

TMA FINANCE COMMITTEE (FC)
October 27, 2011 * 1:00pm – TGCC

MINUTES

*TMA FC members in attendance: Bob Bolcik (*arrival at 1:25pm*); Nancy Breo; Karen Clark; Mike Dunn; Maureen Gee, John Leone, Gene Martin, Chair, Ray McCray; Joe Wojtkowski

* TMA Treasurer and Board Liaison to FC: Beth Bond

* TGCC Staff in attendance: Tony Greising (*arrival at 1:42pm*); Larry Perkins

* Guests in attendance:

TMA Board Members: Andy Cotsanas; Bob Dallesandro; John Lane

TMA Members: Mike Dyer; Lynne Hudson; Marian Meyer; Joe Palacio; John Woolley.

PRE-MEETING SPEAKERS: LYNNE HUDSON

Lynne Hudson complimented the FC members on their past performance in producing the 2012 TMA budget and has similar expectations for the future work of this committee.

CALL TO ORDER

Gene Martin called the meeting to order at 1:01pm, with a quorum confirmed.

APPROVAL OF MINUTES

The minutes of the September 28,, 2011 TMA Finance Committee Meeting were presented for approval. The following changes were requested:

- a) Delete 165% on Page 3, Item F.

John Leone discussed his concern about the detail provided in the FC minutes and its being subject to interpretation by third party readers. Clark pointed out that this committee had previously agreed to provide detailed minutes. Dunn pointed out that detailed minutes provide an important record of the due diligence conducted by the FC in carrying out its charge to prepare a budget that is as accurate and fair as possible to all TMA members.

Mike Dunn motioned, seconded by Karen Clark, that the minutes of the September 28, 2011 TMA Finance Committee be approved, as amended. The minutes were approved (6-0). In favor: Breo, Clark, Dunn, Leone, Martin, & Wojtkowski. Abstaining (2): Gee & McCray (they were not in attendance at the September 28th FC meeting.) Bolcik was not present for the vote. (Bob Bolcik arrived after the vote was taken.)

AGENDA ADOPTION

The agenda was approved by consensus. (Note: A copy of the agenda is attached.)

REPORTS

A. Criteria Used in Selecting 2011-2012 Committee Members

Martin explained that he used the following criteria and process in putting together the 2011-2012 TMA Finance Committee:

1. Even Representation between Tara & Preserve (3-3)
2. Continuity from 2010-2011 FC Committee (Martin & Wojtkowski_
3. Fresh Faces (Bolcik, Breo, Dunn and Clark)
4. Gender Neutrality (Breo & Clark represent female minority)
5. Reviewed choices with TMA President, who indicated that some candidates might be considered controversial

B. Board Liaison

Beth Bond provided a summary of finance committee-related actions taken by the TMA Board at its October 10, 2011 meeting.

1. The TMA Board passed the 2012 TMA Budget, as presented by the FC, by unanimous vote (7-0).
2. The TMA Board passed a motion (Four (4) In Favor: Dallesandro, Frederick, Lane & Palacio; Three (3) Opposed: Bond, Cotsanas, Horner) to add two (2) additional members to the TMA Finance Committee, with the rationale being (a) to add a member from the “orphans,” and (b) to provide additional manpower for the FC to complete its work (which the Board felt was not completed.) The motion included the provision that the two new members would be appointed by the TMA President, who subsequently appointed Ray McCray and Maureen Gee.

3. The TMA Communications Committee Chair recommended that the Board agree to post committee minutes on the TMA web site. The Board Liaison for the Communications Committee brought the motion to post committee minutes on the TMA website and the motion passed. (*The vote tally was not provided.*)

Nancy Breo asked which of the two new members appointed to the FC were “orphans.” Ray McCray and Maureen Gee responded that neither were “orphans.” The FC members asked that Bond bring an inquiry to the TMA Board about the appointment by the TMA President of the two (2) members to the FC that did not follow the Board motion of October 10th. The FC Chair recognized the TMA President, who was present at the FC meeting, for an answer to the inquiry. The TMA President declined to answer and referred the inquiry to the TMA Board.

