

Del Mesa Carmel Community Association
Finance Committee (FinCom) Meeting
Minutes of Regular Meeting
January 22, 2021

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

Agenda Review/Approval The agenda was reviewed and approved with two additions under New Business. Approval of bids for painting and carpeting of Crystal Room and Approval of re-investing Reserve Funds CD at Schwab.

2. ROLL CALL:

Committee Members Present

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

Others Participating

Richard Cox, General Manager and Anthony Lombardi, Finance Director, as well as Board members Fran Farina, Steve Henrikson, Mick Connolly, Ted Whitney, and Mary Rogers. All participated via Zoom.

3. Approval of the 9 December 2020. FinCom Meeting Minutes as revised. Two revisions. Anthony made changes. Tom Mallett made a motion to approve the minutes as revised. Minutes will be revised and sent out to everyone.

4. GENERAL MANAGER AND FINANCE DIRECTOR REPORTS.

The GM did not have anything to say.

The 2020 auditors have been selected and have begun their work. It was noted that December financials are marked Draft until the auditors have approved our 2020 financials.

November and December Financials were distributed by Anthony Lombardi. He reported back in November that our operating profit will be between \$60,000 and \$80,000. The actual operating profit is approximately (that is, until the audit is finished) \$70,000.

Administration (department 10). Nancy Jones noted account 7015, HR Consulting Service, under budget by \$11K. She asked if this amount will be needed in 2021? The response was that, no, we were able to complete this effort for the 2020 total shown.

Anthony Lombardi clarified that the \$489 in line item #7815 in the Admin P&L was for Propane to fill the tank at the gate house. The last time the tank was filled was September of 2019 and prior to that in August of 2018. So, this looks like a once every 13-15 month expense.

December Financials are a draft until after the audit. Anthony needs advice from the auditors on how to book the PPP money.

Food and Beverage (department 20) is very much improved over the reforecast figure. Dining Room minimums are up, almost doubled. What are the percentages next to Cost of Goods? What is normal, asked Nancy Jones? Anthony Lombardi responded that in a commercial restaurant, the rule is 30% (for food costs), 30% (for labor), and 30% (overhead). Wine costs and liquor for current month are higher than expected because Tony had to discard some old liquor and wine. Physical inventory continues to be done at the end of every month.

Grounds and Maintenance (departments 30 and 40). Nancy noted that, for both departments, the DMC internal labor allocations have significant variances, due to internal labor in 2020 that was budgeted to the Reserve Fund in error. Early in the year, a total of \$20,000 was being charged by Grounds and Maintenance per month to the Reserve Fund, without adequate backup. This was corrected in 2020 and for the 2021 budget; such variances are not again expected. Also, on Grounds, a big number was spent on Contract Tree Work. If the work takes place 30 feet beyond our perimeter, the allocation goes to reserves. If it is less than 30 feet, the allocation goes into the operating budget.

Guest Rooms (department 50). We ended the year under our forecast.

Utilities (department 60). Water down and the rest are up; overall we tracked on budget.

Reserves. F/S Ln#'s are from the 2017 ARA Reserve study, reported as the 2020 budget. About \$7,000 has been received in Healthy Forest reimbursement from the government to date. \$38,600 is left in the Healthy Forest fund for 2020.

\$23,938 is what is left in the reserve budget for Crystal Room remodel. We are trying to stay above 30-33 percentage funded in the Reserve Fund for 2021.

5. TREASURER'S REPORT

November Reviews/Reconciliations per Civil Code 5500/5501. November reviews/reconciliations were completed before the November Board meeting. Nancy Jones and Steve Henrikson met with Anthony on 21 January and reviewed/reconciled the latest account statements prepared by the financial institutions where we have our operating and reserve accounts; the check register; and monthly general ledger. At that time, current operating and reserve accounts and actual operating revenues, expenses compared to the current year's budget, the income, and expense statements for the operating and reserve accounts were not ready, but are now and will be reviewed/reconciled before the Board meeting on 28 Jan.

November/December Delinquencies. There were no delinquencies to report as of 31 December 2020.

6. OLD BUSINESS

FinCom - 2021 Calendar. Nancy asked if we should make the meeting on 17th (Ash Wednesday) or Friday the 19th just for February. Tom Mallett moved to keep the meeting to Friday, 2/19. Seconded and passed unanimously. We will meet on Friday, the 19th of February at 9:30. Nancy will send the year's FinCom meeting schedule to the office for posting on the bulletin board and inclusion on the website.

