MEETING MINUTES

I. Call to Order
   a. The meeting was called to order at 7:11 pm.
   b. Members Present: Chairman Jeff Gathers, Bill Blumberg, Joan Lampe, Sarah Meyer Walsh
   c. Others Present: Martin Menez, Treasurer and Board Liaison
   d. Absent: FAC Members: Alex Cebotari, Takis Taousakis Judy Johnson, General Manager, CMC

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

III. Resident Open Forum
    a. No residents were present

IV. Review of Financial Results
       Committee members reviewed the June 30, 2018 financial package and the Variance Report. While the overall financial picture (Income vs. Expenditures) remains favorable, all members present expressed concern about the number of grammatical and numerical errors evident in this and other recent Variance Reports. A discussion of possible causes followed.
       • The Chairman suggested that month-to-month turnover among the signing accountants is a potential contributor. Specifically, during the four most recent months (March through June) of 2018, there have been four different signers.
       • Slower delivery of the raw financial data can also be a factor. In the final two quarters of 2017 and in early 2018, the Community Manager (and subsequently the FAC) had been receiving the financial package within the first two weeks of the following month (once as early as the 11th). It appears that, with the latest changes in staffing, we are again experiencing delays of at least several days in the publication of the “raw” financial statements from Chantilly and hence the Variance Report from Judy. The Community Manager’s challenge to deliver thorough analysis is only increased by time pressure from both directions.

The conversation continued with a focus on the specific errors in the most recent (June 30)
Variance Report. Mr. Gathers reported that he had independently prepared an edited version of just the “Balance Sheet” paragraphs in the initial published copy of the Variance Report. This draft was forwarded for review to the Community Manager and possible inclusion (in whole or in part) in a second draft of the full report. However, later in the same morning that the alternate draft had been submitted, a second version of the Variance Report was released to the Board of Directors and posted to the CSCA website—with Mr. Gathers’ Balance Sheet section incorporated verbatim. While Mr. Gathers was flattered by Ms. Johnson’s broad reliance on his suggestions, the lack of a collaborative process to reach that point appeared unnecessary and was disappointing. The FAC understands that our Community Manager has limited time and resources to prepare and publish the financial report package each month. Her responsibilities affect every resident of Cameron Station and require coordination with local staff, other committee representatives, multiple contractors, and her own management in Chantilly to ensure that the Association operates as the Board of Directors expects.

FAC members discussed several possible solutions to present to Management, including leadership in Chantilly. Suggestions included:

- Starting with the Balance Sheet Section, jointly draft an updated “standard” version of the monthly Variance Report, with a new template that could be used by CMC for future reports;
- Revive discussions from earlier this year involving the Community Manager, Ms. Lampe and Mr. Gathers to design useful but less dramatic potential revisions and enhancements;
- Amend the current practice of relying on the Community Manager alone to update and finalize the report using the existing template—that is, by allowing one or two FAC members to review the initial draft, check the numbers and suggest edits for consideration prior to publishing the final report in the Board package and on the CSCA website.

In regard to the last point, Mr. Menez cautioned that, if the Board prefers that the current CMC staffing be revised to support preparation of appropriately detailed and comprehensible reports for every committee and the Board, there may be a measurable incremental cost for the entire organization.

Ms. Lampe also mentioned that she would like to see Assessment Income Receivable “Aging” data, i.e., receivable amounts classified by number of months past the due date, included at some point in the Variance Reports. While Ms. Johnson has offered samples of readily available (C3-generated) aging reports, she has expressed concern about the challenge of “sanitizing” (removing names of individual owners and condominiums) the standard reports before sharing with the FAC. The available versions also appeared difficult to summarize and interpret on a “high-level” basis. Mr. Blumberg referred again to the amounts due from the condominium associations, some of which have historically lagged in transferring funds to the CSCA.
Separate reporting for the condos would be most useful, particularly for interpreting “surges” in total delinquencies from month to month.

b. Financial Data on the CSCA Website

Members briefly discussed the implications of prematurely posting financial data and the Variance Report on the CSCA website. Discussion followed. The wider potential audience increases the exposure to chagrin when words and/or numbers need to be revised after initial posting.

V. Old Business

a. Investment Realignment Status Report

Mr. Menez shared an updated listing of the Certificates of Deposit managed by Morgan Stanley, with the interest rates and maturity dates. He explained that he and Mr. Gathers have been working with Ms. Johnson to project the likely timing of major individual Capital Projects in the Reserve Study, e.g., the milling and overlay of asphalt on Cameron Station’s private streets. These 3-5 year quarterly expenditure projections are important in managing the availability of liquid funds to pay for them. If management can maintain a rolling 3-5 year timeline (measured in calendar quarters), the array of CD maturity dates can be closely matched to this schedule, and the risk of loss on premature CD sales can be minimized. While the Board of Directors must approve any of the capital projects, including those identified in the Reserve Study, the Board Treasurer (Mr. Menez) and the FAC need to play key roles in managing the “laddered” CDs. Messrs. Menez and Gathers agreed to a date of August 10th to confirm an updated Reserve Project Schedule with the Community Manager. This timeline will permit Mr. Menez to contact Morgan Stanley with an updated CD investment schedule.

b. Selecting a Money Market (MM) Account Partner

Mr. Menez provided the Committee with an update on the new MM partner, Congressional Bank. Congressional already has a working relationship with CMC and has now opened an account on CSCA’s behalf. The account currently earns 1.5% and, with Board approval, will become the new MM account. After the Board meeting next week, CSCA will transfer $600,000 to this account to serve as a “Margin” for the Reserve Study capital items.

Once this transaction is completed, CSCA will have the following cash (checking) and investment accounts:

i. Operating bank account
ii. Money market account
iii. Short-term CDs
iv. Long-term CDs

The accounts listed above will all be earning income, except for the Operating Funds checking account, which will be carrying smaller balances than in recent prior years.
c. Draft Audit Update
   i. Mr. Menez reported on the review of the draft audit report for the fiscal year ended December 31, 2017. Mr. Menez noted that he and Mr. Gathers had met with Ms. Johnson during the last month to review the results and implications of the annual audit conducted by the Goldklang Group, CPAs. In addition, Mr. Menez stated that he, Management and the auditors had discussed the Management Letter and “Material Weakness” comments issued by the Auditors in regard to the under-recording of Accounts Payable as of December 31. A discussion followed among FAC members to better understand the background on the Auditors’ determinations. In addition, all FAC members agreed that the Board and CSCA need a broader level of assurance from CMC that these accounting missteps would not recur in 2018 or any subsequent year.

d. Repair & Replacement Reserves: Project Update
   i. As stated earlier (see item V. a. above), Mr. Gathers will work with the Community Manager to assemble an updated Project Schedule and timeline for review. This item will be coordinated with Mr. Menez for the Investment implications.

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

VI. “New” Business
   a. 2019 Budget Schedule
      Mr. Gathers referred to the informal discussion before the start of the meeting that included a brief overview of the budget process. The Community Manager is responsible for assembling the first draft of the CSCA detailed budget. Much of the information is gathered from the committee chairs and based on their knowledge of emerging expenditure requirements.

   b. Mr. Gathers would like to optimize the input from the FAC members again this year and will work with everyone to coordinate schedules during August and September. The scheduled FAC meeting for next month is August 23, and to the extent the Chairman and the Community Manager can eliminate duplicate meetings for the budget, they will attempt to do so.

The business meeting was adjourned at 9:05 pm. No Executive Session was held.