Meeting Minutes

Members Present: Chairman Jeff Gathers, Ted Pickett, Tim McLaughlin, Joe Chesney, Aldo D'Ottavio, Kyle Bateman, Mahl Avila

Members Absent: None.

Also Present: Megan Brock, Board Treasurer and FAC Liaison
             Bette Sanft, Community Manager

I. Meeting called to Order.

The meeting was called to order at 7:03 pm by Committee Chair Jeff Gathers.

II. Approval of Agenda.

The meeting agenda was approved unanimously.

III. Welcome Community Manager.

New community manager Bette Sanft introduced herself, and spoke briefly with the committee about her background in community management.

IV. Approval of Minutes.

The minutes of the May 21, 2015 Financial Advisory Committee meeting were approved unanimously.

V. Resident Open Forum.

No residents were present.

VI. Review of Financial Reports.

From the Financial Report of May 31, 2015, a recommendation for investing assets managed for Cameron Station by Morgan Stanley was discussed in some detail.

After reflecting two maturities of CDs in May, the Cameron Station balance sheet shows approximately $450,000 in “liquid” (money market) assets in the larger portfolio managed by Morgan Stanley. This larger-than-normal balance is a result of the Association's decisions not to reinvest funds from maturing CDs during the last 12 months. Ted Hart, the Association’s
investment manager, recommended that $300,000 of this be reinvested in 3-year-term Certificates of Deposit, consistent with the Community’s “laddered” investment strategy. However, the Community’s 2014 Investment Policy requires that 150% of the amount of “planned capital expenditures” for the next 12 months (as of any date) be maintained as liquid assets. The planned capital expenditures of the community in the short term are exceptionally difficult to quantify at present. Specifically in regard to major street and sidewalk repairs, there are technical questions as to exactly which areas the master association is responsible for and which areas the six sub-associations are responsible for. These issues will be resolved by community management over the next few months. Only then can detailed implementation plans be drafted and CSCA’s expenditures accurately projected. As a result, it is problematic to predict the next 12 months’ expenditures -- and the corresponding 150% minimum in liquid assets. The Chairman reported on his own conservative cash flow projections and his conclusion that – with those assumptions – an immediate reinvestment of up to $150,000 was realistic and consistent with the Investment Policy. A larger investment at this time would risk a conflict with the 150% standard, once a more specific spending plan has been developed.

After discussion, the Committee voted 6-to-1 to recommend a $150,000 investment in Certificates of Deposit maturing in 2018. The dissenting member preferred to defer any reinvestment until a better picture of the scope and time frame of the capital expenditures was developed. It was generally agreed that it is a priority for the Association to better determine the scope, price, and schedule of the capital expenditures, and community management will proceed accordingly.

VII. Old Business - Upcoming Activities.

A. Investment Manager/Banker Solicitation Process.

With the community manager transition, this process was briefly put on hold. The RFP/RFI pursuant to the Association’s revised investment policy should be moving again now that Bette is on board, and this will hopefully be finalized in the near future. Harry Glenos, formerly of the Financial Advisory Committee, had assembled a list of local banks to which to send the RFP/RFI as part of the process. Ted Pickett volunteered to expand the list to include financial services companies.

B. Ted Hart (Investment Manager) Meeting; Reinvestment of Maturing CDs.

In a June 24 meeting with the Chairman and Board Treasurer, Ted Hart recommended reinvestment of $300,000 in Certificates of Deposit. As discussed as a part of the Financial Report, a better knowledge of the capital expenditures and time frame is required. Bette Sanft is working on this problem, and indicated that she will give an update at the next Financial Advisory Committee meeting.
VIII. New Business - FY2016 Budget.

As the 2016 budget process begins, the various Committees will be making their pitches for funding in the budget. There has been some misunderstanding in the past by the Committees about the differences between operating expenditures and capital expenditures, and the different processes for obtaining these two types of funding. Jeff Gathers proposed sending a memo to the Committee chairs to avoid confusion. Bette Sanft will pursue this recommendation.

IX. Adjournment.

The meeting was adjourned at 8:40 pm.