The Cameron Station Community—Financial Advisory Committee (FAC)

August 22, 2013 Meeting Minutes

I. Meeting Called to Order—7:02 pm by FAC Chairman, Jeff Gathers.
   Members Present: Mahl Avila, Aldo D’Ottavio, Harry Glenos, Liz Johnson
   Members Absent: Kyle McKuhen

II. Approval of Agenda: Motion passed unanimously

III. Approval of the July 18, 2013 Minutes: Motion passed unanimously

IV. Resident Open Forum: None

V. Review of Financial Reports
   a. July 2013 Financials—In order to address some of the concerns noted in the July
      meeting minutes (usability of report for a “best estimate” of full year results and the
      timing of the monthly financial reports and reporting for the monthly Board meetings)
      Harry Glenos provided charts that show:
      i. The current expenses June and July 2013 and the year to date expenditures
         versus the year to date budget amounts.
      ii. Notable expense and income variances. This report shows which line items are
          out of line with what was budgeted for each account.
          1. Report showed that we were higher for the TMP expenses which are
             known to be attributable to the increased cost of the shuttle bus
             provider, per the contract signed subsequent to the FY 2013 budget
             finalization.
          2. One other notable item is the increased amount for trash and recycling
             services.
          3. The additional income from the newsletter advertising is favorable.
      iii. Year to date spending as a percentage of annual budget. The committee
           determined that perspective would be enhanced if actual dollars were shown in
           addition to percentages.
      iv. The monthly variance from June to July 2013
      v. Reporting of amounts spent for the top 30 accounts in June and July 2013
      vi. The overall goal of these charts is to efficiently review the financial data, so that
          any issues of concern will be immediately obvious and easily reportable to the
          Board in time for their monthly Board meeting. There is also potential for
          sharing this information with the community manager, but this opportunity will
          be explored separately with the new community manager.
   b. Receipt/analysis of Excel-formatted data—receipt of the data in this format enabled the
      production of Harry’s charts. A request for continuation of this process will be directed
      to the new community manager.
VI. Old Business
   a. Investment Policy Document Update
      i. Draft policy needs review for possible addition/edits establishing a maximum contract duration for any single investment.
      ii. Discussed the appropriate timing of taking this to the Board. Considerations include: the new community manager, finalizing budget. Will seek input from Bob Duncan.
   b. Reserve Study Update—The onsite review took place on Monday, August 12. Once the report is complete the community will have much more information for the budget. Jeff Gathers will discuss with Airielle (community manager) when the report is expected and whether there is an expectation that the reserve study amounts will be able to be reflected in the 2014 budget.
   c. Budget Schedule
      i. Next FAC and Board meeting on the budget is Sept. 17

VII. New Business
   a. FAC Member Recruitment—Jeff Gathers is preparing an article/piece for the Compass to encourage further membership on the FAC committee.
   b. Community Management Transition—Airielle’s last day is August 29. The new community manager, Colleen Hairston, starts on September 9.
   c. Review of Committee Budget Requests for 2014
      i. The Cameron Club Facilities Committee had included $20,000 in their operating budget for a new A/V system for the community rooms. Jeff Gathers informed the FAC that the consensus from the Board/FAC budget meeting was that the A/V system is a worthy investment but that the cost should be reviewed as a capital improvement expenditure and thus not included in this committee’s operating budget.
      ii. As discussed above, another potentially significant variable is the impact of the future repair and replacement costs identified in the new reserve study, which will be reflected in the budget by the necessary annual contribution to the repair and replacement reserve.
   d. Emerging Budget Issues
      i. Harry Glenos created another graphic report to highlight the 2014 budget items. The chart shows the 2014 proposed budget, the variance from the 2013 budget and from the actual projected 2013 expenses for the high level accounts. This chart clearly shows an increase in the budget of $88K. The main concern this presents is the potential need to increase homeowner assessments by 5%. The committee’s consensus was that the 5% increase reflects the conservative assumptions used (per custom) by the community manager in the first draft. Subject to the reserve study “wild card,” the FAC is confident that the Board will be able to limit any assessment increase to no more than 2-3%.
ii. The top ten expense line items were examined showing $85K of the $88K proposed budget increase. At a minimum, the total budget increase will be reduced by $20,000 when the A/V system cost is removed from the operating budget. The repair and replacement reserve is a wild card and could go up, down or stay the same. We won’t have an answer on whether there is room to decrease that budget line item (or if an increase is required) until the reserve study is complete. There are some expense increases that are not under the Board’s control, such as for TMP expenses and administrative salaries, or due to new contracts. It appears there may be room to decrease the overall $88K budget increase by reducing the proposed increase in the flower rotation and landscape enhancement budget.

e. Bid of Audit/Tax Filing Contract—FAC discussed whether the contract for these services should be put out to bid. The consensus was that at minimum it is a good idea to “rotate” providers for this service every four to five years. The current relationship has been in place for much longer than this, and thus bidding the contract is strongly encouraged by the FAC. If the available time to conduct the bidding becomes a concern for management, one suggestion is to continue with the current provider for 2013 only, while planning for a more deliberative procurement for the 2014 audit.

f. Other: None

VIII. Adjournment: 8:20 PM