Cameron Station Community Association  
Financial Advisory Committee Meeting  
August 24, 2017  
Cameron Club Henderson Room

MEETING MINUTES

1. Call to Order  
   a. The meeting was called to order at 7:06 pm.  
   b. Members Present: Chairman Jeff Gathers, Bill Blumberg, Joan Lampe, Mahl Avila,  
      Takis Taousakis  
   c. Members Absent: Alex Cebotari  
   d. CMC Management: Community Manager, Judy Johnson

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

3. Approval of Minutes  
   a. The July 19, 2017 draft minutes, as proposed, were approved unanimously.

4. Resident Open Forum  
   a. Jon Dellaria, CSCA Board Chair

5. Review of Financial Results  
      i. Chairman Gathers noted that Jan Ward, Division Director for CMC, had issued the draft  
         July 31 financial statements and the associated variance report within a few days of the  
         contractual “deadline” in the absence of Ms. Johnson (on vacation last week).  
      ii. The variance report continues to reflect overall trends consistent with previous months. The  
         majority of year-to-date line item expense amounts are lower than the corresponding budget. CMC Management maintains that many of these accounts will “even out” by year-end, which would reduce the midyear favorable variance for FY2017.  
      iii. Several individual operating expense lines for the month of July required further discussion:  
         a. Administrative Salaries for the month of July appear higher than expected. Mr. Gathers asked Ms. Johnson to confirm that the July payroll included three pay periods instead of two, and to check the June 30 report for a payroll accrual amount.  
         b. Income from Resale Processing Fees has been zero year-to-date. Though resales may be below historical levels this year, zero seems unlikely to be the correct number after seven months. Ms. Johnson agreed to investigate this account further.  
         c. Website Income is another account that has no amounts recorded. The account should have positive amounts reported each month. Again, Ms. Johnson will follow up with CMC Accounting.  
         d. Mr. Gathers mentioned several other expense accounts for which budgets were established but with no charges recorded to date. These accounts include Janitorial Services and Permits & Licenses.  
         e. Ms. Johnson confirmed that Legal Services has two accounts for 2017, one for
general counsel expenses and a second established specifically to track a single
CSCA legal matter.

f. Mr. Gathers also proposed reclassification of expenses for purchase and installation
of the additional pet station hardware as capital improvement reserve expenditures.

Ms. Johnson agreed to follow up with the CMC accountants on the items and accounts noted
above.

6. Old Business

a. Mr. Dellaria and the FAC members revisited the topic of the 2016 year-end financial statements
and the extraordinary adverse variances reported therein. As noted previously, the Board
Treasurer had raised concerns about the lack of real-time notice or thorough after-the-fact
documentation by CMC Management of the causes of the budget variance. Mr. Gathers restated
the FAC members’ position that the final determination of responsibility and actions in response
were matters for the Board to pursue further – or not. Mr. Dellaria acknowledged that, after
several meetings with CMC executives and the placement of a new Community Manager, Board
members now better understand CMC’s procedural “standards” concerning financial
management. These include close daily oversight of both contract approvals (in light of budget
constraints) and authenticity checks for payments on these contracts. Mr. Dellaria noted that
Board members do now have a somewhat higher comfort level with CMC Management.

Mr. Dellaria proposed that the FAC draft a “post mortem” memo to the Board, summarizing
CMC Management’s failures in 2016 to provide:

• budget-sensitive management of operating expenses during the fourth quarter
• timely notice to the Board of the emerging overages, or
• comprehensive after-the-fact analysis of the breakdown.

The proposed memo would also include reference to the actions taken by CMC Management to
preclude future “missteps” of the type that occurred last year. The most significant of these
actions would likely be onboarding Ms. Johnson, who is a seasoned community manager with a
record of proactive cost management. Mr. Gathers agreed to provide a draft of this “post
mortem” memo, with assistance and review by other FAC members as needed. Mr. Blumberg
noted that he had previously prepared a detailed analysis of the yearend operating expense
variances for 2016.

b. Update on Budget Process for 2018: Ms. Johnson stated that she is working through certain final
items related to the first draft CSCA 2018 budget – including the calculation of the assessment
rates – with the CMC Accounting office next week. Mr. Gathers and Ms. Johnson agreed that
the Committee budget requests presented to board members earlier in the week are generally
reasonable. Mr. Gathers stated that the next version of a budget draft is scheduled to be
available on September 12 for review. [This date subsequently adjusted to September 21, due to
illness.]

Mr. Blumberg mentioned the Lancaster Landscapes contract and whether additions should be
included for tree trimming and maintenance. Ms. Johnson stated that tree trimming is currently
on a three-year rotation for the community’s common area trees. Mr. Blumberg also addressed
the addition and/or enhancement of certain swales in the community and whether the costs were considered capital improvement expenses versus replacements. Discussion followed.

c. CSCA Pacific Premier Bank (PPB) Money Market Account—Mr. Gathers deferred any further comments, pending discussion with management of questions recorded in the July minutes.

7. New Business

   a. Year End 2016 Audit – Mr. Gathers requested that Ms. Johnson remove the draft 2016 audit report approval from the board agenda for August 29. Historically, FAC members (as well as CMC staff) have reviewed the draft audit report prior to board approval and would prefer to continue that process.

   b. Codification of Operations vs Reserves for expenses – Mr. Gathers indicated that this topic flows from a CAC discussion at the most recent budget meeting. The ongoing challenge for committee members is how to differentiate “capital” expenses (of both the “replacement” and “improvement” types) from the “maintenance” items properly included in the operating budget. The FAC and the Community Manager agreed that efforts to limit confusion on such issues at the committee level would be time well spent, but no specific assignments were made.

The meeting was adjourned at 8:33 p.m.