MEETING MINUTES

I. Call to Order
   a. The meeting was called to order at 7:04 pm.
   b. Members Present: Chairman Jeff Gathers, Bill Blumberg, Joan Lampe, Sarah Meyer Walsh
   c. Others Present: Martin Menez, Treasurer and Board Liaison, Megan Brock, Board President, Jon Dellaria, Board Vice President
   d. CMC Management: Judy Johnson, General Manager and Deirdre Baldino, Assistant General Manager
   e. Absent: FAC Members: Alex Cebotari, Takis Taousakis

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

III. Resident Open Forum
    a. Residents present at the meeting included representatives from certain CSCA Committees to review highlights of their respective draft operating budgets for 2019. Also, Mr. Fred Blum, who has submitted his application for the vacant FAC position, attended to observe proceedings and confirm his interest.

IV. 2019 Budget Preparation: Committee Chairs Presenting:
    a. Activities & Events Committee
       Mr. Andrew Yang (Chair) presented a summary of the expected costs for the 2019 budget, noting the largest line items were the Pool Party and Year-End Holiday Party. Mr. Yang also stated that the Activities Committee has managed costs well during the year, while staying under budget and scheduling at least one adult and one child activity per month for the community. FAC and Board members had questions about the approach by CMC’s Accounting department to track charitable donations from sponsors, specifically the cash and checks received from vendors and others during the year. Discussion followed to review opportunities to improve the process of accounting for charitable donations, i.e., assistance by commercial entities in covering the cost of specific events. This process has become somewhat more complex this year as a number of donors have opted to make “in-kind” contributions, i.e., goods or services of value in lieu of cash. For example, a donor may supply pizza for a specific function directly rather than contribute $200 for the Events Committee to make the same purchase. These contributions make sense for all parties, but the “randomness” of
their use can complicate the budgeting process as the transition proceeds. In accounting terms, both “Charitable Contribution” income and Events expenditures will be less than if all contributions were in cash. There will be some level of trial and error during the transition.

Ms. Brock and Mr. Gathers discussed a proposal for each committee to review the budgets once more. The CSCA Board recommends that each committee identify five (5) items in the scope of its budget that can be prioritized for expense reduction next year. The purpose of this exercise is to create a scenario for the Board to (1) demonstrate its prudent stewardship of HOA funds; and (2) enhance its ability to react in the event of unanticipated circumstances that result in significant unbudgeted costs to the Association. A truly historic snowfall event would be one example. Discussion followed.

b. Cameron Club Facilities Committee (CCFC)
Messrs. Ray Celeste and Dick Shea were present to review the 2019 operating budget. A significant majority (79%) of costs in the CCFC budget are already locked in by the Pool and Health Club management contracts, both of which were recently renegotiated. Mr. Celeste stated that the remaining budgeted costs for next year, approximately $61,000, are for supplies replenishment, repairs and other maintenance costs. These amounts are difficult to “pare down” with confidence. Repair and maintenance related to the fitness equipment is particularly difficult to forecast. The Board members present suggested that Committee members review the Fitness Equipment’s replacement costs and time intervals. All acknowledge that this effort will have a more significant effect on the update of the reserve study than the operating budget.

Messrs. Celeste and Shea are comfortable with the operating budget for 2019 as presented. However, Mr. Celeste noted that Ms. Johnson had already mentioned a few ideas on accounts that might be subject to reduction. He also stated that his next step will be to get together with Ms. Johnson to agree on any expense account modifications that can be made before the 2019 budget is finalized.[Mr. Dellaria left the meeting at 7:40 pm.]

c. Common Area Committee (CAC)
Mr. Allen Brooks was present from the CAC to review the proposed 2019 operating budget. Mr. Brooks highlighted certain areas that might be subject to cutbacks, including the flower rotations in the primary entrance areas, turf treatments and Linear Park landscaping. Mr. Menez suggested that snow removal costs be reviewed over, for example, the most recent 10-year period. Mr. Gathers noted a significant increase in the Pet Stations account was included in the CAC Budget for 2019. It is important that this account (6690) is for maintenance expenses only (including bag supplies). The installation of any new stations would be subject to Board approval and be charged to the Capital Improvement
Reserve, not the operating budget. [Mr. Menez left the meeting room at 8:00 pm.] Ms. Brock requested feedback from the CAC on the condition of common areas and pocket parks and, specifically, whether these areas have been suffering any damage due to pet waste. Mr. Brooks indicated that Lancaster Landscapes has relayed some information back to the CAC that, while all areas have had a lot of rain this year, the pocket parks do not appear to have been damaged by the increase in pets’ access.

d. Communications Committee
No committee representative was present to review the 2019 operating budget; however, Ms. Johnson had previously shared a proposed budget with FAC members. FAC and Board members present noted that the original 2019 budget included a $10,000 line item for “Miscellaneous,” with no further detail provided. FAC members requested that Ms. Johnson share any additional information on plans for these funds provided by the committee chair. [Ms. Brock departed the meeting at 8:15 pm.]