(Tony Greising arrived at 1:42pm)

C. Asset Study Status

Leone explained that the subcommittee (Leone, Clark & Dunn) met just prior to the FC meeting. Values have been determined for existing items, but several items are in flux, such as likely to emerge as a result of the forthcoming Long Range Landscape Planning Committee (LRLPC). Bond explained that the intent is for the LRLPC to develop a progressive 1-year; 3-year; 5-year plan. Dunn explained that Leone is putting together a format for the set numbers and a process for valuation of the items in flux. Breo requested, and Leone agreed, that the format be presented to FC members at an upcoming meeting.

D. Insurance

Joe Wojtkowski reported that TMA insurance renewals are due November 1st. The 2012 premiums will total \$9,189.17, which represents an increase of approximately \$46 from last year. Tony Greising stated that he had provided the insurance agent with the number of light poles along Tara Boulevard and information about the control boxes. Breo inquired about self-insurance of TMA property relative to the exclusions in the policy. Wojtkowski recommends that the TMA continue the insurance policy because the premium cost (\$1,000) vs. the risk to the TMA of self-insurance favors the TMA keeping the insurance. The FC members agreed by consensus with this recommendation.

E. Recommendations for 2013 Budget Preparation (see Attachment #2)

Clark reported that she and Breo had met to compile recommendations from past FC minutes for 2013 Budget Preparation. The discussion of these recommendations included:

1. *Committee Selection & Composition:* Leone and Maureen Gee expressed the importance of including seasonal residents on TMA committees. Gee pointed out that seasonal residents pay the same TMA fees as full-time residents. FC members agreed. Clark read from the FC Mission & Charge that limits committee membership to 5-7 members. The FC requested that Bond take an inquiry to the TMA Board to clarify the increase of FC membership to 9 persons as either a one-year change or a change to the FC Mission & Charge. McCray presented two documents from the TMA Board of Director’s Handbook (Handbook) relating to the selection process for committee members. Bond informed the FC that the TMA Board has scheduled a workshop meeting for November 4th at 9:00am at the TGCC Clubhouse to review the Handbook. Bond reported that the policies and procedures in the Handbook have not been adopted yet and will be discussed.
2. *Budget Timeline:* The FC members requested that Management staff prepare a timeline for budget preparation based upon logistical requirements (i.e., lock box, notice to members) and the governing documents. Breo suggested that the timeline in the governing documents would offer the FC more time to complete the budget review and preparation process.
3. *Role of the Board Liaison:* Breo presented Bond with a document from the October 2005 TMA Board minutes that addresses the role of a Board Liaison, which Bond took under advisement.
4. *Minutes Format:* Leone reported that the TMA attorney, Community Associations Institute (CAI) and Robert’s Rules of Order offer caution about detailed (“he said/she said”) minutes. The FC agreed to refer the minutes format issue to the TMA Communications Committee (CC) for guidance. The FC Chair recognized Lynne Hudson, Chair of the CC, who acknowledged that this is an agenda item for the CC.
5. *FCC & Bulk Cable Agreements:* Leone produced a legal opinion by the TMA attorney that removes any FCC issue relative to Bulk Cable agreements. Bob Bolcik suggested a survey of TMA members be conducted about the Bulk Cable Agreement, given that Cable represents the largest portion of the TMA budget and member assessment. Gee stated that Board members are elected to

represent their constituents and it is not necessary to survey the membership in the decision-making process. Dunn stated that he is an advocate of representative government; but representing constituents effectively requires knowing what matters to them. In this instance, the Cable contract represents 2/3 of the TMA budget and a survey would provide guidance to the Board, and is, therefore appropriate. It was pointed out that community surveys have been conducted in the past on matters with far less financial implications.

