

**MEETING OF THE FINANCE COMMITTEE  
MONTEREY DUNES COLONY ASSOCIATION  
MINUTES OF THE JULY 18, 2014 MEETING**

**Present**

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

**Absent**

Donna Briskin, Member

**Welcome**

Bob Dickinson, committee chair, called the meeting to order at 3:00 p.m. on July 18, 2014.

**Minutes**

It was M/S/C to approve the minutes of the May 16, 2014 meeting as written.

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

The Committee reviewed the 2013-14 fiscal year (July 2013 through June 2014). The Association operating budget is expected to end the fiscal year with an approximate \$30K net income. It was noted that the first phase of the LED conversion project has been expensed during the 2013-14 fiscal year. The Association reserve budget is expected to end the fiscal year with an approximate \$98K net income. Positive variances in the reserve budget are from meter enclosures, fencing and roof line items and the negative variances were from boardwalk and painting line items.

The Committee estimates that the Water Company operating budget will break even at the end of the fiscal year. In contrast, the Water Company reserve budget will end the fiscal year with a net deficit of approximately \$18K, primarily due to overruns on refurbishing the water tank.

**Review bank statements**

All bank statements were reviewed without comment. It was noted that since we have received the vast majority of reserve assessment funds, the reserve account balance exceeded the threshold amount to remain insured; therefore, in order to keep all funds insured, \$300K was transferred from the Association reserve account to the Water Company reserve account. After discussion, the Committee felt that these funds should be invested in a 6-month CDARs and will seek approval for such at tomorrow's Board meeting.

## **Old business**

### **Association solar**

After discussion, it was agreed that the committee would recommend to the Board that they approve \$220K plus a \$10K contingency fund, to be spent on converting 1 ½ tennis courts into a solar field. The project would be financed from two sources:

- 1) \$90K will come from the operating account accumulated surplus. The Association currently has \$202K; nearly \$100K more than what is required for liquidity and running the operation of the Colony.
- 2) The remaining funds will come from a reserve account loan. This loan will be paid back with the PG&E line item in the budget (frozen at its current expense level) less any payments made for solar maintenance or to PG&E for power. It is estimated that repayment of the reserve loan will take approximately seven years, but homeowners will start saving immediately by not realizing an increase in homeowner dues to pay for an increased electric line item in the budget.

Additionally, the Committee will stress the importance of fencing and cameras at the solar field to insure safety and security.

## **New business**

### **Investment policy**

Art presented a proposed investment policy that stated we maintain approximately 130% of expected expenditures in our bank accounts. Art recommended that we ladder reserve funds by timing investments so that the Association is regularly retiring timed investments thus maintaining needed liquidity in the reserve accounts. Art suggested that our investments be for longer terms than they are now in order to earn a higher interest rate. The committee discussed the proposal and asked Art to compare his proposed policy to the existing investment policy and suggest amendments at the next committee meeting.

## **Adjournment**

The meeting was adjourned at 4:30 p.m. The next meeting is scheduled for September 19, 2014 at 3:00 p.m.

## **Respectfully Submitted**

//s//

Thomas J. Bugary CMCA, CCAM  
General Manager and Secretary