DMC Web-Site additions from FinCom. Nancy Jones said she gave the old FinCom Minutes to be put onto the website. This has not been done yet, but will be done soon.

7. NEW BUSINESS

Approval of bids for painting and carpeting of Crystal Room. Bids for painting, carpeting, and reupholstering of the Crystal Room had been distributed by Anthony Lombardi prior to the FinCom meeting and were review for action. Nancy asks why the painting is not being done by staff. Anthony Lombardi says it is more involved because it also includes removing the wallpaper. We have three bids: RC Elite Painting at \$5,233.00; Ford Paining at \$6,550.00 and Jon Stuefloten at \$8,066.00. The House Committee and Dirk recommend accepting the low bid from RC Elite Painting.

Pending the review of the carpet samples, the House Committee is recommending accepting the low bid from Carpets and Floors. Bids were presented from Carpets and Floors at \$5,173.55 and Bereman Carpets at \$5,796.98. Nancy Jones' question is why we have only two bids. Richard's understanding is that there were three bids but at the 11th hour one bid was withdrawn. The House Committee and staff recommend accepting the low bid from Carpets and Floors.

Regarding the Upholstery, the House Committee and Richard Cox recommend accepting the \$2160 bid from Herrera's. Richard Cox says there are a limited number of organizations that do this work. Richard Cox has seen their work and thinks it is excellent. Ziolkowski does not have a current business license which disqualifies them.

Nancy noted that these are not fixed price bids, so if they come in higher, we just pay for it? The answer is that that is the case.

Tom Mallett Moves to accept all three bids by the recommended contractors. Seconded and passed unanimously.

FinCom Goals for 2021. We met the goals we recommended to the Board of Directors for 2020 except the Goal of incorporating the Comcast cost into our HOAs fees and keeping our 2021 fees at the same level as 2020. Nancy recommended the following goals for the committee in 2021:

1. Review all accounts on a monthly basis toward the goal of coming in at or under the 2021 budget.
2. Review bids for reserve projects over \$5,000 and provide recommendations to the Board of Directors as to their approval.
3. Engage committees and the general membership for input on proposed special projects.
4. Assist in the costing of projects.
5. Maintain a minimum level of 31% Reserve funding.
6. Assist in the development of a 2022 budget that limits HOA dues to no more that 3% above 2021 levels. Provide a budget breakdown that provides owners with visibility into where their fees go.

FinCom wanted to review these goals at the next meeting. They will be in the minutes of this meeting and discussed again in February.

FinCom Text for 28 January Board Meeting.

- Treasurer's report (reconciliations, delinquencies)
- Recommend the contractors for the renovation of the Crystal Room
- Approve reinvestment of Reserve Fund in a CD. \$246,000 we have in cash at Schwab. Nancy moves that we reinvest our CD with Schwab according to our rules for investment. Maryellen Eisenberg seconded. Motion passed.

Mesa News Article. Maryellen Eisenberg says that people love the articles that Nancy Jones puts together for the Mesa News each month, but people do not understand all the numbers and asks if there could be more dialog in the articles.

Open Discussion:

Richard Squires. He is very pleased that the Minutes will be on the website. He recommends the pie chart should be on the website. He made a simpler version of the pie chart. He asked that the FinCom Minutes, the Pie Chart, the Calendar all be included. He would like to see more of FinCom's activities shared on the website. Nancy Jones said we would look at that and we will do better.

Nancy Jones said that she had heard that the government would help to pay for us to put a road out to Carmel Valley Road, but we would have to do a formal site survey first. Richard Cox said he would take a look at what it would cost. Sandy Spooner said there was an unofficial survey done in conjunction with the Healthy Forest Initiative and we would love to have the information of where the property line is. Tom Mallett said it is very expensive to do a survey, a good chunk of money, north of \$20,000. Sandy Spooner says the boundaries are very elusive. He said there are issues on the east side and west side of Del Mesa.

Mick Connolly asks if we have looked at fixing a certain percentage of our decks. Yes, Dirk is speaking with some firms about inspecting the decks and the foundation piers. Work to replace decks is in the current Reserves, along with estimated costs of inspecting both.

Mary Rogers says that many people ask her how much things cost. For example, how much does it cost to keep up the pool, or how much does it cost to keep up the lawn bowling green.

Steve Hendrickson suggests adding a comment about how we are doing on certain issues in the news article. Steve would be happy to work with Nancy on this article for the Newsletter.

Meeting Adjourned at 11:15 a.m.

Respectfully submitted by
Susan Franks

Next meeting will be at 9:30 on Friday, the 19th of February 2021.