F. TMA Financial Reference Book Status

Martin passed out a copy of the TMA Reference Book Index (See Attachment #3.) Breo read the minutes from August 11, 2011 where sections were assigned to specific FC members. McCray asked for a timeframe to be identified for Section 7. By consensus, FC members agreed that it would be 12 months floating. Greising reminded the FC that TMA official records are available to be viewed by TMA members in the management office. Clark suggested that the information should be posted on the TMA web site (Greising confirmed that much of the information is already posted.) McCray reported that a survey conducted by TGCC indicates that 90% have computer access. Clark suggested that the TMA Reference Book Index should be provided as a hard copy guide to cross-reference where information can be found on the TMA web site. Martin and Wojtkowski agreed to prepare a cross-referenced Index and present it at the next FC meeting. Bolcik asked Greising for a map of the TMA community which can be used to delineate TMA responsibility. Greising does not have a detailed map of the entire community, but does have a map of Tara Blvd. that details TMA responsibility. Leone explained that he has been working on a project for over a year that will compile all map plats of the TMA community into one binder that will be available to TMA members to view. The compilation is almost complete, with the exception of a few plats. Bolcik requested delineation of the 120' Tara Blvd. Right Of Way. Leone acknowledged that there are three plats of land (4.01, 4.02 and 4.03) that identify a strip of land along Tara Blvd., from Stone River Road to Melrose Place that are deeded to the TMA. Breo explained that her research has identified these three strips of land as TMA Common Property whose maintenance is a Tara only expense, while the 120' Tara Blvd. Right of Way is a TMA common expense to be shared equally by Tara and Preserve members. Further research and discussion is required for the FC to reach consensus on this issue.

G. September TMA Financials

Larry Perkins reported that three more members are in the category of owing \$1,000+ which increased that number from 43 to 46. These are not new delinquencies, but the result of accruals of fees and interest owed. The total for the Age Account Receivables is approximately \$116,000. Breo asked Perkins to explain to the two new FC members which cost items on the check register would be Tara only expenses in 2012. Gee and McCray said they were aware of the cost items and Perkins offered that they could ask him questions after the meeting.

H. OTHER ITEMS

1. Breo will email Past FC minutes to the two new FC members.
2. Leone requested that "Old Business" be added to the Agenda format.
3. Bolcik and Clark announced that they will be absent for the November 16th FC meeting. An effort was made to change the date to accommodate their attendance, but no suitable alternative was found.
4. Breo distributed a Historical Summary of the TMA Reserve Fund Development that she had researched from past TMA FC minutes. (See Attachment #4) (FC members are encouraged to read the summary and verify its accuracy by their own review of the minutes prior to the next FC meeting.
5. Discussion of reapportionment of Tara Only Expenses, Reserve/Replacement Fund and review of electrical charges was postponed until the next FC meeting.

COMMITTEE MEMBER COMMENTS:

No Comments offered.

FUTURE FINANCE COMMITTEE MEETINGS

Dunn asked that a larger meeting space be provided to accommodate the larger committee and increased attendance by TMA members. Greising said that future meetings can take place in the TGCC Clubhouse :

*Wednesday, November 16, 2011 at 9:00am at TGCC Clubhouse

*Meetings from January through April 2012 will be held on the fourth Wednesday of each month at 9:00am at TGCC Meeting Room (next to Cart Barn.)

Wojtkowski motioned, seconded by Dunn, to adjourn the meeting. Meeting adjourned at 2:55pm by unanimous vote of 9-0.

POST-MEETING SPEAKERS: None

Respectfully Submitted by,

Nancy Breo

Nancy Breo

Attachment 1: Agenda

Attachment 2: Recommendations for 2013 TMA Budget Preparation

Attachment 3: Historical Summary of TMA Reserve Fund Development

DATE APPROVED: November 16, 2011

ATTACHMENT #1

Tara Master Association Finance Committee Agenda- October 27, 2011 - 1:00PM

PRE-MEETING: TMA Member wishing to speak for 3 minutes on AN AGENDA Item:

1- _____ 2- _____

3- _____ 4- _____

Establish Quorum, Members Present: 1- Bob Bolcik; 2- Nancy Bero; 3- Karen Clark; 4- Mike Dunn; 5- John Leone; 6- Gene Martin; 7- Joe Wojkowski (Strike thru Absentee's)

