

Finance Committee Meeting Minutes

Location: Charleston Pool Office

Date: Wednesday August 22, 2007

Time: 10:00 am – 12:30 pm

Attendees:

Ron Murphy (chairman)

Frank Ingrassia

Ron Weismehl

Alasdair MacLauchlan

Unable to attend:

Cheryl Anderson (ad hoc)

DISCUSSION

Some Reserve Funds in CDs coming due

The Finance Committee's recommends that the CD maturing for \$40,000 in August be transferred to a high yield money market fund for the time being, and not renewed until the dust settles on the final year-end financial picture. MMAs are currently paying as high as 4.50%, while CDs are perhaps 5.50% at the most. The 1% different must be viewed with respect to a 30% reduction (income taxes) so for the remainder of 2007, it does not seem prudent to tie up these funds, particularly when HOA delinquencies are running over \$40K, and may not be recovered in full.

Reserve Study

The Reserve Study indicates costs and timeframes for replacing various parts of our community facilities. The projected costs were reassessed, using two scenarios:

Scenario 1: Assumes that there will be **\$118,000** to start the Reserve funds at the end of the year. The study re-ran projections based on this number for calculations and yielded an annual requirement of **\$46,500**, based on 4.2% interest growth (for inflation protection).

Scenario 2: Alternative uses an end of 2007 replacement reserve amount of **\$250,000**. The study re-ran projections based on this number for calculations and yielded annual Reserve commitment of **\$40,500**, based on 4.2% interest growth (for inflation protection).

2008 Budget Preparation

The Finance Committee spent the majority of this session working out projected 2007 final estimates, and computing the forecast for the 2008 budget. Among the issues raised was to address the BOD on implementing a formal procedure for how we should handle delinquencies, which are a growing revenue problem.

The final draft of the 2008 Budget will be presented to the Board of Directors on September 19.

The FC meeting adjourned at 12:30 pm.

Next Meeting

The next Finance Committee meeting is scheduled for **Wednesday, September 12th at 10:00 am** in the Charleston Pool office.

FJI 08/22/07