

CAM Charges Review of UFM by UWA CAM TEAM 2020.

Please find below Minutes of Meeting held at UFM office, Urbana.

**Meeting: 8<sup>th</sup> May 2020, Friday and 14<sup>th</sup> May 2020 (Thursday)**

**Time :** 3:00 pm till 10:00 pm and 4:00 pm till 8:00 pm

**Venue:** UFM Office, B1, Club Urbana

**Attendees:**

- ✓ Debjani Mookherjee (SVP, BNRI and Director, UFM)
- ✓ Gautam Nandy (CEO, UFM)
- ✓ BNRI and UFM Finance Representatives - Mr. Anjan Bardhan and Mr. Vijay Khemka, Mr. Prasun from Helpdesk Team.
- ✓ UWA CAM team 2020 (Sujit Bhattacharya, Raja Saraogi, Anand Saraf)

**Agenda:**

- #) UFM had issued a notice on 9<sup>th</sup> January 2020 notifying residents of CAM being increased from 2.25/- to 3.00/- per square feet and shared cost break up of Rs. 2.99/- per square feet (based on 01.04.2019 till 31.12.2019 data) to CAM TEAM 2020 on 15.01.2020.
- #) UFM and UWA CAM Team 2020 initiated its last leg of meetings since April 11, 2020 onwards as a part of a comprehensive and joint review of UFM CAM income and expense statement, led by Mr. Sujit Bhattacharya on behalf of CAM TEAM 2020 and Mrs. Debjani Mookherjee from BNRI/UFM.#) UWA CAM Team 2020 and UFM analyzed and evaluated CAM charges on the basis of actual data from 01.04.2019 till 31.03.2020.
- #) The above data was used by us to arrive at a projected cost estimate for CAM w.e.f 1st May 2020 to be collected by UFM from residents.
- #) Every expense was reviewed, justification sought by CAM TEAM on whether the cost was appropriately allocated, accounted for and efficiently spent.
- #) UFM provided justification and missing data wherever possible to establish the costs estimated.



## Key Discussion Points and Conclusions - Summary

At the end of a long meeting at 21:30 hrs on Friday, 08th May, we agreed upon and arrived at the below conclusions:

a) From 1st May, 2020 the CAM charges have been fixed at Rs 2.40/square feet instead of INR 2.75/square feet.

b) For March and April 2020 where UFM had raised Bills @ 2.75/square feet, the amount will remain at Rs 2.75/- per square feet.

The CAM Team, after a lot of back and forth, agreed to the above rate of 2.75/square feet only for March and April 2020 to absorb part under recovery of CAM in FY 2019-2020 because of the following reasons:

- There were certain ongoing Vendor Contracts and service Agreements where cost reductions could not be implemented and rectified till the end of March /April 2020.
- Due to COVID lockdown, the specific vendor contracts had to be extended by one month, till the end of April.
- Keeping the above situation in mind, CAM TEAM felt that due consideration needed to be given, for efforts put in by both UFM and BNRI for improving efficiencies and reducing costs over the last few months since the intervention of CAM TEAM 2020.
- Further, the CAM Team 2020, having raised several issues regarding operational efficiencies and accounting systems being practiced at UFM, thought that it was prudent to take cognizance of UFM response that "until now, no one had gone into such detail review, questioning and data mining unlike the CAM TEAM 2020 insisted on doing."
- It was duly acknowledged and appreciated by CAM TEAM 2020 that above change will come with a lag as they also involve a month or two of transition period to adopt new changes.
- UFM is incurring additional costs to take care of food, accommodation of UFM staff deployed since lockdown.

c) Impact on Residents

- Residents who had paid @ Rs 2.25/square feet on advice of UWA CAM Team 2020, will need to pay the difference of 0.50/ square feet for two months in March and April 2020 since discussions were ongoing.
- However, it has been agreed that the Interest charged on the non-payment of the additional Rs 0.50/square feet, (2.75 minus 2.25 = 0.50/-) will be waived for all residents who paid at 2.25/- on advice of UWA CAM TEAM 2020. The interest waiver will be done through a credit note issuance within the month of June 2020.
- In case your CAM invoice of May 2020 will still show interest due amount, please ignore the interest amount and pay the CAM bill since the adjustment will be done within June 2020.
- Residents who paid at 2.75/- as per invoice raised in March and April 2020 need not do anything. They will just need to pay at the new agreed rate w.e.f 1<sup>st</sup> May 2020 @ 2.40/ square feet.
- Residents who did not pay their Bills at all, Interest will be charged for non-payment on Rs 2.25/square feet and not on 2.75/- since CAM

Team did not advise non-payment to UFM.

