

**Del Mesa Carmel Community Association**  
**Finance Committee (FinCom) Meeting**  
Minutes of Regular Meeting  
October 21, 2020

1. **CALL TO ORDER:** Committee Chair, Nancy Jones, called the meeting to order at 10:00 in the Del Mesa Carmel Crystal Room.

**2. ROLL CALL:**

*Committee Members Present*

Nancy Jones, Chair, Maryellen Eisenberg, Susan Franks, Marty Rubin, Mark Vanlerberghe were present in person. Lori Silver and Tom Mallett participated via Zoom. The Agenda was Approved.

*Others Present*

Richard Cox, General Manager and Anthony Lombardi, Finance Director, participated via Zoom, as did Fran Farina, Board President, and other Board Members.

**Approval of the September 18, 2020 Meeting Minutes.** September 18, 2020 Minutes were approved.

**Announcements:** Mynt Systems will give a presentation of their report on October 27 at 9:30 a.m.

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

Richard Cox commented that he did not have much to report and turned the meeting over to Finance Director, Anthony Lombardi.

**September Financials.** Anthony Lombardi presented the September DMC financials. He predicts that we will have a surplus at year end.

Department 10 - Administration 7010. Nancy Jones had a question about the Legal Fees number in Administration. She questioned if the money includes election help and the review of our governing documents. Richard Cox indicated that it does. Anthony Lombardi increased it by \$30,000 hoping to book the settlement by the end of the year. Administration. 6120. What is Compensation Insurance? Answer - Worker's Comp. Total due for the two foreclosure accounts is \$72,000.

Mark had a question about internal labor allocations. Anthony responded that he is tracking the labor of the housekeepers for the Guest Rooms.

Department 20 - Food and Beverage. Nancy Jones noted that Susan Franks had a question about taking inventory. The answer is yes, two people, Victoria and someone from the restaurant, are taking inventory every month and putting the outcome on an EXCEL Spreadsheet. Anthony then reconciles and puts it the information into Jonas. When the chef has items to dispose of, it is recorded as spoilage. The last few months the spoilage has been recorded separately. Even with clearing out old inventory, COGS are down in relation to Sales.

Department 30 - Grounds. We are not going to catch up to the number budgeted for reserve work done by grounds personnel. \$80,000 was budgeted in the Reserve for tree work, but Sal expects to only use \$50,000.

Nancy Jones had a question regarding that it appears we are two employees down. Richard said that we've made an offer to someone. The Budget for 2021 is nine employees whereas we now have seven.

Department 40 - Maintenance. Will get to their Reserve Fund budgeted amount. We are down one person in Maintenance. The question is whether this additional person will be hired for 2021 and the answer from Richard Cox was, no.

Department 50 - Guest Rooms. Nothing to report. Probably our biggest loss, around \$50,000 by the end of the year.

Utilities - 60 - We are doing very well, everything tracks, except for gas. Anthony Lombardi is worried about the cost of water next year, we are already seeing an increase.

Tom Mallett had a question do we have a method to track what ARA projected we spend versus what we actually have spent? Anthony Lombardi is working on it.

## 5. TREASURER'S REPORT

**September Reviews/Reconciliations per Civil Code 5500/5501.** Mick Connally and Nancy reviewed the accounts except for September financials. Those will be reviewed before the Board Meeting.

**September Delinquencies.** As of the end of September, there were two delinquencies. The owner who has started to pay has given access to her bank account. We'll know by the Board Meeting whether this is successful. \$60,000 has been written off.

## 6. OLD BUSINESS

**Policy on Budget Surplus and Deficit** Nancy noted that FinCom had developed this policy at last month's meeting, but that she failed to present it to the Board. She asked if the committee agreed to present it and they agreed.

Any budget surplus should not be returned to the residents. Any budget surplus should be used for two possible purposes: 1) restore the reserve fund and 2) fund special projects that have been approved by the Board with emphasis on restoring the reserve fund.

Deficit: The subcommittee recommends that staff do all in their power not to have a budget deficit at the end of the year. If there is one, the Board should "borrow" the amount of the deficit from the reserve fund in accordance with DMC's Bylaws (Article V, Section 7) and Davis-Stirling which requires repayment within one year.

See full text for discussion of these two issues in September 21, 2020 Minutes

Nancy Jones will write up the policy and present it to the Board.

**2020-2021 FinCom Calendar.** The calendar extends through 2021. Except for November and December, all FinCom Meetings will take place on the Wednesday of the week before the Board meeting which takes place on the last Thursday of the month. Mark Vanlerberghe asked what the date will be for the financials being due to FinCom. Nancy Jones responded that Anthony Lombardi will target the financials by the 15th of the month, but that is not always possible. For next month Nancy Jones will add to the calendar the contracts we have at DMC and when contracts are coming up for renewal.

Member-suggested Projects. Nancy had prepared a list of the projects The Board established a subcommittee to review potential Board action on the projects, putting them into groupings. These were then dispositioned into already done, approved for 2020, disapproved and to be considered for the 2021 reserve. It was announced that just because a project is on the 2021 reserve consideration list, does not mean it will be approved and funded. In many cases there will need to be trade-offs.

**2021 Budgets Review Process.** The revised budget and first draft of the reserve budget will be available for us to review on October 27, 2020. We need to approve the total for the reserve budget. \$1,035,250 is the 2021 reserve budget bottom line. The actual expenditures will change.

On Tuesday, October 27, members will have a Mynt Systems presentation and then a FinCom will have a workshop on the Draft Reserve Budget. October 29 is the Board Meeting, at which Nancy will report to the Board and the residents our process and an idea of where we are going. On November 5, FinCom will have an open meeting to present the draft budgets to the residents.

Anthony says that we will have a revised Operating Budget by tonight and indeed we did get one.

Open Discussion - Mary Rogers would like to have a list of the meetings. See above.

Respectfully submitted,  
Susan Franks