

***Del Mesa Carmel Community Association***  
**Finance Committee (FinCom) Meeting**  
Minutes of Regular Meeting  
April 21, 2021

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

***Agenda Review/Approval*** The agenda was reviewed and approved by all the FinCom members.

**2. ROLL CALL:**

*Committee Members Present*

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

*Others Participating*

Richard Cox, General Manager and Anthony Lombardi, Finance Director, as well as Board members Mick Connolly, Ted Whitney, Joe Monza, Mary Rogers, and Patti Davis. Others who participated were - Richard Squires, Peggy Johnsen, Diane Mayer, Carmela Cantisani, and Marcia Vanlerberghe.

3. ***Approval of the March 17, 2021 Minutes.*** Nancy had a few minor edits to the March 17, 2021 Minutes. Nancy Jones Moved that we approve the Minutes as edited. Unanimously approved.

**ACTION:** Nancy to send revised minutes to FinCom, Board and the office for the website.

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

Our General Manager, Richard Cox, reports that we are tracking our expenses fairly well. The outcome of the audit was very good.

***March Financials.***

***Profit and Loss.***

**Administration (Department 10).** J.R. Wheelwright had a question about the IT Consultant line. The total budget for IT is \$36,000 per year. J.R. Wheelwright said he had an IT consultant and it does not cost \$36,000 per year. Anthony Lombardi explained that \$12,000 of the budget is for the Jonas license and the rest for IT support, and telephone.

**COVID Tax Credit.** If an employee is out for a COVID vaccination, the state pays us for the time the employee is out.

**Food and Beverage (Department 20)** Our expenses are under budget. We are still short a person in the dining room and are looking to hire someone.

**Community Services (Department 35)** has been running at two people less than budgeted.

**Tree work.** Operating Expenses show a huge cost for Contract Tree Work (item 8130). Dirk still believes the \$48K should be OK for the year.

J.R. Wheelwright suggests we earmark our Contingency Fund for tree work. Anthony Lombardi does not think it will be necessary to tap into the Contingency Fund for tree work.

**Guest Rooms (Department 50).** In March we hit our budget. We will advertise the guest rooms more aggressively after the renovation of the guest rooms is complete.

**Utilities (Department 60).** The Monterey Herald projected an increase of 4.6% for PG&E—We have not seen this increase and, in fact, our PG&E bill has gone down. AT&T expenses were hit in Feb to pay off some old contracts but now we're starting to see savings in these monthly bills.

**Waste Disposal.** We continue to get fined for putting things that are not authorized in the recycle bins. Anthony said we don't get fined every week. The expense has gone up in this reporting period because Dirk has ordered another bin to handle all the recyclables; the amount of which has increased.

**Reserves.** Mark suggested putting the balances at the top and bottom of the Reserve Report. Anthony will look into this.

Under infrastructure, line 401. Chec Management Company has provided services for Del Mesa for a number of years with regard to repaving. They have a long-term plan that they worked out with Sal. Dirk is meeting with Chec and will get their recommendations for work this year. There may be some savings here.

\$10.7 has been spent of the Fitness Room Redo year-to-date.

In the category of Residential Units, work was done on siding, Composite decks and wood decks and, in the biggest expense – \$39K has been spent on repair/replacement of furnaces against an annual budget of \$30K. Dirk says this could get much worse, our furnaces are old.

**Healthy Forrest Fund.** Anthony Lombardi explained that the \$5000 check that Nancy saw was a check cut in December, but cleared in January. The check hit the Healthy Forrest fund in December.

**Contingency Fund.** Nancy Jones had a question. Where does the funding come from? It is budgeted every year as part of the overall budget. Why \$15,000? Because traditionally, we've budgeted the Contingency Fund at \$15,000. It is not typically used, but is there in case of an emergency.

**Capital Acquisition Fund.** Nancy Jones queried as to why is the actual year-to-date is 0. Haven't we received the generator. Anthony Lombardi said we do not expense an item until all the work is complete. Richard said there was still some work to be done in connection with the generator. Dirk thinks the work will be completed this coming week.

**Auditors.** The draft independent 2020 Auditor's Report has been received from Hutchinson and Bloodgood LLP, reviewed and approved by Richard Cox. The report was then sent to FinCom and the Board. Richard Cox said they were very complimentary of how clean and in order the

books are. Anthony Lombardi mentioned three adjusting entries. There were no issues or findings.

