***Del Mesa Carmel Community Association***

**Finance Committee (FinCom) Meeting**

Minutes of Regular Meeting

May 20, 2021

1. **CALL TO ORDER:** Committee Chair, Nancy Jones, called the meeting to order at 9:31a.m. The meeting was held on Zoom.

***Announcements:*** The members of the Finance Committee have not yet been approved by the Board. Hopefully, they will be approved at the next Board meeting.

CERT Training. CERT Training is coming up. Anyone interested in participating needs to contact Sandy Monza. Nancy recommends this training to FinCom members.

Del Mesa Tour. On 27 April Board was given a tour of Del Mesa by Dirk Young. The tour was so informative that it is being offered to members of the Finance Committee and members of the Strategic Planning Committee. Nancy recommends this tour to FinCom members

***Agenda Review/Approval*** The agenda was reviewed and approved.

**2. ROLL CALL:**

*Committee Members Present*

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

*Others Participating*

Richard Cox, General Manager and Anthony Lombardi, Finance Director, as well as Board members Mick Connolly, Ted Whitney, Joe Monza, and Patti Davis. All participated via Zoom. Other participants were Sandy Spooner, Richard Squires, Carmela Cantisani, Cecil Jones, Gigi Wharton, Peggy Johnson, Marcia Vanlerberghe, Victoria Contreras, Danielle De Asis-Pinon, and Payton Trimm.

**3.** ***Approval of the April 21, 2021, FinCom Meeting Minutes.*** The Minutes were approved.

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

Working on insurance issue, and more discussion about that later, but everything looks very solid.

We received the April Financials; they were early this month. Nancy Jones met with Anthony yesterday and got all her questions answered.

**April Financials**

**Profit and Loss.**

**Administration (Department 10)**. Transfer Fees are doing well. Payroll we are doing better than the budget. The positive nature of why we are doing better than anticipated is mostly due to Richard Cox and Payton Trimm’s excellent management of the front desk.

We have not received the second draft of the audit. Anthony suspects we’ll use the entire $18,000 of legal fees, as budgeted.

Security. The company raised their rates which are now slightly higher than budgeted, but it will work out by the end of the year.

The van got into an accident. We decided not to claim it on our insurance and pay for the repair ourselves because we have a $1,000 deductible and the repair was around $1,200, so we decided to pay for the repair and not claim it on our insurance which would have raised the premium.

**Food and Beverage (Department 20).** Weexceeded the revenue we budgeted. Food costs bounced up last month. We are ahead of budget, but we budgeted for a loss. Tony is doing a good job managing operational expenses. We are budgeted for 1/2 of a server, who has not been hired. We will see a reduction in overtime because we hired a sous chef who can step in for John and thus reduce overtime charges for John.

**Community Services (Department 35).** Payroll expenses are below budget because we are running with two people less than budgeted. Contract Tree Work is under budget. Dirk Young has about $9,000 left in this budget. Repairs are being made on small tools. Dirk may be over budget on paint for the year. A pine tree fell down last weekend. It fell across the road, but was cleaned up right away.

**Guest Rooms (Department 50).** We are running behind. Dirk Young will be finished with the painting of the guest rooms over the next couple of weeks; he says he will be completely done with the guest rooms in 6 to 8 weeks. Once we get the TVs in the rooms, we will do more to advertise. Maryellen Eisenberg asked what will happen to the TVs that are currently in the guest rooms? Anthony said he had not looked at them yet to make a decision of how to dispose of them, but will do so soon.

**Utilities (Department 60)**. Gas is bouncing around. Anthony used a five-year average for budgeting. Our electric rates have gone up 10% which keeps us in line with what we budgeted; we budgeted a 15% increase. Water is up this month. We budgeted 15% increase but the increase was only about 8%. We turned the sprinklers on in April and we normally turn them on in May. So, there was an increase in water usage. Richard says if the drought continues, we will see water rationing. Our intent is to fill the 17,000 gallon tanks under the houses and the 22,000 gallon tank up the hill. JR Wheelwright asked do we know what it costs per acre foot of water. Anthony Lombardi says it looks like it is about $6,200 per acre foot. Tom Mallett mentioned the very excellent presentation and information FinCom received from Bob Costa’s presentation about the status of irrigation at Del Mesa and the bad situations around the sprinklers and other mechanisms at Del Mesa. Richard Cox said we are working toward fixing the various problems with the sprinklers and irrigation in general.

**Contingency Fund** No change.

**Capital Acquisition Fund.** We started the work on the generator this April. We’ve had difficulties ordering the gas line which has prolonged getting the work completed. The installation costs will be more than anticipated.

**Reserve Fund**. Dirk Young and Richard Cox are watching the budgeted items closely and it looks like everything is tracking. Richard Cox said that he met with Wanda Truesdell and she said there is $3,600 left in the budget for the Crystal Room.

**Repaving**. We have a six-year plan for repaving. We are at year 5 1/2. Last year, at Tom

Mallett’s suggestion, we authorized more than was budgeted to repave the roads. It was a good move to get it done last year since the cost of petroleum products has gone up.

**Laundry Rooms**. Nancy Jones had a question about the laundry room refurbishment. Are we doing each room until it is completed or are we doing all the painting, for example on all the rooms and then moving on to the next task? We are completing each room completely and then moving on to the next room. We are on budget for the renovation.

**Fitness Room**. We have paid for deposits on the equipment. It looks like we will have all the equipment delivered so that we can have a June 1 opening.