- d) It was also decided that CAM charges would be monitored and re-assessed every three months going forward. Next date of re-assessment would be August 14, 2020.
- e) It was further agreed that:
- There is scope for incremental cost saving measures, incremental efficiencies that can be achieved going forward by UFM.
  - Accounting practices would be suitably modified and statements will be produced in future as per Budgeted heads.
- f) To avoid a deadlock going forward, it has been decided that UFM Management would meet with the UWA CAM TEAM (Committee) once every fortnight for at least a period of the next six months to :
- Review the working of UFM
  - To review payments, made over the previous 15 days and coming up over the next 15 days for every month.
  - However, the UWA CAM TEAM will not be held responsible for collection of CAM or for the Cash Flow of UFM.
  - Once the systems are found to be working smoothly, reviews will be reduced to once each month.
- g) It was reiterated to UFM team That Club Urbana Accounts be maintained separately under separate cost centre accounting mechanism. This would allow clear segregation of Tower related expenses. In some cases, there is already a bifurcation that exists. However, this is not always followed whilst accounting.
- h) Before any new Contracts are signed / old ones renewed in future by UFM/ any major variance in expenditure under any expense head (old and new), the CAM Team/Committee will be consulted and decision taken as per mutual consent.
- i) Some of the expenses included under CAM charges were by nature related to CAPEX. In a residential complex such as Urbana, such requirements will be a continuous process. Hence, it was decided that on a monthly basis, if there are any savings, these would be utilized towards meeting any Contingency expenses.
- j) Use of Funds from this Contingency corpus will require prior written authorization from the UWA CAM Team / Committee. These funds will be utilized towards Capex items or if it is seen that over a period of three months on an average, there has been a rise in prices which require additional funding.
- k) CAM Team also urged UFM to reallocate Deposits corpus from Fixed Deposits into Direct AAA/AA+ equivalent Bonds of specific issuer Banks like State Bank of India, HDFC Bank, ICICI Bank.

- l) The target date for above has been set as May 31, 2020 since the above change will result in increased income on Deposits Corpus.
- m) Accumulated past losses of UFM is yet to be assessed and finalized.

**Club charges of 1200/- per membership**

n) CAM Team 2020 has fully analyzed the Club Income and Expense estimates since 01.04.2020. It is in deep losses. We have reworked on the Club financials - got UFM to provide data under two separate heads:

- 1) Club Restaurant Income and Expenses
- 2) Rest of Club - Income and expenses

**COVID Expenses / Savings**

- Assessment of Tower CAM / Club subscription potential savings due to reduced manpower on duty during COVID lockdown is yet to be finalized since UFM is incurring extra costs to accommodate the staff currently staying and working at Urbana premises.

The CAM TEAM 2020 wishes to put on record, its appreciation for UFM Team led by Mrs. Debjani Mukherjee (Director UFM and Senior Vice President, BNRI), CEO UFM - Col. Gautam Nandy, Mr. Anjan Bardhan (Accounts, BNRI) and Mr. Pradeep Sureka (Director, BNRI) for getting personally involved in the discussions since last 4 weeks and putting in the long hours along with CAM TEAM to arrive at a mutually agreeable solution.

With Warm Regards

UWA CAM TEAM 2020

  
Anand Saraf (T6/1404)

  
Raja Saraogi (T6/1902)

  
Sujit Bhattacharya (T6/2602)



Debjani Mookherjee

(SVP, BNRI and Director, UFM)

Col. Gautam Nandy

(CEO, UFM)