

**Del Mesa Carmel Community Association**  
**Finance Committee (FinCom) Meeting**  
Minutes of Regular Meeting  
March 17, 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: JR Wheelwright has replaced Lori Silver on FinCom. Welcome JR.

**Agenda Review/Approval** The agenda was reviewed and approved with one notation. Tom Mallett wants to remove Property title search costs under New Business. So noted and removed from the agenda.

**2. ROLL CALL:**

*Committee Members Present*

Nancy Jones, Chair, Maryellen Eisenberg, Susan Franks, Mark Vanlerberghe, Tom Mallett, and JR Wheelwright. Marty Rubin was not present.

*Others Participating*

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

3. **Approval of the February 19, 2020. FinCom Meeting Minutes as revised.** Three typos on page 3. Tom Mallett made a Motion to approve the minutes as revised. Maryellen Eisenberg seconded. Minutes will be revised and sent out to everyone.

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

Our General Manager, Richard Cox, reports that we are tracking accurately in our financials. Every month we scrutinize the finances because our budget is so lean. He is cautiously optimistic about the year and budget being right on target.

PPP Loan was forgiven in full; it is now on the books Anthony Lombardi reports.

**February Financials.**

Overall, we are looking good. Anthony Lombardi audits the Balance Sheet every month. This month, Nancy Jones and Board member Mick Connolly reviewed the Davis-Stirling required accounts before they were distributed.

**Under current liabilities.** We are currently carrying the PPP as a liability, though we've been forgiven the full loan by the SBA. Last month, Anthony said that he wouldn't be moving this until feedback from the auditors clarifies whether this should be a 2020 or 2021 liability. Anthony reported that liability will be gone in March. Auditors are being asked about tax liability, no final feedback. In March the liability will be gone. The PPP will be reported below the line as Other Income

**Profit and Loss.**

**Administration (Department 10).** Payroll is running true to form. Legal is a little skewed. JR Wheelwright questioned line item 7020 where there is a budget listed of \$36,000. What is this for? Anthony Lombardi responded that about \$1,000 per month or \$12,000 a year is for the JO-NAS license. Also, there are costs in that amount for Telco. Telco manages our phone lines. We can call them for support at any time. We are looking into migrating our nine hubs to Comcast. For example, Hub #1 is the clubhouse; Hub 2 is the gym, and so forth.

Our Pension Plan is running under budget, since most on the staff have not gone over a year of employment.

**Food and Beverage (Department 20)** We actually have come in on budget. Victoria was out on the first, so Tony and the Chef did the inventory and looks like they missed some items. Victoria is checking their results. We are short a person in the dining room and are looking to hire someone.

Richard Cox said now that the Dining Room is open, we are anticipating more traffic. We are in the red tier and therefore the dining room is opening inside service at 25% capacity.

**Community Services Department (Department 35)** has been running at two people less than budgeted. The budget for uniforms will catch up as new uniform shirts have been ordered by Dirk.

Revenue for Community Services work is down against budget, but Dirk believes this will pick up into the summer.

We have lots of tree trimming in March, so this budgeted expense will catch up.

**Guest Rooms (Department 50).** We're still down, but Feb was better than Jan.

**Utilities (Department 60).** Last month we were behind, Anthony was hopeful that the timing of invoices was the problem and this, in fact, was the case for electric and gas. That is, in February we bounced back. He feels like he has a good number for the year.

The big negative is the telephone. Anthony and Victoria renegotiated some of the services and dropped some of them, but we needed to buy out old contracts. Next month we'll see a \$4K credit and \$1K/mo savings for the rest of the year.

We should look into using internet service for the phones. As mentioned earlier, Anthony will look into changing our phone system over to Comcast which does use the Internet to provide phone service.

The goal is to get WiFi throughout the property.

WiFi would be throughout the property. Anthony has put WiFi in each building and will have Comcast new accounts. This will get us to \$55/mo per new address (now 170-350/mo).

JR Wheelwright suggested getting rid of the phones in the guest rooms because most people use cell phones. Anthony Lombardi responded that most people look to have a phone in their room hotel or motel room.

Waste Disposal. We continue to get fined for putting things that are not authorized in the recycle bins. JR Wheelwright asked if it would not be cheaper to not have a recycle bin, just a couple of garbage bins. Anthony Lombardi said he would look at the costs.

**Reserves.** Dirk has identified some projects that we have not budgeted. For example, some of the furnaces in the units need to be replaced. Overall, expenses are behind.

Mark Vanlerberghe had a suggestion. Put the balances at the top and bottom of the Reserve Report sheets would be very useful.

The funds are tracking right on, at this time.

Anthony produced some new reports in February. He added pages for the Healthy Forest, Insurance, Contingency, and Capital Acquisition funds.

**Healthy Forest Fund.** Nancy brought up a question about a check she saw for \$5,000. Anthony Lombardi explained that what she saw was a check cut in December, but cleared in January. The check hit the Healthy Forest fund in December.