Approval of September 28, 2011 Meeting Minutes:

Motion By; _____; 2nd; _____; Vote: _____

Agenda:

Reports:

Chairperson: Criteria used in selecting 2011-2012 Committee Members

Board Liaison Report: Reference October 4, 2011 TMA BOD Meeting

Asset Study status

Insurance Status

Discussions Items:

1. FC Minutes Format
2. FC Charge
3. TMA Financial Reference Book
4. Reapportionment of Tara Only Expenses
5. Reserve/Replacement Fund
6. Review Electrical Charges
7. Review Sept Financials

Additional Agenda items to be discussed?

Additional Committee Member Comments:

**Scheduled Date of Next Meeting Date- Wednesday November 16, 2011
Time- 9:00AM
Place- TGCC Meeting Room (Cart Barn)**

Adjournment:

POST-MEETING: TMA Member wishing to speak for 3 minutes on any Item:

1- _____ 2- _____

3- _____ 4- _____

Attachment #2

Mission and charge

Committee membership

Dates for selection and number of members

Preference for permanent residents as most work will be done in September

Work materials/ notebooks

Role in contract review (Which ones have financial implications)

Role of liaison

Define budget process in terms of schedule and dates.

Minutes format

Other budget issues

- Amount needed to have as “cash on hand”
- Review Tara only expenses with regard to “orphan areas”.
- Review thoughts about obtaining revenue from advertising fee placing golf clubs on TMA signage at entrance
- Reserve fund
 - Legal issues
 - History

List of items discussed that appropriately should be at Beth’s discretion to take to the board.

- Clarification of the Indemnification Clause in the Cornerstone contract
- Expenditure for TMA attorney at board meetings
- Potential need for electronic back-up for records storage
- Discuss self insuring property vs carrying property insurance
- Possibly have Landscape contractor make a presentation to BOD meeting to clearly delineate areas to be maintained under TMA contract.

Item for communication committee

- FCC and Bulk Cable Agreements

TMA REFERENCE BOOK INDEX

SECTION 1.

Introduction: Mission Statement (what is this book intended to do...to whom is it directed;
Book NOT intended to ever replace reasonable dialogue between residents and TMA, management or others;
Intended to answer most questions about budget, budget prep and process; intended to be ongoing, ever changing document
GUIDELINES for book usage: book will always be kept at TMA Office.
Any resident may request to view, use/copy (at their expense) any portion(s) of the book
Book may NOT be removed from TMA management premises (or where ever it is decided to be kept)

SECTION 2.

Recap summary of community history from initial Tara development (phase 1) thru the
Preserve development (phase 3). Include description of the Sub-Association entities (include number
of residential units) that compose the TMA.
General description of how each entity (TGCC, CDD, Condo Associations) are or not included in the
TMA budget process.

SECTION 3.

Finance Committee Mission Statement.

Reference Documents:

- Tab A. List applicable State statutes.
- Tab B. List CC&R Articles relating to Budget responsibilities.
- Tab C. Map of Geographic Community Boundaries(color coded delineating which of the
various community entities are responsible by area).

SECTION 4. Vendor list that includes:

- * Summary of scope of work.
- * Request for bid specifications (RFQ)
- * Copy of contracts.

SECTION 5. Budgets & Audits

- Tab A. Approved budgets for proposed year and past 3 years.
- Tab B. Audit reports and Board's decision relating to audit findings.

SECTION 6. Financial Reports.

- TAB A: Detail description of General Ledger Cost Codes Accounts for Expenditures.
- TAB B: Controllers Reports
- TAB C: Balance Sheets
- TAB D: Income Statements
- TAB E: Check Registers

SECTION 7. Finance Committee Minutes

SECTION 8. Frequently Asked Questions (FAQ)

Include items such as budget timelines... budget proposal submission and time line by Management
Company to Finance Committee for review and approval, date Finance Committee must finalize budget
and forward to Board for consideration, date Board must be approved and notify residents.
Add questions to FAQ as they are identified from ongoing input from community and/or management.

