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

20 March 2014 - Meeting Minutes

I. Meeting Called to Order: 7:04 pm by FAC Chairman, Jeff Gathers.
Members Present: Mahl Avila, Joe Chesney, Harry Glenos, Liz Johnson, Kyle McKuhen, Aldo D’Ottavio
Board Liaison Present: Nick Giannotti
Members Absent: None

II. Approval of Agenda: Motion passed unanimously

III. Guest Speaker: Mr. Ted Hart (Morgan Stanley Wealth Management) introduced himself to the FAC, and explained his background and thoughts on the Investment Policy. Mr. Hart has been the Morgan Stanley lead for Cameron Station from day one.
   a. He discussed the nature and details of portfolio management for community associations and the need to invest in fully guaranteed issues and to “ladder investments by duration” in order to ensure liquidity to meet expected reserve expenditures and maximum long-term returns through inevitable interest rate cycles.
   b. Mr. Hart emphasized the value of MorganStanley’s paid participation in a nationwide organization that provides the firm ready access to a wide range of CD issues. Morgan Stanley’s compensation for CD investments is received as a commission from the issuing banks, not as a fee passed on to Cameron Station.
   c. The FAC also raised the issue of the Reserve Study and its long-term impact on the overall Cameron Station investment strategy. Mr. Hart will review the Recommended Reserve Funding Table and Graph and provide a response to Nick Giannotti for review.

IV. Approval of the 20 February 2014 Minutes: Motion passed unanimously

V. Resident Open Forum: No residents in attendance

VI. Review of Financial Reports

February 2014 Financials—The committee reviewed Harry Glenos’ graphical presentation of February’s data, focusing on a) the heavy (and uncontrollable) snow removal expense, b) evaluating future income vs. expense (in the context of potential additions to -- or subtractions from -- Owner’s Equity), and c) identifying any other significant overages, of which the committee found none.

VII. Old Business
   a. Investment Policy Document – This document will be presented for a vote at the March 25 board meeting.
   b. Likely FAC Open Position—Liz Johnson has expressed her intent to resign from membership effective immediately. Members thanked Liz for her contributions to the committee’s work and wished her well with her expanding family responsibilities. Attendees were advised to “recruit” potential
replacements. Formal public solicitation of applications can begin when the Board accepts the pending resignation.

VIII. New Business

Ambit Energy – Nick Giannotti described an alternate energy supplier called Ambit Energy. Locally, while still using the distribution, metering and billing services of Washington Gas, Ambit could possibly provide individual households -- as well as the CSCA management account -- reduced overall costs for natural gas service. Ambit’s operations will begin in Virginia on 1 April 2014, coincident with a relaxation in applicable state regulations. DC, Maryland, and Texas (among others) also permit similar programs, with which various FAC members were familiar. The FAC recommends further review by legal counsel to assess any risks to the CSCA from recommending, or appearing to recommend, one gas producer over another.

IX. Adjournment: 8:53 PM