***Del Mesa Carmel Community Association***

**Finance Committee (FinCom) Meeting**

Minutes of Regular Meeting

June 16, 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, as revised.

**2. ROLL CALL:**

*Committee Members Present*

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

*Others Participating*

Richard Cox, General Manager and Anthony Lombardi, Finance Director, as well as Board members Mick Connolly, Ted Whitney, Joe Monza, and Patti Davis. All participated via Zoom. Other participants were Sandy Spooner, Richard Squires, Carmela Cantisani, Cecil Jones, Gigi Wharton, Peggy Johnson, Marcia Vanlerberghe, Danielle De Asis-Pinon, and Payton Trimm.

**3.** ***Approval of the May 20, 2021, FinCom Meeting Minutes.*** The Minutes were approved with two minor changes.

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

Richard said the thought the Financials looked good, continuing to track and we are at mid-year. He gave the floor over to Anthony.

**May Financials**

**Administration (Department 10)**. We are up in transfer fees, with about four units. Payroll is tracking. We are $20,000 in the good for the year. We paid an additional $11,000 to the auditors. We will be $6,000 to the good against what we budgeted.

A few months ago we put out an RFP for a business Continuity Plan. This has been budgeted; we will use the $15,000 budgeted.

Legal expenses to the Good $13,500, but we will see that reversed in June with the property insurance issues going on for which we needed legal advice.

**Food and Beverage (Department 20).** Wehad a very good month. YTD, our costs are all under 40%. We are slightly over in Payroll, but overall we are $10,000 to the good. Tony has done a good job managing expenses for the first five months.

We have a couple of good candidates for the head chef. Tony DiGirolamo is moving on and has joined the Maintenance Group, so we will hire a new manager.

Because of the chef leaving and the restaurant closing, we will have some waste in June. In other words, we’ll have a number for waste; though Anthony Lombardi thinks it will be less than $600.00. The produce left went to the Food Bank.

Carmella commented that we have made the same mistakes again and again. We lose between $15,000 to $20,000 a month. Anthony Lombardi says the restaurant is an amenity. However, this is an issue for the Board to discuss.

**Community Services (Department 35).** Dirk Young hit his mark on revenue and materials. Although total payroll is $30,000 to the good, Anthony thinks this is due to people not taking advantage of health insurance, an employee still out on medical leave, upcoming vacations will hit this account, and one vacant position. Dirk Young also did a good job managing his expenses. Currently we are $19,000 behind on the forest work but we should catch up. Dirk Young is down one, with a new hire to start in August.

**Guest Rooms (Department 50).** Things picked up in June. About $3,000 ahead in revenue. June looks like a good month. Anthony Lombardi thinks we will be good also in July and August. Nancy Jones had a question about whether the painting and TV installation has been complete. No, Payton has blocked off rooms so they can be painted. Anthony Lombardi has not been able to find a sixth TV, but will continue looking.

**Utilities (Department 60)**. Gas and electric is up about $17K for the month and $40K for the year, for five months. Water is looking good and looking like it will be better. Richard explained that the water trailer has been purchased. We are moving ahead with the removal of 8-9 lawns. Thanks to Richard Hale for discovering a leak that had been leaking for quite some time. Once found, our water cost went down.

**Capital Acquisition Fund**. $15,600 was spent for the water trailer. The Board may want another water trailer. Richard thinks we will be OK with the one. The utility cart will come in at around $12,000; we had budgeted $40,000 (?). Maryellen Eisenberg asked about cleaning out the area around the well. We want to make it very accessible for the water trailer.

Nancy Jones had a question about whether the generator, is up and running. The answer is yes, it has been tested and is ready to be used.

**Contingency Fund** No change.

**Insurance Fund**. The Board and Richard are working very hard to find something else between now and September 19, 2021 (the date when we can cancel our current policy with minimum penalty). Nancy Jones noted that we will be over our property insurance budget for this year; we budgeted $464K, but the premium is $544K. Next year’s budget is the issue.