With no further committee budget presentations, Part I of the FAC meeting was adjourned at 8:18 pm.

Part II of the FAC Meeting was called to order at 8:20 pm.

V. Resident Open Forum: FAC Issues
   a. General- No additional questions or comments from those in attendance
   b. Mr. Gathers introduced Mr. Fred Blum, an applicant to fill the vacant FAC position. Mr. Blum has lived in Cameron Station for 1½ years after moving from Florida. He is a financial advisor by profession. Fred provided the committee with additional background on his professional careers in investment management and in the chemical business. He has previous experience with not-for-profit boards and desires to be useful, supportive and active in the Cameron Station Community.

VI. Review of Financial Results

   Mr. Gathers opened the floor for questions on the July 31, 2018 financial statements package. Mr. Blumberg commented on two items affecting the financial statements:

   • The committee’s desire to see the year-to-date Resale Processing Fee income. Ms. Johnson offered that this should definitely appear in the August 31 financial statements. [It has.] FAC members would also like to understand in which account(s) the dollars had been posted previously and the amount
recorded year-to-date;

- The large current month’s variance reported for Fitness Equipment – Repairs & Maintenance (Account 6570). The current month credit of ($14,695.50) is not explained in the Variance Report, so it is difficult to understand what the adjustment is for or how it came about. Ms. Lampe suggested it may be an adjustment to reclassify capital items from the operating expense category. Ms. Johnson stated that she had not yet reviewed all the account variances appearing in the July 31 report. In addition, because of Ms. Johnson’s vacation schedule, Jan Ward (Division Director) had actually prepared and released this month’s financial packager. [Update: The entire year-to-date balance for Account 6570 had been transferred to the Replacement Reserve Account (3280). This was correct for some, but definitely not all, of the year-to-date expenditures. [The correct split has been recorded in the August 31 statements.]

FAC members discussed, in general terms, the time pressure for Management to deliver the entire financial package with accurate, meaningful content, and whether it may be better for Ms. Johnson to publish the financial statements first, and the Variance Report a few days later. This approach could afford Ms. Johnson an opportunity to review more thoroughly the account variances (actual year-to-date income and expense as compared to budget). Mr. Gathers commented that the compressed time line often fails to allow the Variance Report to be consistently both accurate and informative. This challenge is even more significant this year with the immediate posting of the “Board Package,” which includes the Variance Report, to the community website.

Mr. Gathers pointed out that the “tight reporting deadline” also limits communication. For those variances that do require management’s follow up, the findings are not routinely shared with the FAC. The members present at this meeting understand the limited time that Ms. Johnson has available, but want to find the best workable solution. Discussion followed.

Ms. Walsh added a few comments and questions to improve her own understanding of the July 31 Variance report, including the scope and operation of the capital reserve account and reference to “lower activity” in one variance comment. Discussion followed with Ms. Johnson. Mr. Gathers recommended that Ms. Johnson attempt to follow up on the largest and most puzzling account variances and, whenever a finding is determined, to e-mail him for referral to other FAC members.

VII. Old Business

a. Investment Realignment Implementation

Mr. Gathers shared an update on behalf of Mr. Menez. Because of a concentration of significant transactions at the very end of July, some
inconsistencies showed up between the Morgan Stanley balances in their own reporting and month-end data transmitted to CMC. We understand that Morgan Stanley has now completed a reconciliation of balances as of July 31, and all are now in line with expectations.

b. Selecting a Money Market Partner Implementation
   The Money Market account is already set up with Congressional Bank.

c. Repair & Replacement Reserve: Project Update
   i. Ms. Johnson stated that there may be an additional cost related to the John Ticer gazebo for the replacement of the columns. The pre-cast slab intended to be re-used actually needs to be replaced; the estimated additional costs will be presented to the Board next week.
   ii. Both Ms. Johnson and Mr. Gathers noted that a new Reserve Study will be conducted in 2019, which is before the date required by Virginia statute. Ms. Johnson will manage the RFP process with three candidate vendors that specialize in these studies for similar HOAs.

d. Drafting the Variance Report
   i. Please see discussion of this agenda topic under item IV. above.

VIII. “New” Business
   a. 2019 Budget Schedule
      Mr. Gathers surveyed members on the possibility of scheduling a budget-specific FAC meeting on a date prior to the regular monthly FAC Meeting on September 20. After review of calendars, members agreed the week of September 12 appeared workable for this purpose. Chairman Gathers will communicate available times to all FAC members via e-mail.

IX. The FAC meeting adjourned at 9:04 pm.

X. Executive session was called to order at 9:05 pm.

   The FAC members reviewed the qualifications for the FAC Applicant, Mr. Fred Blum. After a short discussion of the candidate’s business background and stated desire to serve the community, all members present voted to endorse Mr. Blum’s application for membership. This message will be relayed to the Board prior to its August 28 meeting.

   Executive Session adjourned at 9:08 pm