Cameron Station

Financial Advisory Committee

June 2, 2011 Minutes

(Rescheduled from May 19, 2011)

I. Meeting called to order at 7:10 pm by Andrew McDonald  Members Present: Gooz, McDonald, Gathers, Glenos  Member Absent: Bilbrey  BOD Liaison: None present

II. Approval of Agenda: MOTION: Passed

III. Approval of April 2011 Minutes MOTION: Passed

IV. Resident Open Forum:

   a. CS owner/resident John Norfolk attended the meeting as an applicant for FAC membership. Mr. Norfolk (U.S. Navy retired) described his current employment as a civilian acquisition consultant for U.S. Army projects.

V. Review of Financial Reports: Reviewed April 2011 financials

   a. Members noted no specific new trends or deviations from budget in this month’s financial report.
   b. Members acknowledged the need for efficiency and standardization in the preparation of the monthly financial reports. However, some suggestions were offered to increase the usefulness of the reports. Specifically, it was noted that details and commentary are offered for all YTD unfavorable variances from budget of at least $1,500, but there is virtually no coverage of the comparable favorable variances. This point is of particular interest in regard to the $12,000 unfavorable variance in “Temp Desk Coverage.” The report notes that there is some offset in other administrative accounts (due to the permanent staff vacancy) but does not elaborate. The actual YTD favorable variance in the accounts cited is more than $27,000. This suggests (but certainly does not prove) that the net effect of the vacancy is significantly favorable for CSCA overall. Additional explanation from management would help the reviewer understand the true nature of this situation.

VI. Old Business:

   Members began a discussion of the draft Board Resolution concerning the investment policy for CSCA operating and reserve funds. The FAC in general finds the new draft to be a notable improvement over its 2003 predecessor. However, in light of the Association’s extremely
straightforward investment objectives (maximum return with no risk of loss of principal), there is concern in the FAC that the document and some of the proposed processes are unduly complex – perhaps to the point of limiting their usefulness.

Members noted with interest the suggestion that the FAC would be primarily responsible – subject to BOD review -- for the process of selecting and evaluating the work of the investment advisor. Members support the notion of regular performance evaluations for the investment advisor and would suggest establishing a maximum interval (e.g., 5 years) between solicitations of new proposals for this service. However, members would like further clarification of the expected respective roles of the FAC and the Treasurer in regard to these matters.

The FAC agrees that an important component of asset management for the CSCA is to ensure that liquidity is appropriate and consistent with the anticipated cash flow requirements. This standard is principally a matter of comparing the schedule of emerging maturities of insured CDs to the projected expenditures for both ongoing administration and periodic replacement needs as forecast in the most recent “reserve study.” FAC members are aware that a reserve study exists, but none (of those present) is in possession of the most recent version. We anticipate further discussion of the cash-flow matching standards in the Draft Resolution after all members have had a chance to review the reserve study. At this point, members are concerned that the Draft Resolution implies a level of continuous reporting on projected liquidity that may not be practical with CSCA/FAC resources, or included in the services expected to be provided by the investment manager.

VII. New Business:
   a. Committee voted unanimously to submit John Norfolk’s membership application to the CSCA Board with our recommendation that he be admitted.

VIII. Adjournment: MOTION: Passed at 7:55 pm