It will be final upon Board acceptance.

It was noted that the report talks about Replacement Fund which is really our Reserve Fund. It is an AICPA requirement to use the term Replacement Fund.

Nancy noted that Page 15 of the draft seems to be some sort of summary from the ARA Reserve Study, but these are not clear. What does 1 year estimated remaining Useful Life mean for stairs/ramps or Foundation? Probably Anthony stated that this summarizes part of ARA Reserve Study. He's committed to revisit the ARA study and clean it up. Mark added that this data probably came from ARA Reserve Study, and is not an audit requirement. Anthony will look into this.

## 5. TREASURER'S REPORT

**March Reviews/Reconciliations per Civil Code 5500/5501.** Nancy Jones and Ted Whitney reviewed the items to be reconciled, everything reconciled.

**March Delinquencies.** Three delinquencies. One has to do with an escrow closing and two small ones in connection with renters which will be cleared up soon.

## 6. OLD BUSINESS

**Balcony Inspection Costs and Foundation and pier inspection costs.** The Bergeman Group sent someone out to inspect the balconies and foundations. They were supposed to get back to Dirk, but as of this date have not. Dirk will follow up. Gary Knott has declined doing the inspection. Ecco had a webinar on inspections which the Board attended. A company, B2R, solicited Del Mesa regarding submitting an inspection request form to them. One of the things that concerned Nancy Jones as a result of the webinar is cost. We need to get firm bids because we have no way of knowing the costs at this point.

**Purchase of a Water Tender.** Richard Cox was given direction from the Board to look into the purchase of a water tender. Marin County and Santa Cruz are already on water rationing. It is feared that Monterey County will follow. Richard Cox has not been able to locate one, and the one we were looking at is gone. JR Wheelwright asked if the \$44,000 budget will be sufficient, Richard Cox says yes, he thinks so. We are looking for a 2,000 gallon truck. Maryellen Eisenberg questioned if while we are looking for a water truck, how would it be if we put the water in smaller containers and transport it in the trucks currently own? Richard Cox said it would be very expensive to transport water in smaller containers in terms of labor because water is very heavy. We need to keep looking for a water truck.

He assured us that FinCom would be the first to know if one is located and the expense.

## 7. NEW BUSINESS

**Purchase of a new Gator for Community Services:** This is a John Deere product, a little cart that Community Services uses around the property. We are identifying this item as one we have approved. It has been purchased.

**Increase in Capitalization Policy.** A request has been made to increase Capitalization to \$5,000. Motion made to recommend this change to the Board, seconded and unanimously passed.

**Change in date for Dec FinCom Meeting.** The current date conflicts with the Board Meeting. Nancy recommends that we change it to December 15 or December 17, 2021. A vote was taken and the outcome is that the December meeting will be on the 17th.

**Reinvestment of Maturing Schwab (CD).** \$15,000 CD maturing at Schwab. Anthony wants to take from the Merrill Lynch account \$248,000 minus \$15,000 (\$233K).

**FinCom Report for 29 April Board Meeting.** Added to the standard Treasurer's report of reconciliations performed and delinquencies will be recommendations to reinvest the maturing Schwab CD and movement of Merrill Lynch investment funds, change the Capitalization policy, accept of the Auditor's report and on the clean Audit.

**Treasurer's Del Mesa News Article.** Nancy will place the emphasis this month on the Reserves.

**Open Discussion:**

Carmela Cantisani. Does not understand the relationship between loss of revenue in connection with staff working for residents. There is some loss of revenue because a certain amount has been budgeted in preparation for such requests, but they are slow in coming. Carmela asked if she needed work done, the employees would be requested to do the work and the resident would be charged \$40.00 an hour. Anthony confirmed that that is correct.

Second question. What happened to the van? The driver ran into a wall. It was cheaper to repair the van ourselves than claim it on our insurance. Carmela used to go out at 9:10 and be able to catch the van and now that time slot is no longer available. Richard will look into it and why this time slot has been eliminated.

Meeting Adjourned at 11:00 p.m.

Respectfully submitted by

Susan Franks

Thursday, May 20, at 9:30. Be prepared for an in person meeting.