

**Del Mesa Carmel Community Association**  
**Finance Committee (FinCom) Meeting**  
Minutes of Regular Meeting  
December 9, 2020

1. **CALL TO ORDER:** Committee Chair, Nancy Jones, called the meeting to order at 9:30. The meeting was held on Zoom.

**Agenda Review/Approval** The agenda was reviewed and approved with two additions under New Business. Recommendation of a CPA Firm and purchase of a Water Tender.

**2. ROLL CALL:**

*Committee Members Present*

Nancy Jones, Chair, Maryellen Eisenberg, Susan Franks, Mark Vanlerberghe, Lori Silver, Marty Rubin, and Tom Mallett all participated via Zoom.

*Others Present*

Richard Cox, General Manager and Anthony Lombardi, Finance Director, participated via Zoom, as well as Board members Fran Farina, Gigi Wharton, Steve Hendrickson, Mick Connolly, Ted Whitney and other Board members.

3. **Approval of the 13 November FinCom Meeting Minutes.** Tom Mallett Moved to approve the November 13 Minutes. Lori Silver seconded. Motion approved.

**4. GENERAL MANAGER AND FINANCE DIRECTOR REPORTS.**

November Financials are not available because of the early date of the FinCom meeting. October financials are available and have been incorporated into the 2021 Budget.

Anthony Lombardi will be sitting down with Rik to take a look at the menu in order to get a good handle on food costs.

There is still tree work going on before the end of the year. There is old wood and brush that needs to be cleaned up. This will come in at around \$5,000.

Anthony Lombardi reflected that he has been here since March and believes he has a good handle on Del Mesa Financials. He projects that we will have an operating profit between \$60,000 to \$80,000.

**Account 1090 Capital Acquisitions.** Nancy Jones asked if there are any more Capitol Acquisitions? The Water Tender does not show up in Capital Acquisitions for 2020? If the Water Tender gets approved, the expense for it will be moved to Capitol Acquisitions for 2020.

Nancy Jones asked about the November numbers and if the number for Food and Beverage has increased because of the excellent number of people participating in the Thanksgiving dinner at the clubhouse. Anthony Lombardi did not know. Also Nancy asked if there has been any improvement in the Guest Rooms number. The answer is no.

**5. TREASURER'S REPORT**

**November Reviews/Reconciliations per Civil Code 5500/5501.** This has not taken place as yet, but will take place before the Board meeting later this month. Nancy Jones and Mick Connelly will be reviewing the numbers and reconciling the items.

**November/December Delinquencies.** Units 22 and 32 were written off this year. \$60,000 was written off in 2019 and has now been clear from allowance for bad debt. An additional \$13,000 has been written off as bad debt in 2020 to clear these two accounts. We have one renter who is in arrears, but for less than \$100.

## 6. OLD BUSINESS

**28-Day Notice for 2021 Dining Room Minimum Use Requirement Change.** As of this date, there have been no comments. There will be a special Board meeting on 12/22 to approve the Ground Rules with this change.

## 7. NEW BUSINESS

**Update to ARA Reserve Budget for 2021.** Anthony Lombardi will tie the ARA reserve study list of components to our fixed asset schedule. Anthony Lombardi will work with auditors to reallocate the valuations as appropriate. ARA should republish their report in 2021, making adjustments as necessary.

Dirk is going through his inventory of fixed assets and determining what items need to be repaired or replaced and the corresponding cost. We will add that information to the ARA study.

The numbers used in the Disclosure came directly from the ARA study. Anthony Lombardi felt it was more accurate, at this time, to use the June ARA study number in the Disclosure document, which shows 32%. 33.14% is what Anthony Lombardi now believes is the true percentage, by adjusting the ARA report with the \$80,400 of additional project items in the 2021 budget, in addition to the expenditures from now until the end of the year. Between \$60,000 to \$80,000 is what we'll have in excess Operating Profit at the end of the year that is projected to be transferred into the Reserve Fund.

**FinCom Text for 17 Dec Board Meeting.** As described last month, Nancy Jones noted an ongoing problem with the scheduling of FinCom meetings as they relate to Board meetings. Fran keeps asking for FinCom/Treasurer items for the Board meeting agenda before FinCom has had a chance to meet and come up with what we want to say at that meeting. Unfortunately, because of the D-S requirement to post agenda items 4 days before meetings, there isn't much we can do about the problem. She proposed a response to Fran's request as follows:

- Treasurer's report (reconciliations, delinquencies)
- In accordance with Bylaws, FinCom recommends a CPA firm to do the 2020 audit.

**Annual Disclosure Questions.** Mark had a question about the numbers in 2) F) on page 3 of the Report, as many of them did not match the numbers in the ARA Reserve Study emailed to all on June 14th. It appears there was an updated corrected copy prepared by ARA that was not distributed, from which the numbers in the Annual Disclosure were taken

**Treasurer's Mesa News Article Questions.** Nancy Jones made a mistake in the article published saying the 33.14% Reserve funding was for 2021 should have been for 2020, based on the reasons above.

