

Del Mesa Carmel Community Association
Finance Committee (FinCom) Meeting
Minutes of Regular Meeting
February 19, 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 with one adjustment and one addition. The adjustment was in the topic Balcony inspection costs, add Foundation and Pier Inspection Costs. The addition is a new item under New Business called Project Status.

2. ROLL CALL:

Committee Members Present

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

Others Participating

Richard Cox, General Manager and Anthony Lombardi, Finance Director, as well as Board members Mick Connolly, Ted Whitney, Gigi Wharton, and Mary Rogers. All participated via Zoom. Other participants were Sandy Spooner, Richard Squires, and Carmela Cantisani.

3. Approval of the January 22, 2020. FinCom Meeting Minutes. Tom Mallett made a suggestion to revise the Minutes. Motion to approve the minutes as revised. Maryellen seconded. Minutes will be revised and sent out to everyone.

4. GENERAL MANAGER AND FINANCE DIRECTOR REPORTS.

GM reports that we are tracking accurately in our financials. We are at the beginning stages of looking at the Exercise Room.

January Financials were submitted by Anthony Lombardi.

Balance Sheet. We are still carrying the PPP as a liability. Anthony will ask the Auditors if this should be booked in 2020 or 2021.

The generator for the top of the hill has finally been received.

Profit and Loss.

Administration (Department 10). Nancy Jones observed that employer payroll is over budget, but payroll taxes are way under budget. Anthony explained that payroll included a check missed in the last payroll period and that PR taxes may be overbudgeted. Nancy observed when there is a Reforecast we will adjust the Payroll Tax Rate.

Food and Beverage Nancy noticed that an additional full time person is budgeted. Richard said he needs a second person in case Rick needs to take time off. If we get the opportunity and the talent is right, we will hire. The food costs are right on target. Mark noted that when the clubhouse delivers via flying owl, there is sales tax.

Community Services Dirk may have over budgeted for revenue. Richard feels we'll be able to catch it up. Maryellen asked if this was because residents don't understand how to use staff for resident projects. Richard Cox noted that the Board had an executive session with our insurance man on how better to describe this use and that further information will be provided to residents soon.

Guest Rooms. Anthony did not expect COVID to go away in 2021. Nancy asks if we should be encouraging use of the guest rooms. Even during the AT&T, we did not get the traffic we would normally get.

Utilities. We are hoping that the timing of the invoices is what is affecting the increase in costs we are seeing. We are over in the budget in electricity and gas. Anthony Lombardi thinks he adjusted the budget accordingly for an increase in January based on information from the past four or five years.

Reserves. Anthony Lombardi needs to sit down with Dirk regarding when projects will happen, so that the monthly can be adjusted, but not the total annual budget.

The expenses we approved for the Crystal Room budget have not come in yet.

Nancy saw a check to the Forester and asked about it, since there was no expense recorded for Healthy Forest. Anthony explained that this would be shown in a separate page for the fund. There has not been such reporting until now; he plans to add such a page for each fund.

The Audit is going on remotely. So there have been few questions. Anthony Lombardi thinks they are ramping up right now; we are sending information to them. Audit is due the middle of end of April, but Anthony thinks we'll be done before then.

5. TREASURER'S REPORT

January Reviews/Reconciliations per Civil Code 5500/5501. Nancy Jones and Steve Hendrickson reviewed the items.

January Delinquencies. There is only one very small delinquency that may be resolved before the February board meeting.

6. OLD BUSINESS

FinCom Goals for 2021. Nancy presented draft goals for FinCom for 2021 at last month's meeting. The committee had decided at that time to bring this topic up at the next meeting. The proposed goals were:

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 than 3% above 2021 levels. Provide a budget breakdown that provides owners with visibility into where their fees go.

Tom Mallett had a question about item 4, assist in costing projects. Nancy Jones said we are not now doing this, but she believes it should be a goal.

Tom Mallett also thinks that the Reserve Study should be reconciled with the ARA Study in real time. They ought to be running in tandem. Goal: Develop a model to reconcile the actual Reserve with the ARA budget on a monthly basis. It is a big project and it will take Anthony Lombardi the better part of the year to get it done.

ACTION: It was agreed that goals will be considered by the new FinCom, established after the 2021-22 Board elections and committee assignments.

7. NEW BUSINESS

Site Survey Costs: Neither Richard Cox nor Dirk could shed light on who suggested that the state would help pay for a new road in Roach Canyon, but that this would require a site survey. A document was found that was dated 1964 that provides some good information, including where the "pins" are located upon which that survey was based. The suggestion was made that we could go around and locate the pins from the 1964 Survey which would give us more information regarding the DMC property lines. Nancy Jones does not see the need for a site survey.

That map shows a sliver of our land, described as a meadow, deeded to the County by DMC.

With respect to getting the land back from the County. We could go back to the source documentation to see if there is a title for the land donated to the county.

Richard says that the document was just located last week, but Richard needs some time to go through the file. The committee asked if we should make the Board aware of the documents and the decision was yes we should.

ACTION: Nancy to alert the Board to the existence of the land donated to the County and the possibility that Del Mesa might get this back, without County maintenance of the land.

Balcony Inspection Costs and Foundation and Pier Inspection Costs. Dirk has been in contact with Gary Knott, formerly of Pacific Engineering, who conducted the inspection in 2011 and he is willing to come and survey the balcony, foundation, and pier inspection. The foundation/pier inspection is budgeted in our Reserve.

