

**MEETING OF THE FINANCE COMMITTEE
MONTEREY DUNES COLONY ASSOCIATION
MINUTES OF THE MARCH 20, 2015 MEETING**

Present

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

Absent

Ted Swanson, Member

Welcome

Ted Adams, committee chair, called the meeting to order at 3:00 p.m. on March 20, 2015.

Telephone Interview with CPA Candidate, Karen Hahn

The telephone interview was cancelled due to the withdrawal of Ms. Hahn for consideration as our auditor. Ted indicated that he will continue to search for a new auditor.

Minutes

It was M/S/C to approve the minutes of the January 16, 2015 meeting as written.

Review of MDCA and Water Co. financials

The Committee compared the actual expenses to budgeted expenses for the first eight months of the 2014-15 fiscal year (July-Aug) for both the Colony and the Water Company. Regarding the operating budget:

- 1) Accrued PTO expense is showing a few thousand dollars deficit,
- 2) The worker's compensation appears to be at a deficit amount as compared to the budget; however, after the worker's compensation audit, the line item should break even.
- 3) A major solar project is in the completion stage and we have incurred a \$90K, board-approved, unbudgeted expense from the operating account which shows as a deficit.

Regarding the reserve budget, deficits are being caused mainly by boardwalks. Additionally, we had two roofs begin leaking, due to termites, and had to be substantially repaired; this was an unbudgeted expense which caused an additional cash deficit. Tom feels confident that these two roofs are not the only roofs that will need repair in the near future, so he has adjusted the reserve study to move up \$20K for roof repairs next fiscal year.

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 4-2-15, the following one will mature on 6-11-15 and the last one on 8-6-15.

Old business

Review Bond Laddering Process

Art made a presentation outlining a recommended procedure for bond laddering. Jack Brandt, Vice President of Mutual of Omaha Bank, was also present to answer questions on how our bank could accommodate this recommended procedure. Art recommends that we take our existing CDARS that is maturing and purchase five equivalent CDARS - a one-year CDARS, a two-year CDARS, a three-year CDARS, a four-year CDARS, and a five-year CDARS - and as each one of these CDARS matures, we renew the CDARS for five years. In this way, we will have one CDARS maturing every year (maintaining a fair amount of liquidity) and we will maximize the interest earned. Art found a bank that paid CDARS interest rates at a higher rate than our bank (Mutual of Omaha) and Mr. Brandt said that Mutual of Omaha would match those rates, but that we would need to check to see if the bank could sell us a four-year CDARS.

New business

FY 2016 Budget Review

Tom Bugary, General Manager, presented a proposed FY 2015-2016 budget (both operating and reserve), to include the following:

1. The annual reserve assessment would remain the same, (\$5,000), as last year, yet the percent-funded of reserve expenses will increase to 29%.
2. The monthly assessments would change from \$854 to \$865, an \$11, (or a 1.29%) increase. This modest increase in monthly assessments is less than the current price index (CPI).

In addition, a proposed FY 2015-2016 Water Company budget (both operating and reserve) was presented.

After discussion, the committee MSC to recommend to the Board that they approve both FY 2015-2016 budgets (both operating and reserve) as presented.

Metrics

This topic was tabled until a future committee meeting.

Adjournment

The meeting was adjourned at 5:00 p.m. The next meeting is scheduled for May 15, 2015 at 3:00 p.m.

Respectfully Submitted

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Thomas J. Bugary CMCA, CCAM
General Manager and Secretary