MEETING MINUTES

1. Call to Order
   a. The meeting was called to order at 7:02 pm.
   b. Members Present: Chairman Jeff Gathers, Mahl Avila, Takis Taousakis, Ted Pickett, Bill Blumberg, Joan Lampe
   c. Board Liaison Present: Megan Brock, Treasurer

2. Approval of Agenda
   a. The agenda was approved unanimously.

3. Approval of Minutes
   a. The February 23, 2017 draft minutes were approved unanimously.

4. Resident Open Forum
   a. Resident Alexandru Cebotari joined the Committee meeting for the second time as an applicant for an open position on the FAC.

   b. Mr. Cebotari inquired about the process for posting minutes and related information to the CSC Resident website. The Chairman explained that CMC management company staff are responsible for posting the monthly FAC minutes on the CSC website, once approved by the FAC membership.

5. Review of Financial Results

      i. The February financial reports had been distributed by CMC to the FAC members the previous day via e-mail from Jan Ward. Jan is a Vice President and HOA Division Director with CMC. She is acting in place of Bette Sanft during Bette’s current extended absence. The chairman noted a few items for clarification during the committee’s review of the statements; however, no items of significant concern were noted. Total expenditures were under budget for the second consecutive month.

      ii. The chairman commented more broadly on the absence of the CMC Community Manager. All daily operations at Cameron Station are now overseen by Jan Ward, who has been working from the Cameron Station office several days a week. The FAC has not been updated as to how long Bette Sanft is expected to be out of the CSCA office.

   b. Committee members initiated a discussion of opportunities to improve the monthly financial information received from CMC – specifically pertaining to expenditures from both the (major) Repair & Replacement Reserve (RRR) and the Capital Improvement Reserve (CIR). Reporting of these expenditures in the current “tabular” financial exhibits is limited each month to the
dollar adjustments in each reserve’s account balance (i.e., as posted in the Owners’ Equity section of the Balance Sheet). Specific expenditures during the month are also documented in the General Ledger Report. However, the corresponding “budgeted” amounts, e.g., from the (RRR) “Reserve Study,” are not referenced in the financial report at all. As a matter of financial accounting procedure, the current reporting approach is arguably comprehensive and appropriate. However, an FAC consensus suggests that it provides incomplete “management information” to readers of the reports.

c. In its current form, the letter-style “Variance Report” that accompanies the financial statements similarly provides considerable detail on individual operating accounts that are running ahead of, or behind, year-to-date budgets. Members suggest that a modified Variance Report could include comparably detailed explanations of both actual and expected changes in the reserve account balances with descriptions of work performed, dates, and other details as agreed upon.

d. An additional monthly reporting item relates specifically to monthly expenditures (or lack thereof) on the major projects enumerated in the externally-prepared “Reserve Study.” The current reserve study presents a year-by-year projection from 2017 through 2046 of expected expenditures in roughly 50 categories of “major repairs and replacements” related to Cameron Station’s infrastructure. The CSC operating budget directs a specific portion of monthly assessment income ($25,708 in 2017) to supplement the RRR equity account balance. The long-term schedule of such contributions has been designed to maintain a strong positive balance in the RRR account throughout the projection period -- while the actual costs of reserve study projects draw the balance down. The reporting gap of concern to the FAC is in matching the actual month-to-month payments on reserve study projects to the “budgets” depicted in the reserve study itself. In addition to bolstering the monthly reporting of expenditures on reserve study projects, the FAC encourages more detailed “budgeting” of each year’s planned reserve expenditures as each project is planned and contracted. FAC members understand that these recommendations will require further discussion with our Board Liaison and the FAC Chair before review with CMC. The committee recommends that this discussion also includes the extent to which CMC prepares similar reports for other HOA clients.

e. Members also reviewed other aspects of the Variance Report (see 5.c. above) as currently prepared by CMC. A consensus supported compiling recommendations in a report to be presented to the Board and CMC management. Ms. Lampe agreed to send a “mock up” of the February Variance Report to the FAC Chair and Board Liaison, in anticipation of a full review by all Committee members at the next FAC meeting in April.

f. Chairman Gathers distributed a document to all Committee members prepared by Ms. Lampe as a follow-up to CMC’s distribution and review of the December 31, 2016 Financial Report. Based on the language and structure of the 2014 Management Agreement between the CSCA and CMC, Ms. Lampe’s draft presents a framework for conversation on specific CMC financial reporting service commitments – with the objective of refining future expectations by both the FAC and the CSCA Board. The Chairman agreed to recommend to our Board Liaison that a few representatives from the Board and/or FAC meet with CMC management at appropriate levels to review the existing terms of the agreement related to financial and accounting operations.
6. Old Business
   a. Finance Committee Vacancy
      i. See 4.a. above. An additional applicant had shown interest in the open position but was unable to attend this meeting. She could not be present at the current meeting and (with her gracious acceptance) her candidacy will be deferred.
      ii. The proposed appointment of Mr. Cebotari can become official with Bryan Schneider’s resignation at the end of the current meeting.

7. New Business
   a. No new business issues were presented.

8. Executive Session
   a. The Committee members unanimously approved Mr. Alexandru Cebotari as a new member of the FAC. A recommendation will be submitted to the Board accordingly.

9. The meeting was adjourned at 9:14 pm.