**Recommendation of a CPA Firm.** One of the responsibilities of the Finance Committee is to make a recommendation to the Board regarding which CPA firm should do our audit next year. Nancy Jones opened this discussion by suggesting that FinCom form a sub-committee to speak with Anthony and determine if there is a firm he would recommend. This suggestion was based on this topic not having been announced to FinCom members before the meeting, thus not having time to do any research on firms.

Anthony Lombardi says the CPA firm we used this year, Hutchison and Bloodgood, were very thorough and diligent. He says three to five years to use the same audit firm is very reasonable. They are licensed and accredited and he would recommend using them again in 2021. Tom Mallett is familiar with this firm as he has worked with them while on a School Board and substantiated that they are thorough, competent and very diligent. Susan Franks moved that we recommend the CPA Firm of Hutchison and Bloodgood to perform our audit for 2021. Tom Mallett seconded. Unanimously approved.

**Purchase of a Water Tender.** Richard Cox noted that we have a well on the property, near the end of Roach Canyon. This is our water and is quite a find. We have two holding tanks at the top of the hill that could store the water. To pump the water up the hill is cost prohibitive. A solution is to transport the water by truck to one of two holding tanks. We would use gravity to feed the water from the holding tanks to various areas on the property to water plants. The cost of a used Water Tender is around \$44,000. It has sprinklers on the front and back.

In connection with the well, there is a report that the casing is deteriorating and perhaps the shaft, so these might need to be replaced sooner, rather than later. Currently 20 gallons of water a minute is being pumped out of our well and left to go into the sewer system. Some people claim the water goes back into the aquifer, but we are not sure. It is a shame to pump the water out and then let it go down the sewer or be absorbed by the soil, when we could be using this water to water our plants, trees, and the green thumb plots. But, we need to pump the well in order to keep it.

Maryellen Eisenberg asked if Richard Cox had looked into insurance and maintenance on the Water Tender. He has not. There will probably be more questions from the Board. Do we have any idea of how much we would save if we pump? Right now we are pumping water into the sewer because it is not used. It would be a shame to lose our right to the well which could happen if we do not pump the water.

Nancy Jones asked if the \$44,000 is in the Capital Expense Budget for 2021. Anthony Lombardi said it is in the 2020 Capital Expense Budget. He has forecasted \$66,000 in the Capital Expense Budget for 2020. Included is the generator which is around \$26,000.

Maryellen Eisenberg asked if alternatives have been looked at. Richard says that pumping is very expensive in terms of getting the water to the top of the hill. Mark Vanlerberghe asked if they looked at renting or leasing a truck? Richard Cox said yes, but it is that would be very expensive. If there is a problem with the well, we will repair it.

Maryellen Eisenberg asked about the leak mentioned in one of the tanks. Anthony Lombardi responded that purchase of a 5,000 gallon water tank online is \$2,700.

Richard Squires asked if anyone had looked into the possibility of solar pumps. He suggests a more passive system where the water is pumped from one tank to another.

Steve Hendrickson had a question about how much labor costs are involved. Richard Cox responded that one day a week (8 hours) someone would pump the water into the truck and bring it up to the tanks at the top of the hill. Thus, it would be the labor cost of one person.

Mick Connolly had a question about how many tanks are on the property? There are water tanks under some of the houses. Mick Connolly has counted four tanks on the property, but there are probably more like 12. These tanks are currently fed by rainwater coming off of the roofs.

Richard Squires asked if we have looked into the possibility of selling the water. Richard Cox responded that it is frowned upon to sell water in the county and we would have to get a license/permit to do so. Tom Mallett commented that there are many barriers from the county for people trying to get a permit to sell water. In our area water is very precious.

Nancy Jones had a question that if we pass on this truck, how frequently do they come up for sale? Richard Cox responded that this truck fills the bill for what we need. Nancy Jones asked if tax and registration fees are included in the \$44,000. No, they are not included.

Mick Connelly remarked that there is another use for the truck; in the case of fire. We could keep it filled with water and be ready in case fire breaks out.

Motion: Tom Mallett moved that we recommend to the Board that Del Mesa purchase this water tender. Mark Vanlerberghe second. The Motion passed four to three.

***Open Discussion:***

Maryellen asked if we could put something in place to eliminate the possibility of having delinquencies in 2021. Anthony Lombardi responded that we are very much on top of the situation. He makes a call immediately when a resident is late with their HOA fee, as a reminder and works with the resident to make up what is owed, resolving the situation. What caused our large delinquencies in the past has been the foreclosures.

Richard Squires had a comment about communication to the community. There is no place on the website that shows the FinCom Minutes. Richard Squires asked to have the pie chart put on the DMC website. Richard Cox says it will be done. Agendas are on the website. Approved Finance Committee Minutes will be placed on the Website as well. Nancy also offered to speak with Richard Cox separately about improving communications.

Mick Connelly commented that the information that Nancy wrote for the DMC Newsletter was very concise and clear.

Lori Silver requested that we locate the tanks under the houses and make sure that no water is wasted. Richard Cox will follow up with Dirk to determine if there are gauges on the tanks to determine if there is water in the tanks and how much there is.

Next meeting January 20, 2021 at 9:30 a.m., probably via Zoom.

Adjourn - 11:11 a.m.

Respectfully submitted,  
Susan Franks