approved unanimously.

3. Approval of Minutes
   a. The new process for reviewing draft meeting minutes received generally favorable feedback.
   b. The July meeting minutes were approved unanimously.

4. Resident Open Forum
   a. There were no residents present.

5. Review of Financial Reports
   a. July 2016 Financials
      i. Tree expenses were discussed at the last meeting, but expenses were high for tree and shrub maintenance again in July. The entire annual budget of $52,775 has almost been expended. The question was discussed whether tree replacement expenses belong in the reserve budget or in the operating budget. Using the reserve budget tends to spread the costs over time. The expense is currently in the operating budget because it was inadvertently left out of the 2013 reserve study.
      ii. The $151k net income overage includes the $200k Greenvest proceeds, so actual expenses are over the budget year-to-date. The costs of many repairs on or around the Cameron clubhouse building, e.g., roof, HVAC, bricks, have been increasing as the structure ages. Whether, and how much, the budget for 2017 should be raised to cover the more expensive repair items was discussed. In some cases, unexpected repair items in the $1,000 to $2,500 range have historically been charged against the reserve even though the literal “scope” of the reserve did not provide for them. A suggestion to use owner’s equity to cover these costs would have essentially the same effect as charging the expenses to the reserve. The Chairman argued that these expenses
for building repairs in this “price range” should be charged to the corresponding operating accounts (or the “operating contingency” account) to ensure visibility of trends like those we are seeing now.

iii. Pool repairs to be made this fall were discussed, as well as the future of the Tiki Bar. Pool and health club management costs are also running significantly ahead of budget. Increased services, including the Tiki Bar and offering more free fitness classes, have increased the costs under these contracts. The Chairman will confirm with Bette Sanft whether these new costs account for the overall cost increases, or if are there other factors as well.

6. Old Business
   a. Reserve Study Update
      i. Asphalt Repair Two sub-associations have been setting aside funds for asphalt repair and paving. It has been tentatively agreed by representatives of the Board, the FAC and management (CMC) that the master association will take care of the asphalt across the entire community for the sake of uniformity and overall cost-effectiveness. Specific ways to handle the cost sharing moving forward were discussed, but this may not be settled by completion of the reserve study effort. The Chairman and Bette Sanft have teleconference with the reservist to confirm how he determined the cost-sharing arrangements between master and sub-associations. The Chairman and Ted Pickett are expected to join Board and Management members on an ad hoc committee in a meeting with representatives of the affected sub-associations to finalize an ongoing cost-sharing arrangement for road resurfacing. Timing is yet to be determined.
   b. Proceeds from “Greenvest” Legal Action
      i. There is still interest from the Board in using at least some of the proceeds to offset increases in next year’s HOA assessments. The FAC position remains generally to discourage such extraordinary, one-time measures, which may offset increases temporarily but result in larger-than-normal increases in subsequent years.
   c. 2017 Budget Process
      i. A general discussion about assessments and the long-term expenses addressed by the Reserve Study preceded more detailed commentary.
      ii. If the assessment increases are to be limited, difficult decisions have to be made about what items will be reduced in the budget. For example, at the Fitness Center, some equipment is old; some equipment quantities are no longer adequate to accommodate the expansion of classes. ProFIT won the management contract, in part, because they said that they would provide free classes. However, the costs of labor and required equipment for additional free classes still must be covered.
d. Draft Audit of 2015  
   i. Discussed the draft audit, which was reviewed during the preceding month. Auditors’ recommendations, including on security above FDIC and SIPC limits, generally were good. Both 2014 and 2015 audits are referenced in the report title, which suggests that perhaps the 2014 and 2015 audits were not completed independently. This practice raised some concerns, but details in the report indicate that it is not a substantive issue. The Chairman will report the FAC’s recommendation to accept the report as final.

7. New Business  
   a. There is concern over using the same auditors repeatedly. Goldklang Group is recognized as local experts in auditing HOAs. In 2013, it was been requested that Goldklang change the audit team, including the partner in charge, to help ensure objectivity. Proposals have again been solicited from three companies, one of which is Goldklang Group, for the 2016 annual audit.
   b. There is continued anxiety over low returns on both operating and reserve funds in money market accounts. Mr. Pickett will work with Board representatives to look into credit union money market funds as a higher-return alternative to current banking providers.

8. Adjournment  
   a. The meeting was adjourned at 8:33 pm.