**Furnaces**. Dirk Young has replaced a couple of furnaces in April. Anthony Lombardi says we will be over budget.

**Healthy Forest.** They are making good progress in getting the overgrown areas cut back and cleared.

We are not likely to have May financials in June. Victoria Contreras will be out the month of June on military duty.

**5.** **TREASURER’S REPORT**

***April Reviews/Reconciliations per Civil Code 5500/5501.*** Nancy Jones and Ted Whitney met with Richard in April and reviewed the items to be reconciled and they reconciled.

***April Delinquencies***. There is one small delinquency.

**6. OLD BUSINESS**

***Balcony Inspection Costs.*** We have only one firm quote. Other suppliers have been asked for quotes.

**Purchase of a Water Tender.** Richard was given direction from the Board to look into purchasing a water tender. Sandy Spooner found a water trailer for $15,000. We had set a budget of $40,000 aside for the water tender. We are looking at getting a couple of gators (small vehicles) using the money left from the original. The gators cost about $11,500. We are looking to adding a gator or two. The truck would have been capable of handling 2,000 gallons, the trailer can handle 1,000 gallons. After evaluating the trailer versus a water tender, it looks like the trailer is the better way to go. Our goal right now is to fill the tanks we have and get ready for the summer and water rationing. It is important to record usage of our well and to keep pumping water out of it; otherwise, we may lose it. Anthony Lombardi wants the Finance Committee to weigh in on purchasing a new gator. We bought one a couple of months ago at a cost of $11,369.93. Our insurance will not go up with the additional machine. Tom Mallett Moved to recommend to the Board the purchase of a new gator, Not to Exceed $12,000. JR Wheelwright seconded the motion. All were in favor of it.

**Site Survey**. The reason this is on the agenda is because there seems to be some confusion on this. It appears that some believe the Board is looking at a site survey to be done. When this was last discussed, it did not seem necessary to pursue paying to have a survey done. Tom Mallett spoke to Sandy Spooner and will schedule a meeting with Richard Cox to determine the scope of what a survey would include. Tom Mallett will then get a couple of estimates to have the survey done.

**7. NEW BUSINESS**

**Review/approve the 2021 FinCom Charter**: Nancy sent the draft to Mick Connolly and he had a problem with the closed meeting section of the charter. Any meeting that includes the majority of the Board (so four members). If we have a closed FinCom meeting, we could invite no more than three Board members. Nancy moved that we submit the May 18, 2021 Charter to the Board for approval. Maryellen Eisenberg Seconded. Passed unanimously.

**Property Insurance**. Our insurer, MRMG, refused to renew our property insurance

because of our fire rating. We had 130 million dollars of insurance this past year. We now have a policy that would cover 7.2 million at a cost of $584,000. $464,000 was budgeted for 2021 (a 9% increase over our 2020 cost of $424,000). Paul Sullivan is working on additional insurers to add layers of coverage that will extend this $7.2M to a more responsible level. Our broker is confident that we can buy additional layers. Next Thursday, at the Board meeting, we’ll have more options to discuss. It appears that individual home owners can insure their homes themselves. As individual insurers, they can be offered discounts. It appears that this is a beneficial way to go.

Richard says we’ve been working with State Farm to look for sources of individual unit policies. We sent our CC&Rs to the legal team at State Farm to review and they said they were acceptable to them. Apparently, it depends on who you ask, the response changes with each discussion. One must get everything in writing. It would be good to have Paul Sullivan at the Board meeting. We want to get the information to people.

**501(c)(3).** The reason this is on the agenda is because there seems to be some confusion on this point. Del Mesa Camel was organized on November 8, 1967. The association was incorporated as a 528, mutual benefit corporation, not 501(c)(3). Del Mesa could not convert to a 501(c)(3) and should not convert because at the end of the year if we have any money left, we would need to turn it over to charity. This is a moot point because we cannot convert from our present status.

**FinCom Report for 27 May Board meeting**. These are the things that will be bought up at the next Board meeting: the review/reconciliations per Civil Code 5500/5501, the delinquencies, the FinCom Charter, and the recommendation to purchase another gator.

**Open Discussion**

Richard Squires: Regarding the Healthy Forest program. The work they have been doing with the masticator is pretty fantastic, but it will grow back. He suggests we get an attachment; it goes on the front of a bobcat. We have made it to the meadows and are starting on the canyon.

Carmela C. With regarding to the laundry rooms to save water. Would it be possible to install coin machines so people have to pay for their laundry. She added that some members have run a washer/dryer cycle with only one item. No, we cannot install coin machines and have people pay for their laundry. The laundries are part of the amenities here at Del Mesa.

The next question is about the chef and the sous chef. Does the chef work 40 hours a week? Yes, he does. How many lunches and suppers does he serve? Carmela observes that he serves probably 20 to 25 lunches and suppers, yet she has not had a decent meal in the restaurant. Nancy said that she thinks the food is very good.

Gigi Wharton. Why do some of our gardeners still water by hand? And, why don’t the sprinklers get fixed? Why don’t we fix the sidewalks; she nearly tripped the other day. Richard says the major work is about to start. Richard says the sprinkler situation is a mess. We are paying attention now. The drip system that was put in a couple of years ago was put in the wrong way. We are well aware of the problems. She was asked to turn in the location of the sidewalk bulges, so that they can get the repair on the schedule.

Richard Squires: Regarding the laundry rooms, are they replacing the washers and dryers? No, on an as needed basis. He thinks when they do replace the washers, they replace them with front-loading washers. Richard says we will take it under consideration.

The meeting adjourned at 11:32.

The next meeting will be on Wednesday, June 16 at 9:30 a.m. Be prepared for an in-person meeting.

Respectfully submitted by

Susan Franks