The Cameron Station Community - Financial Advisory Committee (FAC)

September 19, 2013

I. Meeting Called To Order: 7:01 pm by the FAC Chairman, Jeff Gathers.
   Members Present: Mahl Avila, Aldo D'Ottavio, Harry Glenos, Kyle McKuhen
   Members Absent: Liz Johnson
   Board Liaison Present: Robert Duncan, Treasurer

II. Approval of Agenda: The motion passed unanimously.

III. Approval of the August 22, 2013 Minutes: The motion passed unanimously.

IV. Resident Open Forum: No residents present.

V. Review of Financial Reports:
   a) August 2013 Financials
   The comprehensive summary of the year-to-date budget variance showed a substantial reduction in net surplus from $97,804 on July 31 to $60,578 on August 31. In general, the committee has expected movement in this direction as payments catch up to budgets. For example, an $8,000 unfavorable variance in “Events” expense for August is a result of the postponed pool party, which was originally projected to occur in June. This account remains $5,000 under budget on a YTD basis. A number of other accounts showed similar unfavorable August variances, due simply to mismatches with the assumed monthly budget “spread.” The budget spread, which is set before the beginning of the fiscal year, is simply a best estimate the months in which costs will be incurred and invoices paid. It is clearly preferable to a level monthly allocation of all costs throughout the year, but the FAC understands that it is impossible to perfect.

   The chairman also called the committee’s attention to a change in “ownership” of the Association’s bank accounts from First Associations Bank to Pacific Premier Bank. There had been little or no “broadcast” announcement of this change or the reason for it. The chairman committed to seek additional information from management.

VI. Old Business:
   a) Investment Policy Document Update:
   Based on recent discussions with the Board Treasurer, the chairman reported the likely postponement until early 2014 of any introduction of the FAC’s draft revision of the CSCA Investment Policy. The demands on the Board related to the 2014 budget and other year-end activities suggest that any final decisions would be unlikely before several current directors leave the Board and new directors are seated.
b) Reserve Study Update:
The long-awaited Reserve Advisors “reserve study” was still not available. However, preliminary documentation of the recommended reserve contribution was promised for as early as the next day (September 20) with the full report due the following week. The delays in this report’s arrival continue to threaten the schedule for subsequent Board meetings on the Budget.

c) Budget Update:
Because of the reserve study delays, the Board/FAC budget meeting originally scheduled for September 17 was rescheduled for October 3. Additional delays in the delivery of the full reserve study report may require further postponement(s).

d) Bid of Audit/Tax Filing Contract
Colleen Hairston has assured the chairman that proposals had been solicited from several reputable firms for comparison with the renewal proposal from the Goldklang Group. Proposals will be presented to the Board at its October 22 meeting.

e) FAC Member Recruitment
The FAC has six members with the recent addition of Aldo D’Ottavio; there remains one vacancy and the committee is actively looking to fill this position. A Compass article describing the FAC’s role in the community has been submitted for publication in October.

VII. New Business:
a) Community Management Transition
The chairman reported on a September 17 introductory meeting with Colleen Hairston, the new Cameron Station Community Manager as of September 9. Ms. Hairston acknowledged a learning curve to be overcome in regard to Cameron Station’s policies and practices but showed solid interest in interacting regularly with the FAC.

b) Treasurer’s Meeting with Morgan Stanley Representative; Investment Strategy
Board Treasurer and Liaison to the FAC Bob Duncan reported on his recent meeting with Ted Hart, CSCA’s investment manager with Morgan Stanley. The focus of the meeting was to identify reasonable options for reinvesting funds from a series of matured – and soon-to-be-maturing -- CDs. Mr. Duncan shared a tabular presentation of options proposed by Mr. Hart that would achieve better returns than the money market fund and preserve the “laddered” maturity structure that appropriately reflects CSCA’s investment strategy. Returns from the suggested reinvestments remain disappointing – all less than 1.00%. FAC members reminded Mr. Duncan that other federally-insured investments, besides CDs, are permitted by the investment policy and asked about their inclusion in the Morgan Stanley discussion (Mr.
Duncan to follow up). Also, the FAC remains interested in greater transparency as to Morgan Stanley’s fee structure and continues to support solicitation of bids for this advisory relationship early in 2014.

VIII. Meeting Adjournment: 7:46 pm