Nancy had a question about the Insurance Fund. We prepay insurance up front and then allocate the payment to the fund. Yes, that is true. We expense our Insurance on a monthly basis on the Balance Sheet.

**Insurance Premium Fund.** This fund will be used to pay our annual insurance premiums when they come due. \$40K is moved into this fund monthly, from HOA dues.

**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.

**Capitol Acquisition Fund.** Total amount in the fund is \$103,791. This money will be used for the generator and possibly the water truck.

**Auditors.** We have submitted all the information to the auditors. We expect to have their finished report by the end of April, in time for the FinCom meeting. Anthony Lombardi expects perhaps no more than one or two journal entries. In years past, there were dozens.

## 5. TREASURER'S REPORT

**February Reviews/Reconciliations per Civil Code 5500/5501.** Nancy Jones and Board member Mick Connolly reviewed the items to be reconciled.

**February Delinquencies.** No delinquencies.

## 6. OLD BUSINESS

**Balcony Inspection Costs and Foundation and pier inspection costs.** Since the February meeting, Gary Knott has declined doing the inspection. Adams|Stirling provided a list of firms

who do these types of inspections. Having cleared this with Richard, Nancy has been in contact with 4 of these. One will come here next week to survey Del Mesa.

One firm sent us a sample draft RFP for the inspections, one that had been prepared by another HOA. They assert that the most cost-effective way to approach these projects is to provide an estimate for an initial site visit during which time the engineer would survey the property to determine the elements that are to be considered in the report. That is, they will propose a cost to provide us with a bid. This process was discussed with Richard and Dirk and the firm has been asked to provide this proposal. That proposal won't cost us anything, but will give us a cost estimate for their survey and help us decide on an inspection firm. Writing an RFP is expected to be a task Richard undertakes.

**FinCom Membership.** We won't have the names of those who might be interested in being on FinCom until after the Committee and Club Question and Answers Event. The FinCom charter says there can be seven people on the committee. Nancy would like to take the names of those interested in being on FinCom to the Board and to that end has asked the current members if they would like to serve another year.

**Project Status.** *Laundry Room* - no new information. Dirk has taken the project over. FinCom is not expected to be involved, except to watch expenses monthly.

*Pool House and Fitness Center.* Please see Patti Davis' report on Fitness Center.

*Water Truck.* On hold.

*Shuffle Board Area Replacement Options.* The BOD appointed a committee to look into the options. Information has been received from this committee, but no bid.

*Dining Room/Bistro.* We are expecting to see a review once we have bids.

## 7. NEW BUSINESS

**Fitness Room Remodel Costs:** Account 1406 for is budgeted for \$28,000. The Committee has provided a budget and a plan. Patti Davis made her presentation. The Fitness Committee is not asking for any more money. Once they started looking at the equipment, they learned refurbished equipment is not that much cheaper than new equipment. Three out of the six companies contacted said they could not service the equipment. Because of this, they were able to eliminate three of the six vendors. Bottom line is that the committee was able to get new equipment cheaper than refurbished. Pre-Core provides better service than Matrix. They have references. The committee visited CVAC and Quail. The equipment the committee selected, is the same as that which the CVAC membership voted on using outdoors during COVID. The two trainers who served as consultants to this effort are willing to their time once day each week for four weeks to train the residents on the new equipment. Patti Davis is aiming for a June 1, 2021 opening date for the Fitness Center.

FinCom voted to recommend that recommends to the Board to move forward with the Fitness Room Project, not to exceed \$28,000 in costs for the equipment.

**Project Submission Process.** Last year, as part of the budget process, FinCom solicited member-suggested projects from the DMC membership. We did this too late for some teams to develop proposals and we didn't provide a process for this submission, nor did we provide help to project teams as they attempted to complete proposals. Board members have asked for a process to review the project submissions. Nancy Jones submitted a Process for Submitting a Member-Suggested Project to FinCom for DMC Board of Directors/Budget Approval. FinCom is in agreement with the Process Nancy Jones outlines in her write-up, along with the form that calls for costs and other pertinent information. So, she will present it to the Board at their meeting next week.

**FinCom Report for 25 March Board Meeting.** Nancy will include the Project Submission Process, and Patti Davis' presentation on the Fitness Center. The Project Submission Process may be discussed in the Board's Executive Session.

**Treasurer's Article for April Del Mesa News.** Nancy Jones will note that the PPP has been forgiven and include the Fitness Center update.

**Open Discussion:**

Peggy Johnsen. The Fitness Center was established through donations from the residents to the tune of \$105,000. Peggy would like to put a plaque in the fitness center acknowledging the contributions from the residents. The total project was \$200,000 with the Board, at the time, contributing \$100,000. Peggy is sending historical information to Patti Davis who will research the background.

Meeting Adjourned at 12:00 p.m.

Respectfully submitted by

Susan Franks

Next meeting will be on Wednesday, April 21 at 9:30.