The Cameron Station Community Association – Financial Advisory Committee (FAC)

17 April 2014 – Meeting Minutes

I. Meeting Called to Order: 7:12 p.m. by FAC Chairman, Jeff Gathers.
   Members Present: Mahl Avila, Josef Chesney, Aldo D’Ottavio
   Board Liaison Present: None
   Members Absent: Harry Glenos, Kyle McKuhen

II. Approval of Agenda: Motion passed unanimously

III. Approval of Minutes from March 2014 meeting: Motion passed unanimously.

IV. Resident Open Forum/Applicant Introduction:
   a. Mr. Ted Pickett
      ▪ Original homeowner in Cameron Station, arrived July 2000
      ▪ Retired Air Force Officer, Security Forces
      ▪ Highly motivated to provide his military and civilian expertise to the committee

V. Review of Financial Reports: The committee expressed appreciation that the March 2014 financial report was published early this month, allowing the committee much needed additional time to analyze the information. The chairman cautioned, however, that the Community Manager could not offer “standardization” of the early delivery schedule. The CMC corporate accounting team controls the timing of all financial reports – and will not commit to delivery of the data to our management office prior to the 15th of the month.
   a. Discussed snow removal expenditures in detail
      ▪ The chairman expressed doubts (per comments from the Community Manager) that all of the money required for the snow removal from the last snowfall had been invoiced. That is, the year-to-date budget overrun for this account through April is likely to be even greater than the $76,000 reported as of March 31 – even without any additional snowfall. [Subsequent update from Management indicates no additional invoices paid in April.]
      ▪ It was noted that -- due to the large amount of snowfall this year -- snow removal expenditures were much higher than the historical average (though not as high as 2010). The snow removal account is uniquely unpredictable and will remain so. As such, it can be viewed as the single most important reason
for the Association to maintain 10-20% of annual assessment income in “Unappropriated Owners’ Equity” – which can be more accurately described as an Operating Reserve Account. With a typical balance of at least $300,000 in this account, Cameron Station can comfortably absorb a snow removal overrun of $100,000 or more and reasonably expect replenishment of the account from lighter snowfall years in the future – without an explicit increase in budgets and assessments.

VI. Old Business

a. Investment Manager Solicitation Process
   - Though lacking published confirmation of the March Board vote, the chairman expected that the Board had in fact approved the FAC’s proposed investment policy. [Subsequent publication of the Board minutes confirmed approval by a 6-1 vote.]
   - A potential strategy of retaining a local bank, as an alternative to a national investment firm, in the community’s investment manager role was discussed.
     - It has been postulated that -- given the prestige of Cameron Station and the size of our investment account -- a smaller bank may be inclined to offer more attractive terms than MorganStanley, Merrill Lynch and the like.
   - The chairman proposed tabling the discussion of selection criteria and the solicitation process until the board selected a new treasurer – which is expected to occur no later than the May 27 Board meeting.

b. MorganStanley Investment Recommendations
   - Member Josef Chesney had been asked to include on the agenda a recommendation to the board to invest a portion of the monies that have been held in a low-interest money market account at MorganStanley for more than six months.
     - The chairman notified the committee that he had recently learned that the outgoing Treasurer, Nick Giannotti, had approved a purchase of $225K in certificates of deposit with the liquid assets on 8 April 2014.
       - $75K with GE Capital Retail Bank (of Utah) at 1.05% maturing 3/28/17 with annual income of $787.50
       - $150K with Goldman Sachs – NY at 1.5% maturing 3/28/18 with annual income of $2,250
• The chairman was unaware if these investments had been discussed with, or approved by, the Board in advance. Note that the new investment policy permits, but does not require, the Treasurer to seek advance approval from the full Board.

VII. New Business

a. Board Meeting Dates
   ▪ The current schedule for the Cameron Station Community Association Board is the 4th Tuesday of each month from January through October, with an organizational meeting for each year’s new Board to be scheduled at a mutually convenient date in early December.
   ▪ The chairman proposed -- and the committee agreed -- to recommend that the board schedule its January-October meetings for the last Tuesday of the month.
   ▪ Under the proposed schedule change, the FAC would continue to meet on the Thursday immediately prior to each month’s Board meeting. This proposal will allow the FAC additional time to review the monthly financial report in some months – specifically those most likely to create only one or two days of review time for the financial package prior to the FAC meeting.
   ▪ The chairman will pursue this recommendation with management and the Board.

b. Board Meeting Attendance
   ▪ The chairman encouraged FAC committee members to consider attending the monthly Board meeting from time to time.

VIII. Executive Session
   The committee met briefly in executive session to discuss Mr. Pickett’s application for FAC membership.

IX. Adjournment: The chairman adjourned the meeting at 8:39 p.m.