Notes:

1. Financial Report formats may need to be reviewed for clarity.
2. Suggest Committee discuss implementing a WORKSHOP with residents to solicit input from residents BEFORE
Committee budget is forwarded to the Board. Currently the Board receives comments during their meeting negating
any serious resident suggestions
3. Other committee's and Board work processes should be identified for review.

ATTACHMENT #4

HISTORICAL SUMMARY OF THE TMA RESERVE FUND DEVELOPMENT

The following is an excerpt from the 2005 TMA Budget

The 2005 TMA budget that was adopted by the developer, and turned over on May 20, established a \$5,000 budget for fence-reserves for Phase I (aka Tara.)

*The following are excerpts from TMA Finance Committee Minutes
August 2005 – March 2011 (prior to the current committee's tenure)*

August 22, 2005

“There is a potential cash balance of \$175,000 at the end of 2005. Tony will be recommending reserve and contingency budget lines for 2006.”

September 21, 2005

“Cathy reminded the committee that contingency and reserve funds are needed.”

October 6, 2005

“Chairman, Bill Kelley, talked at length about deficits and the need for a reserve fund. He proposed raising the homeowners maintenance fee \$10 or \$20 to maintain this needed fund. A philosophy is also needed as to what this money is going to do for the homeowners and raising the fee by a small amount would be the simplest way to create and/or maintain a reserve fund. By maintaining this fund, it would keep the association from operating at a deficit in 2006 and in the future. There is a \$150,000 balance from the 2005 budget. 2004 and the first part of 2005 are all unknown costs making it a necessary possibility that a reserve fund is needed for 2006. Bill suggested that the Finance Committee recommend the board set aside \$40,000 to come out of general funds. Remove \$35,000 from the surplus and add it to the reserve of \$5,000 making a total of \$40,000. Raising fees by \$20 per household for 2006 creates a balance budget and raises the necessary reserve funds.”

December 15, 2005

“The Board has now established a Reserve Fund that is currently \$40,000 but we expect to add \$35,000 to that Fund during by mid 2006, bringing the Fund to the preferred level of \$75,000. This should permit future major repairs or replacement of uninsured or unfunded common facilities.”

October 13, 2008

“He (Larry) discussed the 2007 auditors note on surplus operating funds and he stated that funds remaining at year end must either 1) be returned to the membership OR 2) have fees carried into the next year reducing the year's annual maintenance fee OR 3) have the funds moved into Reserves. There was consensus that returning funds directly to the membership was not the best choice for TMA.”

March 13, 2009

“Don (Stoddard) suggested that 2009 was the time to schedule a formal reserve study. Cathy (Woolley) agreed to research topic because she was completing similar research on behalf of TGCC.”

October 9, 2009

“Larry proposed that any 2009 surplus be approved by the Board for deposit to the Reserves in late December 2009.”

March 8, 2010

“Larry Perkins reviewed the 2009 Audit’s final draft in great detail. He reported that it was a clean audit with no issues on internal controls. The tax return is due shortly and the 2009 refund has been received. Gerrit suggested that Larry review the reserve note for clearer language. Larry will review the notes prior to finalized the audit. There was a discussion of the TMA Designated Funds Account (commonly referred to as Reserves.)

There was a review of the \$313,000+ currently in the Designated Funds/Reserve account. “

September 22, 2010

Perkins explained that the TMA does not have “Statutory” reserves. All TMA Reserve fund monies were created with annual excess revenues over expenses that were removed from the day to day operating account to the Board Designated Fund called Reserves. The are available to use as the Board deems advisable within the constraints of the documents.”

September 27, 2010

“Shuford stated a reserve study would be to assure that reserve fund cap is appropriate and adequate.”

March 3, 2011

John Leone to discuss Accounts Receivable Aging and the TMA Asset Study. There is a good possibility that an outside firm will not be required in order to the complete the Asset Study.