The Cameron Station Community Association—Financial Advisory Committee (FAC)

January 23, 2014 Meeting Minutes

I. Meeting Called to Order—7:10 pm by FAC Chairman, Jeff Gathers.

Members Present: Mahl Avila, Joe Chesney, Harry Glenos, Liz Johnson, Kyle McKuhen

Members Absent: Aldo D’Ottavio (arrived subsequent to “call to order”)

II. Approval of Agenda: Motion passed unanimously

III. Approval of the November 21, 2013 Minutes: Motion passed unanimously

IV. Resident Open Forum: No residents in attendance

V. Review of Financial Reports

a. November 2013 Financials—Deferred in favor of discussion of December financials

b. December 2013 Financials—Review of the financial charts provided by Harry Glenos which graphically illustrate:

i. Income and expenses, by account, for December 2013 and the 2013 year-to-date expenditures, as compared to the corresponding budget amounts.

   1. In December, monthly expenses exceeded net income by $54,899. This income shortfall was affected by the accounting reversal during the month of $23,650 of Unappropriated Owners’ Equity (UOE) transfers into the operating accounts.

   2. For the full 2013 fiscal year, net income exceeded expenses by $60,206, which (pending later adjustment based on audit findings) has also been transferred to UOE.

ii. Notable expense and income variances.

   1. Report showed that we were higher for the TMP expenses which is known to be attributable to the increased cost of the shuttle bus provider per a contract negotiated after the 2013 budget was fixed.

   2. One other notable item is the increased amount for management services, which was largely attributable to the overtime hours required to prepare and distribute new CSCA ID cards.

   3. There was a discussion of the (over budget) cost of maintaining the pet stations and their value to the community. It is suggested that now that there is a history of actual expenses, that the budget be adjusted accordingly—which has in fact been done for 2014.

   4. Discussion regarding the method of accounting for income for with respect to “future assessments” and whether there is a feasible way to report the accrual of assessment income that is both user-friendly and adaptable to all CMC reporting formats. The chairman reported on a conference call with CMC accounting staff to discuss these issues but no recommendations have emerged to date.

   5. Discussion regarding the under-budget postage expenditures and consideration that this variance is because the design and maintenance
standards were not published in 2013 as planned – and whether this will cause an unfavorable variance in 2014.

6. Discussion of whether there should be consideration to reduce the budgeted income amounts for compliance fees and legal reimbursements.

VI. Old Business
a. Reserve Study Update
   i. In budget wrap up, the Board agreed on the 2014 contribution to the repair and replacement reserve at a level below the Reserve Advisors recommendation. In follow up with Reserve Advisors, the chairman and Community Manager explained the Board’s adopted plan for future contributions to the reserve, which were demonstrated to cover Reserve Advisors’ projection of expenditures with reasonable margins for fluctuation. In subsequent discussion with Reserve Advisors, the lead consultant acknowledged that the Board’s alternative funding plan is sound. Final documentation is now underway.

b. Investment Policy Document
   i. Renewed interest in getting it before the Board in early 2014. Nick Giannotti (new Board Treasurer/FAC liaison) would be prepared to send it to the Board at the next board meeting.
      1. Follow up: Work with legal counsel on reviewing the policy? Pursue logistics and timing with Nick

c. Investment of Matured CD Funds
   i. No real rate increases in recent months from the 0.5% to 1.0 % returns on CDs, but CSCA earns a 0% rate by not reinvesting them.
   ii. Discussion of proceeding with a RFP for a new investment advisor. It would be good to try to introduce more transparency into the cost of the advice we get from our current (or a new) advisor.

VII. New Business
a. Transition in Board Treasurer Role—Nick Giannotti does not expect to maintain Cameron Station ownership through the full year of his term but will serve until he is no longer eligible to do so. The Board will appoint a new Treasurer when that happens.

VIII. Adjournment: 8:09 PM