



Budget & Finance
Committee
Minutes
December 3, 2015

**Regency Budget and Finance Committee
DECEMBER 3, 2015 MINUTES**

Committee Members Present:

Jack Kaye, Committee Chair

Alan Datz

Richard Frank

Fred Gersten

Judy Russo

Mark Spinner

Gerald Krzyzkowski

Committee Members Absent:

Vincent DeSimone

The meeting was called to order at 3 PM.

The minutes of the October 29, 2015 meeting were approved.

The October 2015 financials were then discussed by the committee and Jack presented a summary of certain changes he recommended to First Service in the content and format of the financials. Jack indicated that a total of \$104.9 k has been collected through October 31st and it has been segregated for future snow costs. He indicated that such money will be used exclusively for the benefit of residents. No portion of that money will be used to reduce Toll's subsidy.

The year to date budget variance stands at negative 121.0 k. Based on the actual through October and the budgeted amounts for the balance of 2015, Toll's subsidy is estimated to approximate \$611.0 k (budgeted \$490.0 k, plus deficit of \$121.0 k through end of October, 2015) for 2015.

Total projected funding for Replacement and Deferred Maintenance Reserves for 2015 is \$752.0 k, of which YTD funding amounted to \$ 626.0 k. YTD, approximately \$ 408.0 k has been spent from such reserve funds.

The Committee then discussed the first open budget meeting sponsored by the Committee which was held at the Tennis Pavilion on November 16, 2015. The Committee concluded that it was very well attended and the community was very pleased with the presentation. Several committee members were contacted by residents who asked that this become an annual event and all of the comments received were uniformly positive. Jerry Krzyzkowski commented that "this was the best meeting he attended since moving into the community" and he suggested that the committee do another open

meeting with the main topic being a mid year comparison of budget to actual. After additional discussion, the Committee agreed that such a meeting would be very well received by the community and that the meeting should also include some additional financial informational topics such as:

- How to read the monthly financials
- The Audit process
- Reserve Funding
- How Reserve funds are safeguarded and invested
- Other related topics

The Committee then discussed the advisability of having a NO COST STANDBY LINE OF CREDIT with Morgan Stanley. Jack explained that by using our Reserve Funds as a collateral for any borrowings under the line, the interest rate was very low and the line would provide additional liquidity should the need arise. He indicated that many other Associations maintain such a line purely as an insurance policy even though, in our community, it is not very likely that we would ever draw upon it. The Committee concluded that since there was no cost to setup the line or maintain it, the Board should consider establishing it.

Jack agreed to present the proposals for the annual open budget meeting, the 6 month budget to actual open meeting and the NO COST line of credit to the board at their next meeting.

The Committee then reviewed the current investments and maturities of our Reserve Funds held at Morgan Stanley. Jack advised the group that our current Reserve funds held at Morgan Stanley are expected to generate approximately \$42 k per year in interest income. Jack advised the group that we have an additional approximately \$275 k in Reserve funds in local banks.

Jack reviewed several contract renewals that the Board had recently acted upon. These included the renewals for Planned Security (guardhouse), The management contract with First Service (Stephanie et al), and JGS Insurance. Jack discussed other contracts that will be awarded in the near term and how the committee will be involved in the vetting process.

Lastly, Jack advised the committee that Jerry Krzyzkoski prepared an analysis of operating cost increases over the last 10 years. Since Jerry had to leave the meeting early, the committee agreed to discuss the analysis at the next meeting.

The Meeting was adjourned at 5 PM.

Respectfully submitted,
Mark Spinner