

Del Mesa Carmel Community Association
Finance Committee (FinCom) Meeting
Minutes of Regular Meeting
July 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

Chair Nancy Jones, Maryellen Eisenberg, Susan Franks, Tom Mallett, Marty Rubin, Mark Vanlerberghe, Lori Silver (participated via Zoom)

Others Present

Fran Farina, Board President and FinCom liaison, Richard Cox, General Manager, Anthony Lombardi, Finance Director. Other Board members attended via Zoom as well as three other residents.

Replacement FINCOM Member. Chair Nancy Jones welcomed Susan Franks as a new FinCom member, replacing Sandy McKeith, who resigned. Susan was unanimously voted by FinCom Committee members as the new Recording Secretary.

3. ANNOUNCEMENTS:

Nancy announced Board response to FinCom recommendations from the prior meeting.

- A maturing one-year Reserve Fund CD at Schwab was recommended for reinvestment by FinCom and approved by the Board.
- *Comcast Survey:* In June FinCom recommended that a survey be created polling the residents regarding their preference of services from Comcast. A survey was created asking the residents about their Internet usage and preferences. The Survey produced the following results:

A total of 207 surveys were returned of 339 sent out (61%).

Of the respondents: 181 were occupying owners, 19 were renters, and 7 were non-occupying owners.

Results:

197 of the 207 claim to currently have internet (95%).

6 of the 204 claim not to have internet but are interest in getting it (3%).

4 of 204 claim they are not interested in having internet (2%).

Of the 197 who currently have internet

173 use Comcast/Xfinity (88%)

18 use ATT (9%)

2 use Redshift (1%)

1 uses Luckstrum (.5%)

1 uses Sonicnet (.5%)

2 did not say (1%)

The Board approved the option of a bundled TV and Internet package at \$47.00 per month to residents (not including taxes). Negotiations are in process with Comcast.

- *MYNT Systems.* FinCom recommended that DMC enter into an agreement with MYNT Systems to provide solar design services, which included consulting and engineering services throughout the development phase of the project for a lump sum fee of \$5,000. After consideration by the Board, the Board tabled this issue.

4. APPROVAL OF THE JUNE 19, 2020 MINUTES: The minutes were approved with one change, to include Fran Farina in the list of attendees.

5. GENERAL MANAGER AND FINANCE DIRECTOR REPORTS.

The PPP Forgiveness Application is ready to be submitted. We received the money a couple of months ago; it should not be taxable. On page 2 of the Balance Sheet the \$445,500 Liability is currently shown. All of the money received via the PPP went into the Operating Fund.

Administration. The current charges for housekeeping services are charged between Admin and the Guest Units. Anthony Lombardi, Finance Director, has started tracking the hours used for housekeeping in order to correctly allocate the housekeeping expense. Admin is operating \$50,000 to the good. Big dollar items are auditing fees, utilities, and payroll.

Food and Beverage. COG has risen to 51% for the month. We've been working very hard to monitor food costs. They are at 51%. The cost of protein was part of this jump in cost of goods expenses. Included in the beverage costs are the coffee and tea offered for free in the library. Lori Silver asked how many meals have been served before and after COVID. Anthony Lombardi did not have the information at this time. Lori asked if the information could be provided. Anthony said he would follow-up with the information.

Grounds and Maintenance. Both are doing well keeping on budget. The big item is the DMC labor allocation. \$20,000 was allotted as a reserve fund expense for labor. That number seems very high, so Anthony Lombardi moved it to zero for the time being and will track the expense through actuals. YTD Grounds Department Sal Francis has done very little reserve fund work.

Utilities. There has been a bounce back on gas and electricity; meaning the costs are lower than we anticipated. Water, however, remains over budget.

Reforecast of the 2020 Budget. Mark Vanlerberghe sees a plus of \$9,600, year to date variance. Anthony Lombardi plans to do a reforecast of the budget. Nancy Jones asked that the Reforecast be available by the August FinCom meeting. Anthony Lombardi responded he would try to have it available. The Reforecast will be part of the 2021 budget preparation process.

2021 Budget. Richard Cox said that we are approaching the 2021 budget very conservatively. He is cautiously optimistic between now and year end. We will be right at budget or slightly below. Anthony thinks we will be about \$50,000 to \$100,000 either way.

Healthy Forest Fund. Maryellen asked if the Healthy Forest funding would be cut in the future because of the PPP money. The money from the FDA is on hold until October for Healthy Forest. There is a 60-billion-dollar deficit in the State and that may affect the Healthy Forest Funding.

Mark and Nancy both stated how much they appreciate the quality of the reports that Anthony Lombardi has provided each month. Now we have accurate, current data. After FinCom reviews the Financials and after the Board approves, the Financials will be put on the DMC website.

6. TREASURER'S REPORT

The June financial accounts have not been reconciled as of this date. They will be in time for the Board meeting next week.

As of the end of June, there were three delinquencies. Two are in foreclosure and Anthony Lombardi is attempting to contact the third.

One of the units in foreclosure sold to the Bank. From the date of the sale, the new owner (the Bank) is responsible for the HOA assessment from the date of sale. We filed a lien but the bank was in the first position for reimbursement. Doubtful we'll be able to collect past due balances.

7. OLD BUSINESS

Draft FinCom Charter Revision, Review/Approval. For the record, Anthony Lombardi's official title is Finance Director.

The elimination of the following sentence on page two, under AUTHORITIES - "The Board has the right and authority to disband and discontinue any committee or subcommittee, as well as appoint or dismiss any committee member or subcommittee member, with or without cause (or, in the case of the Treasurer, with cause)" will be deleted. The remaining sentence in this paragraph sufficiently covers the situation.

