1. Call to Order
   a. The meeting was called to order at 7:03 pm.
   b. Members Present: Chairman Jeff Gathers, Mahl Avila, Takis Taousakis, Ted Pickett, Bill Blumberg, Joan Lampe, Alex Cebotari.
   c. Members Absent: None
   d. Board Liaison Present: None

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

3. Approval of Minutes
   a. The March 22, 2017 draft minutes were approved unanimously.

4. Resident Open Forum
   a. Resident Susan Royles joined the Committee meeting for the first time as an applicant for a pending vacant position on the FAC. (FAC member Ted Pickett, after serving on the FAC for three years, had submitted his resignation to be effective at the close of this meeting.) Ms. Royles provided the Committee with background information on her professional experience. She has deep knowledge of asset and portfolio management, specific to the insurance industry, and related accounting and financial reporting disciplines.

   b. Jon Dellaria, CSCA Board President, was also in attendance. In the aftermath of the extensive budget overruns in the fourth quarter of 2016, Mr. Dellaria had a number of questions broadly related to CMC’s management and operations oversight for CSCA. One specific question was whether the financial statements for CSCA were audited at the end of each year. Chairman Gathers stated that the annual financial statements for CSCA are audited each year by the CSCA’s retained independent auditors (Goldklang Group), and a clean opinion has been issued every year in the six years of his direct experience. Mr. Gathers described the audit process further, indicating that draft audited financial statements, including proposed accounting adjustments, are forwarded first to the FAC for review and comment. The FAC review typically begins in July following the close of the previous fiscal year. Any issues raised by the FAC (typically there have been very few) are reviewed by management and forwarded to the auditors for response. A final version of the audited financial statements is presented to the CSCA Board for approval at its September or October meeting. Final net audit adjustments for the preceding fiscal year are recorded against the CSCA’s Owners’ Equity account in the current year’s unaudited financial statements. [As an example, a total of $8,457.97 was added to Owners’ Equity in
November 2016, based on six adjusting entries made by the auditor to the unaudited statements for FY2015.] The timing of the year-end audit and questions pertaining to the types of auditor adjustments were discussed further, and noted as a possible item for follow up in planning for the 2016 FYE audit.

Mr. Dellaria also addressed the current onsite CMC management staffing situation and noted recent discussions with CMC Management concerning potential changes. He also expressed concerns about the earlier Board of Directors meeting attended by CMC’s senior management staff to discuss the FY2016 budget variances. Mr. Dellario is dissatisfied with CMC’s explanation of the budget variances so far and feels this area warrants further attention involving both the Board and FAC. Meetings with this purpose will be scheduled as soon as practical for all parties concerned.

Mr. Blumberg noted from his own review of the FY 2016 budget variances that there was significant concentration of the variances in a few broad categories of expense. As specific examples, he pointed out that $79,451 [subsequently adjusted by management to $74,018] of the unfavorable variance was attributable to maintenance of common areas. Similarly, $41,970 was due to maintenance of the Cameron Club building.

Mr. Dellaria and the FAC members continued discussion on the December budget variances. Both Board and FAC are seeking additional information to understand the expected process to plan and execute the Repair & Replacement Reserve projects scheduled for 2017 per the 2016 Reserve Study. What is the timeline for those projects and which CMC Management person will coordinate with the Common Area Committee and the Facilities Committee to select contractors and monitor performance? Certain landscaping amounts paid to Lancaster are also sizeable and appear to require additional oversight for budget compliance. Mr. Gathers stated that Lancaster also needs to be explicitly “sensitized” to the CSCA annual budget. All FAC members agreed that CSCA is in the second quarter of the year and a plan needs to be established for better management of the allocation of funds and project commitments.

c. Mr. Gathers referenced the CMC Management Agreement Compliance Matrix developed by Joan Lampe and his related discussions with the Board Treasurer. As part of the Board’s follow up with CMC Management, Mr. Gathers recommends that representatives from both the Board of Directors and the FAC meet with the appropriate individuals at CMC to review CSCA’s expectations. The agenda should include the 2016-year end budget variances identified above to understand the circumstances that caused – or allowed – the budget deviations. This conversation would also permit CMC to explain the controls and processes it has in place – or can put in place – to comply more closely with the management agreement in FY 2017.

5. Review of Financial Results
      i. Alex Cebotari addressed the classification of the resident assessment accounts on the
financial statements. He also inquired about the process for pursuing delinquent accounts. Mr. Gathers explained that CMC follows standard contact procedures for short-term delinquencies. After about 30 or 60 days, the Board begins to pay more attention to delinquent resident assessments and pursues collection efforts with legal support as needed. The Board, FAC and CMC understand that the costs incurred to pursue collection aggressively are often higher than the aggregate recovery, but the nature of the HOA business model requires that a collection effort be applied as a deterrent to further abuse.

ii. Mr. Gathers indicated that a single variance from February remains open for explanation from CMC Management. Jan Ward, the Vice President with CMC who is filling in for Bette at CSCA, has not been able to follow up on the open item yet.


i. The March financial reports had been distributed by CMC to FAC members the previous day via e-mail from Jan Ward. Total expenditures were under budget for the third consecutive month. FAC members commented on the format and content of the Variance Report included with the March Financial Report. Members agreed the information provided often lacks depth and that potential improvements could be provided by CMC. Mr. Gathers shared a CMC Variance Report dating back to 2010 as a reference. Although slight changes were apparent, the template used today remains basically the same as in 2010. FAC members agreed that expectations have changed and should be communicated to CMC Management. A note of caution from the Chair: More incisive commentary is no doubt feasible to produce, but would inevitably stretch the already-tight timeline for delivery of reports to the FAC. An in-depth discussion with CMC financial and management staff will be essential in developing lasting improvement in this area. Planning for such a meeting is underway.

6. Old Business

a. Budget Management Performance vs. CMC Contract (Lampe Matrix)
See comments and notes above under 4b.

b. Financial/Variance Reporting Formats (Lampe drafts)
Mr. Gathers referenced the Variance Report draft prepared by Ms. Lampe and sent via email to all FAC members prior to the meeting. The draft is open for edit. Mr. Gathers suggested that both he and Ms. Lampe review the Variance Report again prior to meeting with CMC Management, while giving close attention to any nomenclature relating to Repair & Replacement Reserve (RRR), Capital Improvement Reserve (CIR) and the term “Funds” used in conjunction with these two Reserves to avoid confusion or misinterpretation by the readers of the Variance Report.

c. Track Reserve Expenditures (Blumberg)
Bill Blumberg reported that he prepared a draft of the Reserve Tracking Sheet for review by Mr. Gathers first and will distribute the worksheet afterwards.
7. **New Business**  
   a. No new business issues were presented.  
   b. Ted Pickett expressed his appreciation and gratitude to Mr. Gathers and other committee members for their challenging work while he was a member of the FAC.

8. **Executive Session**  
   a. The FAC Members reviewed the qualifications of the FAC applicant, Ms. Susan Royles, and all agreed she had the necessary skill sets to be a member of the FAC and fill the open vacancy. Mr. Gathers agreed to speak with her after the meeting and before the Board meeting to determine if a recommendation would be forthcoming – and if circumstances would allow Ms. Royles to accept such an appointment if offered.

9. The meeting was adjourned at 9:26 p.m.