

**MEETING OF THE FINANCE COMMITTEE  
MONTEREY DUNES COLONY ASSOCIATION  
MINUTES OF THE JANUARY 16, 2015 MEETING**

**Present**

Bob Dickinson, Member  
Ted Swanson, Member  
Donna Briskin, Member  
Art Testani, Member  
Tom Bugary, Secretary and General Manager  
Susie Heavin, Office Manager and Bookkeeper

**Absent**

Ted Adams, Committee Chair

**Welcome**

In lieu of Ted Adams, committee chair, being absent, Bob Dickinson, acting chair, called the meeting to order at 3:00 p.m. on January 16, 2015.

**Minutes**

It was M/S/C to approve the minutes of the November 14, 2014 meeting as written.

**Review of MDCA and Water Co. financials**

The Committee compared the actual expenses to budgeted expenses for the first six months of the 2014-15 fiscal year (July-Aug) for both the Colony and the Water Company. It was noted that the solar project is an unbudgeted expense; however, since the Board approved borrowing \$140K from the reserve funds to partially pay for the project, this amount is shown as income on the profit and loss and will offset \$140K in solar expenses. The remaining solar expenses (\$90K) will be taken from operating funds and will show on the operating budget as an unbudgeted expense; therefore the operating budget is going to show an approximate \$90K deficit at the end of the fiscal year. Bob suggested that we create a separate accounting sheet for the solar project. We are \$30K in the black on the rest of the operating budget; around \$10K - \$15K is due to timing issues and the remaining profits are due to efficiencies. Since we have limited manpower, and since we have had other unexpected employee absences and unbudgeted jobs, we have not been able to do much of the reserve work that was budgeted to date, leaving a large budget surplus.

The Water Company operating and reserve expenses appear to be on par with budgeted expenses.

**Review bank statements**

All bank statements were reviewed without comment. There are three CDAR's that will reach maturity this fiscal year. The next CDAR's to mature will be on 2-5-15, the following one will mature on 4-2-15 and the last one on 6-11-15.

**Old business**

## **Proposal for 2015 laddering**

Art made a presentation about laddering. Basically, the longer the CDAR's is held, the more profit you make. There are a few options available as to how to ladder, i.e. 20% of investment funds in a 1 year CDARS, 20% of investment funds in a 2 year CDARS, 20% of investment funds in a 3 year CDARS, 20% of investment funds in a 4 year CDARS, and 20% of investment funds in a 5 year CDARS; or 20% of investment funds in a 1 year CDARS and 80% investment funds in a 5 year CDARS; or a number of other possibilities. After discussion, how to specifically ladder our funds, how much of our funds to ladder, how much liquidity do we want to maintain, what instruments should we invest in (T-Notes or CDARS) and what to do with our CDARS that are maturing was tabled until the following meeting. In the interim, Ted Adams and Art will develop a proposal that will open up discussion. The CDARS that will mature on February 5 will be rolled over for another 6 months.

## **New business**

### **Insurance policies beginning February 1**

There are six insurance policies that are renewing February 1, these are: 1) Liability (umbrella); 2) Automobile; 3) Property (commercial); 4) Difference in conditions (DIC-earthquake); 5) Boiler and Machinery (B&M); and, 6) Worker's Compensation. The first 3 insurance policies is provided by Traveler's Insurance and they haven't given a quote yet; although they do not expect very much change to any policy. Quotes on the other insurance policies are as follows: DIC insurance has increased from \$10M to \$25M blanket coverage with the same deductible, however, the premium, as compared to the previous year, was reduced approximately \$3,200; the B&M premium has increased \$5 when compared to last year; and, Worker's Comp has decreased approximately \$2,700 due to lowering the total payroll and a low modification factor because of an excellent safety record. After discussion, the committee agreed to recommend to the Board that they approve the quotes that have been given and to approve the quotes, at Tom's discretion, that have not yet been given (the Traveler's Insurance policies).

### **New auditor**

The two primary questions that need to be answered is "do we spend more money than we currently spend on an audit in order to hire a new auditor? Or do we retain our current auditor and try to mold them to our way of thinking." The next question, if the committee still wants to look for a new auditor, would be "how to find a new auditor". Before any discussion takes place and before any decision is made, the committee would like to wait until Ted Adams returns. Ted is not only the Finance Committee chair, he is also a CPA and an asset in choosing the individual(s) to conduct our annual audit. In the meantime, Tom stated he would continue to look for homeowner association auditors and Art Testani, who belongs to another homeowner's association, volunteered Tom to call the manager of his other association to find out who the auditor is. The manager is Kurtis Shenefiel, Compass Management Group – he used to be on the ECHO Board and has a good set of contacts.

## **Adjournment**

The meeting was adjourned at 4:35 p.m. The next meeting is scheduled for March 20, 2015 at 3:00 p.m.

## **Respectfully Submitted**

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Thomas J. Bugary CMCA, CCAM  
General Manager and Secretary

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