Changes on # 8 and #9. Add receive reports and approve by FinCom a budgeted item over \$15,000 before the purchase is complete and unbudgeted, approve by FinCom of over \$5,000.

On page 3. Use the following, "Committee meetings shall be open to all Association Members, unless a topic is one for which the Board would meet in Executive Session."

Mark Vanlerberghe's MOTION; that we approve the Charter as amended in this meeting and the FinCom Charter is presented to the Board for approval. Seconded by Lori Silver, Passed unanimously.

Policy on Budget Surplus and Deficit: Tabled for now.

Dining Room Minimum Allocation Change. The proposal was discussed last month. When Maryellen Eisenberg and Sandy McKeith were reviewing the pertinent documentation, they could find no guidelines. Some ad hoc information: In 1988 there was no minimum. In 1994, the square foot determining the dining room charge was enacted. In interviewing renters, there seems to be no consistency regarding who pays for the minimum dining room charge - the owner or the renter. There is a great deal of variance.

There are three different plans being proposed. Plan A is to base the minimum on the number of residents residing in a unit, i.e. to have \$XX per person. So, if two people are living in a unit, they would pay 2 x \$XX. Plan B is to drop the minimum fee altogether. Plan C is to leave the minimum as is, that is, based on square footage. From a legal point of view, the CC&Rs say the

Board can assess units, not people. The CC&Rs are our constitution. Carmella Cantisani offered that the CC&Rs are not that difficult to change. She feels it is not fair to charge by square footage. She feels that two people in a unit should pay more than one person in a unit. Nancy Jones commented that there is going to be an outside review of our governing documents. Richard Squires proposed the change of the dining room fee to one in which the same amount is assessed for each unit. So, for example, every unit is obligated to spend \$60.00 per month, regardless of number of occupants.

Motion: Lori Silver moved that we change the dining room minimum assessment to a flat fee per unit as of January 1, 2021. Maryellen Eisenberg seconded. Unanimously passed. This will be recommended to the Board.

Draft Reserve Study Report by ARA: ARA looks at our inventory of items and they make a recommendation of life span and how much it will take to replace. Their study and report are complete. The Strategic Planning Committee has a presentation by ARA to explain more about how they approach this function.

2021 Calendar: We are not doing a 2020-2021 calendar. Please note - the next FinCom meeting is on Friday, August 21, 2020 at 10:00 in the Crystal Room for those attending and will also be available through Zoom. We will have financials in time for the meeting.

8. NEW BUSINESS

Capital Acquisitions Fund: Anthony Lombardi explained that the best way to account for new capital acquisitions is to create a Capital Acquisitions Fund. He proposes renaming the Insurance Fund and its balance of \$38,087 to become the Capital Acquisitions Fund, appropriating the \$26,000 from the Operating Fund (account 8350, Solar Clearing) into the newly named Capital Acquisition Fund (the balance will be \$64,087) and paying for the new generator project from the new fund.

Motion: Tom Mallett made the motion to establish a Capital Acquisition Fund. Seconded by Susan Franks. Unanimously passed.

Generator Project RFP/bids/contract. After discussion and review of the letter written by Dirk Young, in Conte's favor, it was decided to accept Conte's bid for the new generator.

Tom Mallett made the Motion to recommend Conte's bid for the new generator installation to the Board. Susan Franks seconded. Unanimously passed.

Roofing Project RFP/bids/contract. Three responses to RFP were received. Dirk Young recommends Nobile Pride for the following reasons: 1) they have been the ones who have installed our previous roofs, 2) they are dependable, service centered, and 3) their bid was reasonable. Lori Silver and Gigi Wharton questioned if the roofs need to be replaced; they are still in good condition. Richard Cox, General Manager, explained that although the roofs may be in good condition, they are a fire hazard. Also, the decision to replace the roofs, over a sequence of years was made by previous boards because of their vulnerability should there be a fire. As with any item in the Reserve, we have the ability to delay, but this is a project that previous Boards approved and there is need for replacement because of the fire danger.

Motion: Tom Mallett moved to recommend the bid from Noble Pride to the Board. Maryellen Eisenberg seconded. Nancy Jones recused herself from the vote. The rest of the members voted in the affirmative.

Pavement Rehabilitation Project RFP/bids/contract. Staff states that we should definitely accept Main Bid Items 1-10 on the scope of work from the bidders. There are other items that can be deferred for a year. This was an item in the Reserve Budget in 2017 at \$68,000. Tom Mallett questioned why we did not put the bid out to local contractors. There were three mentioned having been overlooked. Richard Cox stated that the local people were not interested.

Motion: Nancy Jones made the Motion that FinCom recommend to the Board the bid from J.B. Bostick Company, the low bidder at \$43,259. Marty Rubin Seconded. Unanimously passed.

Motion: Nancy Jones made the Motion that we recommend to the Board to include the Optional Items in the scope of work. Marty Rubin Seconded. Motion unanimously approved.

Goals for 2021 Budget. Goals and objectives for the 2021 budget have not been assigned by the Board. FinCom will discuss this next month.

9. OPEN DISCUSSION:

Mary Rogers wants to complement Anthony Lombardi regarding including the information on the 2020 Reserve Fund Budget with the Financials.

Motion to adjourn the meeting. Meeting adjourned at 12:25 p.m.

NEXT FINANCE COMMITTEE MEETING WILL BE HELD ON FRIDAY, AUGUST 21 AT 10:00 A.M. IN THE CRYSTAL ROOM WITH ZOOM PARTICIPATION AVAILABLE.

Respectfully submitted,
Susan Franks