California law SB 326 requires the inspection of balconies. Nancy said she looked at the list of contractors identified by Adams|Stirling to do this work and that she called one of them. This company representative said that they would conduct a no-charge survey of the balconies, to be followed by a quote for the inspections. She believes we should get quotes from a number of companies. Her plan is to get quotes for the foundation and pier inspections from each of these balcony inspection companies. We have until January 1, 2025, but we may need to spread this over time. We need to get the bids in.

ACTION: Bids need to be gathered for balcony inspections and for foundation & pier inspections. This will be done by staff, perhaps assisted by Nancy Jones.

Project Status: Some are in the budget, so Nancy Jones thinks it is a good idea to discuss.

- **New Facilities Equipment:** Under infrastructure, there is money for a new flying owl cart. Nancy asked if we really need a new one. Richard responded that yes, Tony is using his private car to deliver the food. Dirk is looking at options to purchase.
- **Laundry Room Remodeling:** Full remodel of 5 of the 15 laundry rooms was budgeted for 2021, at a cost of \$27.5K. Dirk has the matrix of laundry room status prepared by Patti Davis. He says there are three that need the most work. The one is particularly bad with leaks and needs a new roof. He's planning to remove the old heaters and the ironing boards, put in a cork board, and replace floors and acoustic ceilings. Richard Cox observed that the sinks in these rooms don't get used much and that it appears we could go with a smaller sink. The question was raised as to who should be in charge. Tom stated that this project came out of B&G; it's up to them to determine what to do. Mark suggested that, maybe, they should appoint a project leader. Maryellen said they talked about this issue in building and grounds yesterday. This task has gone from Building and Grounds to FinCom and back to B&G, then, given over to Dirk. Anthony Lombardi and Richard Cox will be in contact with Dirk to determine how things are going.
- **Pool House and Fitness Center:** Richard Cox is waiting to hear from Patti Davis with an updated quote for the replacement of Fitness Center equipment. Dirk has replaced the floor tiles. Anthony Lombardi has been asked for his involvement to sell the old, used equipment. Anthony Lombardi will have an action item for the Board Meeting.
ACTION: Take the authorization to sell fitness room equipment (as DMC assets) to the Board.
- **White Owl Project:** went directly to the Board. No information on this.
- **The Shuffle Board Court.** Maryellen mentioned that although Building and Grounds brought this repurposing idea forward, the Board of Directors took it over and appointed Wylie Barnett, Scott O'Brien, and Gloria Gustafson to look into changes for better utilization of the area. This committee reports directly to the Board.
- **Dining Room/Bistro.** It's been difficult to get bids on this project. There is an issue with the windows being replaced by big glass doors (some vendors install, some don't). A covering for the patio has been suggested. Perhaps a structural engineer is needed for this effort and this could be the same person as will work foundations and balconies. None of this is in the budget. Anthony suggested that this project might be somewhere between reserve and capital, but is not in either budget for 2021. The comment has been made that this project is revenue neutral, but probably not for the first year. Perhaps it should be done in small stages.
- **Business Continuity Plan:** Richard says they've published a Request for Proposal for this plan twice. They've heard from two companies, who have told us they do not have time to bid on the project.
ACTION: continue this request, as companies have time to consider.
- **Water Truck:** Went to Board and got tabled. Maryellen asked if there has been any follow-up on the tanks that are under some of the houses. They are in different states and conditions. Richard Cox is not sure how they are being utilized. The money for the potential water truck had been scheduled for the Capitol Acquisition Fund.

FinCom Membership: There is usually an annual Community Fair where clubs and committees are represented. After the Fair, a survey is sent to the residents to determine where there is interest. For FinCom, the Treasurer is designated as the chair of the committee and is one of the Members. Nancy is offering her services as Treasurer to the next Board for next year. This year, the COVID version of the Community Fair occurs in April, too late for the March FinCom meeting and to present names to the Board.

Nancy noted that our FinCom charter provides that the Treasurer sets the number of Committee members (5-7), identifies a list of proposed names and recommends them to the Board for approval. In proposing members, it goes on to state that the Treasurer is encouraged to seek a balance of members with prior finance committee experience and new members likely to offer service for more than one year. FinCom is open to anyone willing to assist, who has a working knowledge, background, or education in finance, accounting, bookkeeping, or business. Proposed members will be appointed by the Board. Appointment consideration criteria will include relevant experience, willingness and availability to serve, fairness, firmness and ability to function within a team. This topic was included in this month's agenda because Nancy wants current FinCom members to be thinking about their membership on the FinCom and whether or not they wish to continue and also to suggest new members.

ACTION: FinCom members to let Nancy know via email of their interest in remaining on FinCom for 2021.

FinCom report for 25 February Board Meeting. Nancy says the Treasurer's Report will include the Reviews; Reconciliations and Delinquencies. She will add Fitness and Exercise Room equipment sales authorization.

Treasurer's Del Mesa NEWS article: Following up with the reserves and balance sheet--discussion. Some people say last month's article was like Finance 101; this will be Finance 102.

Open Discussion:

Sandy Spooner. Just wanted to make sure that we are correct, Sandy said it would behoove us to put money aside for a surveyor to look through the documents and to do a title search. Legally we need to make sure that it is our property. Tom Mallett could get a cost on what it would cost to do a title search. We agreed to do so.

ACTION: Tom to get a cost on a DMC property title search.

Meeting Adjourned at 11:15 a.m.

Respectfully submitted by

Susan Franks

Next meeting will be at 9:30 on Thursday, March 17 at 9:30.