Cameron Station Community Association  
Financial Advisory Committee Meeting  
June 22, 2017  
Cameron Club Henderson Room

MEETING MINUTES

1. Call to Order  
   a. The meeting was called to order at 7:08 pm.  
   b. Members Present: Chairman Jeff Gathers, Takis Taousakis, Bill Blumberg, Joan Lampe  
   c. Members Absent: Mahl Avila, Alex Cebotari.  
   d. Board Liaison Present: Megan Brock, Treasurer

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

3. Approval of Minutes  
   a. The May 25, 2017 draft minutes were approved unanimously.

4. Resident Open Forum  
   a. No residents were present.

5. Review of Financial Results  

   i. Financial reports were received on Monday of this week (June 19). Mr. Gathers noted that delivery was more timely than in preceding months this year, but still past the 15th day as committed in the CMC Management Agreement. The FAC will press for continued improvement on this score.  

   ii. Mr. Gathers observed that the May 31 financial reports continue to indicate a year-to-date favorable net operating variance of close to $100,000, which is consistent with prior months in FY2017. One major category contributing to the favorable variance is management fees, which are under budget because of the gap in payroll and benefits for the Community Manager position. Other differences may be due simply to differences in timing of other expenditures. Other items discussed by the committee included:  

      a. The year-to-date operating expenses still show an unfavorable variance in trash collection. Mr. Gathers stated that, based on previous discussions with Jan Ward of CMC, the trash hauler for the Main Street condominium had notified CSCA of a rate increase effective January 1, 2017, but this change was not incorporated in the budget before it was finalized in October.  

      b. A second category needing further explanation is Taxes and Insurance. CMC Accounting recorded an adjusting journal entry in May to account for a 2016 IRS tax obligation that was actually paid in 2016. The amount of $2,250 was initially assumed to be a 2017 tax obligation. The offsetting entry at the time was a Prepaid Tax accrual of the same amount. On further review, CMC determined
that the tax payment was actually made in the year due – hence not prepaid. The May 2017 corrective action reversed both entries and had the effect of lowering (Prior Years) Owners’ Equity. Similar adjustments are normally made later each year in response to the annual auditor’s report. The reasoning for the unusual treatment this time appears to be that the error was discovered by CMC, not the auditor.

6. Old Business
   a. CMC Management Update

Ms. Brock remains concerned about the 2016 operating variance and is not satisfied with the information received from CMC representatives so far. Even after the meeting at CMC offices on June 6, Ms. Brock has significant concerns that Jan Ward (HOA Division Director) has not provided the detailed written explanation of the budget overages that was promised months ago to the CSCA Board of Directors. Ms. Brock expressed particular concern that Lancaster Landscapes, one of Cameron Station’s largest contractors, billed significant amounts to the community in 2016 that lacked proper “budget-conscious” oversight by the CMC management team.

Mr. Gathers stated that, in working with both Jan Ward and now with Judy Johnson, he is satisfied that – going forward – CMC will be willing to provide CSCA any additional reports we reasonably request. Mr. Gathers proposed allowing Judy a bit longer orientation period before he meets with her to discuss specific items of concern, including “project tracking” documents organized by Committee responsibility, and the upcoming budget process for 2018. [The first such meeting with Judy took place on June 26.] Mr. Gathers agrees with all FAC members in attendance that Lancaster should be a primary focus of concern because of the volume of work performed outside the scope of the $151,000 fixed-price contract. Community management and the Common Area Committee should pay significantly more attention to how these projects are authorized and how the related invoices are submitted and approved for payment.

Ms. Brock is also interested in revisiting the $1,500 limit on expenditure authorization without prior Board approval that is referenced in the CMC Management Agreement. There appears to be some confusion, if not abuse, as to the appropriateness of submitting a Board approval motion for contracted work that has already been authorized by a committee member and/or the community manager. Discussion followed among FAC committee members on possibilities for implementation, especially in regard to the Common Area Committee (CAC). Ms. Lampe suggested that additional education on the process for budgeting, procurement and approval of capital-project contracts may be helpful for members of the CAC and other committees.

Ms. Brock and Mr. Gathers also discussed the importance of the CAC and CCFC members’ awareness of the capital projects identified in the Cameron Station Reserve Study. These projects are both expensive and worthy of close management. At least as important, the relevant committees need to acknowledge that they exist.

Mr. Gathers restated that he will be meeting with Judy, the new community manager, soon to address many of the items mentioned above. He also noted that copies of the training material handouts from the CMC Management meeting on June 6th were available to the FAC members
for review. Mr. Gathers said that CMC Management has already implemented a Project Management recordkeeping system for the CAC and other committees. CMC has also offered to modify the monthly financial statements by including a percentage-of-year-to-date budget for each budget line, in addition to the dollar amounts in the traditional format.

Noting the acknowledgement provided at the June 6 CMC meeting that there should be no administrative risk if the funds in the Pacific Premier Bank “money market” account were transferred to another bank, Mr. Gathers and Ms. Brock discussed the feasibility and next steps to do so. The objective of such a change would be to earn a more attractive annual rate of interest than that currently provided by PPB (0.25%).

Mr. Blumberg provided an update on the Budget and Reserve Expenditure Tracking Project. He presented the FAC committee members with an updated draft of an information form for review and comment. The FAC members provided feedback during discussion and review. Mr. Gathers will present the form to Judy during his upcoming meeting. Mr. Blumberg also reported that he has prepared a Reserve Tracking spreadsheet, which has been forwarded to Mr. Gathers for review.

7. New Business
   a. No new business issues were presented.

The meeting was adjourned at 9:24 p.m.