Marty Ruben, just received an email from AllState, their agent said she is dropping out and will not insure the Rubens. Other Allstate agents have said they would write the policies. Residents can call the front desk to find out who is insuring. Richard says he has seen quotes anywhere from $1,500 up to $4,500.

**Reserve Fund**. Not a great deal of work has been done in May. Finishing up of the Crystal Room, bought paint for the Fitness Room, and did some concrete work. $120,000 budgeted for repaving work. Dirk Jones has reached out to Chec (our 2020 repaving contractor), but they have not returned the call.

**Healthy Forest.** Anthony Lombardi has not seen any invoices. The big chipper is being repaired in Watsonville. Sandy Spooner expects to be done by the end of next week. He estimates USDA reimbursement between $40,000 to $70,000 ($80,000 was budgeted). We should be under the $120,000 budget by $10,000. We are to have cleared 22 feet back from the asphalt on the main road, except in the area where we don’t own the property.

**5.** **TREASURER’S REPORT**

***May Reviews/Reconciliations per Civil Code 5500/5501.*** Since we just received the Financials, we have not done the reconciliations. This will take place before the Board meeting. There is a small delinquency for May, around $150. The updated status on reconciliations and delinquencies will be reported to the Board.

**6. OLD BUSINESS**

***Balcony Inspection and Foundation and Pier Inspection Costs.*** We have one bid for balcony inspections. It is anticipated that we will receive bids from other vendors so we’ll be able to budget for next year.

**Insurance**. Nancy Jones noted that our approved budget for 2021 includes $464,392 for property insurance. However, this figure does not tell the story well, since our policy does not run from 1 January to 31 December. That is, we budgeted $464K for 2021 for property insurance consisting of 4 1/2 months of our in-place policy 2020-2021 policy that cost $424,587 and 7 1/2 months of our estimated cost of a new policy for 2021-2022. Our 2021 budget, developed in the fall of 2020, was based on an estimated 15% increase in the cost of property insurance from MRMG, to a figure of $488,275. When we calendarized these costs for 2021, the total cost for the year would have been $464K.

When we received no bids for 2021-2022 Master Plan property insurance for the $100M coverage we had before, by the date that our last year’s policy expired, we were forced to accept an offer for $6.8M in coverage for a cost of $544K. The GM and the Board continue to work with our insurance broker and all other insurance agencies that say they can provide policies to locate a better Master Plan. Without any such offers having been identified, the Board continues to recommend that owners attempt to purchase their own, individual property insurance policies.

**7. NEW BUSINESS**

**Review/approve the 2021 FinCom Charter**: We do not have Charter Review to report.

**FinCom Report for 27 May Board meeting**. These are the things that will be bought up at the next Board meeting: the review/reconciliations per Civil Code 5500/5501, the delinquencies, the FinCom Charter, and the recommendation to purchase another gator.

**Open Discussion**

Cecil Jones: He thinks the site survey should be on the agenda and in the Minutes. Nancy Jones will speak to the person who was going to speak to Richard Cox about the site survey.

Maryellen Eisenberg. Should we look at the fact that people wash their cars up the hill. Is there some way to monitor the amount of water used? Nancy asked if anyone knows if Dirk can monitor water use at the top of hill. Richard Cox will look into it. Nancy Jones asked about being able to monitor the amount of water used in the laundry rooms.

Richard Squires commented that a big waste of water is when people wash their dishes; they let the water run. A dish washer uses far less. Richard says the last time we had water rationing, it was 50 gallons per person.

Peggy Johnson. As a resident of the Peninsula for fifty years, the education of people is a long term proposition. A session with residents regarding how to conserve should be given. It is time we start an education program with our residents. Nancy Jones says she will bring it up to the Board.

Richard Squires. We need to consider installing individual meters for water, electricity, and gas. It is the only logical solution.

The meeting adjourned at 11:52.

The next meeting will be on Wednesday, July 21 at 9:30 a.m.

Respectfully submitted by

Susan Franks