

April 14, 2011 Budget/Finance Committee Meeting

Present: Bill Lehman, Bill Fischbach, Bruce Ervans, Larry Murphy, Carla Helmstadter (AAM)  
Meeting called to order at 7:00pm.

1. Results of Audit: Discussion occurred with auditor (Roy) who provided a brief overview of the audit. Because of the large number of associations, is why the audit took the length of time. Discussion regarding the over \$300,000 of net worth, which in reality is only a small portion since most of the amount sitting in that receivable is uncollectable due to bankruptcies, foreclosures, short sales, etc. Roy will provide the committee and board with recommendations on how to "write off" the uncollectable debt, and provide some realistic ideas in how to better manage our cash flow.
2. How to collect on assessments or fines, not paid by homeowner: Carla brought Kevin from AAM who explained that AAM has different options on collecting unpaid assessments. The original program would have AAM fronting demand letter and lien costs up front but back billing the association. This is not acceptable to committee, Kevin will now write a proposal which has AAM taking on the up front costs, and not back charging the association. Carla also is using a collection agency at another property with good success, she will provide the committee and the board with a report showing the success rate, and if it is something we should consider.
3. Collectable vs. Uncollectable debt: Kevin is preparing a very detailed report broke down by each home in the association that is in bad standing, this will be provided to the committee and board so that it can be determined which debts we can be realistic over what we should go after vs. what will never be recovered and needs to be written off, this is necessary to accomplish item #1, on reducing the net receivables we have.
4. ELS: Carla and AAM reviewed the information received from Bill L in regards to the overpayment on streetscape and have determined that a overpayment of \$52,000.00 has occurred, in addition 30% of the streetscape is also dead, and ELS has never replaced the plants killed by the growth retardant not authorized by the previous board. AAM is preparing a demand letter to recover the overpayment.
5. Rancho Del Rey: The original CC & R's document have been presented and it appears that that community has a cap of an annual rate of \$250.00 a year, the last increase approved in 2009, has taken the community over the cap, although there is language that suggests a 5% increase, because it is confusing, AAM will have their team review and if appropriate sent out for review by an attorney for clarification.

Meeting adjourned at 9:30pm