

Del Mesa Carmel Community Association
Finance Committee (FinCom) Meeting
Minutes of Regular Meeting
January 25, 2022

1. **CALL TO ORDER:** Committee Chair, Nancy Jones, called the meeting to order at 9:30 a.m. The meeting was held in person in the Coastal Room.

2. **Announcements.** It was intended that the meeting would also be on Zoom, but there was a problem with the password and this connection did not work. We will take questions during the meeting, not waiting until the end.

Nancy described an email she had received last month from a member who asked to have these meetings in the evening, for those who work during the day. She responded to him that nobody had ever asked for this, but that she would bring it up at our next meeting, that is, this meeting.

3. **Agenda Review/Approval** The agenda was reviewed and approved with one change -the 2022 FinCom meeting schedule has been moved to Old Business.

4. ROLL CALL:

Committee Members Present

Nancy Jones, Maryellen Eisenberg, Susan Franks, Natalie Kaufman, David Lamm, Marty Rubin, and Mark Vanlerberghe.

Others Participating:

Richard Cox, General Manager, Anthony Lombardi, Finance Director, as well as Board members Mick Connolly, Board President, Ted Whitney, and Ann Parker. Other participants were Cecil Jones, Doug Garcia, and Dave Fuller.

5. **Approval of the December 14, 2021, FinCom Meeting Minutes.** Nancy had circulated a draft copy of the Minutes, but too late to expect member review. She asked that FinCom members review these minutes and send in their approval or comments to her via email.

6. GENERAL MANAGER AND FINANCE DIRECTOR REPORTS.

The General Manager had no comments.

Finance Director Reports.

Anthony Lombardi says we continue to operate well, on budget.

Operating Fund. Anthony predicts we will be \$100K to the good at the end of the year.

Administration. Transfer fees are way over plan; we're already over the year' budget by \$10K. Payroll expenses were over the plan for November. We identified at the beginning of October that we had to make a one-time adjustment of \$12,000 to bring the minimum wage for salaried employees up to the required level. These were made.

Operating Expenses are up because of the purchase of a number of printer cartridges.

Maryellen asked about the big cost in HR Consulting Services, putting us quite a bit over budget. Anthony responded that this was due to renewing our TPO subscription, a cost that was, in part, due to Danielle having left.

Nancy described a mail-in question from Richard Squires. He asked how much was spent in 2021 on legal and professional fees in the 3 areas of litigation, insurance and governing documents. Anthony will bring that figure up to date and we will get the response to Richard.

Food and Beverage. Dining Room and Flying Owl are revenue was down this month; however, the anniversary party offset this. Payroll expenses are running close to what was budgeted. Izzy and Dante are signing up for health insurance. Maryellen Eisenberg had a question about whether the 18% service fee would be added to the Flying Owl orders. Yes, it would.

Community Services. Doesn't look like there is a whole lot of work being done by staff for owners. Anthony has asked they make a progress billing as various projects continue, but the trend is to wait until a project is complete before billing takes place. Nancy asked how much it costs the Association to tent a house for termites. Anthony replied that this was about \$2K.

Guest Rooms. The expenses are up because the use has increased. Nancy Jones asked if there has been any feedback regarding the increase in rate. Anthony and Richard Cox replied that there have not been any complaints.

Utilities. Nothing new to report. We have variances of \$40K YTD in electric \$64K in gas. But, we are 40K under budget for water. We are running \$50K under what was budgeted. The utility companies can increase their fees by 3 to 5 percent whenever they decide to do so.

Cecil Jones asked why PG&E costs were over plan. Richard Cox reminded the group of the work done on utilities for the 2022 budget. We lost water on the January water leak and will be talking to Cal Am about recovering some of that cost. We are using the water tender in the next few weeks. The recent rain filled our cisterns. Mark Vanlerberghe mentioned breaking out these variances between rate and usage.

Mark offered kudos to the staff for their work on informative financial statement presentations.

Contingency Fund. The fund is currently at \$65K.

Capital Acquisitions Fund. We ordered another cart to be used for the Flying Owl. The balance at the end of November is \$35K.

Insurance Premium Fund. Anthony Lombardi proposed that we increase the contribution to \$55,000 for the next months and we have. The California FAIR Plan has refunded us \$6K.

Reserve Fund. Efforts on landscaping, siding, and wood decks were the primary expenses from the Reserve Fund this month.

We are switching from ARA to Smart Property for the Reserve Study. We are making the switch because of improved software. Mark has had experience with Smart Property and recommends them.

Mary Rogers requests the recumbent bike be added to the Fitness Equipment. There is some difference of opinion on this. Anthony Lombardi will look into this. He is involved in selling the old fitness equipment. He had an offer, which he thought was low so he did not take it, but now he thinks we might accept the offer. In any case, the old fitness equipment will be sold getting about \$2,000 - \$3,000. Anthony will follow up with Mary.

Nancy complimented Dora Draper for making a complete and precise summary of the House Committee's work on the Coastal Room. Dora itemized the expenses and all the decisions. A report very well done. Dora and committee came in under budget!!

Healthy Forest. No activity.

Holiday Bonus Campaign. We were able to give the employees \$100 more than last year. Last year we gave the employees \$1,000, so this year we are giving them \$1,100. 57% of the residents contributed to the Holiday Bonus.

5. TREASURER'S REPORT

December Reviews/Reconciliations per Civil Code 5500/5501. The December review of reconciliations has not been done yet, but will be in the next few days. November delinquencies - there are two delinquencies by owners and one small one by a renter. In one case the estate is in probate and DMC will get paid; the other one is being followed up on as is the renter delinquency.

6. OLD BUSINESS

2022 DMC Budget. We are going to put the 2022 budget on the website.

2022 FinCom Meeting Schedule. Nancy has only scheduled meetings for January and February because there will be a new Board and therefore possibly a new treasurer. Nancy said the schedule assumes we have the same Treasurer. She has included proposed dates for meetings throughout the year. She has not booked the Coastal Room past February.

7. NEW BUSINESS

Recommendation for 2021 audit firm. Hutchison and Bloodgood. Anthony Lombardi says that this is only the second year we have used this firm. They did a good job last year, very thorough and competent.

Cecil Jones asked if an annual audit is required. The response was yes.

Nancy Jones moved that we engage Hutchison and Bloodgood to conduct our 2021 audit. The Motion was seconded by David Lamm and voted in the affirmative, unanimously by the FinCom members.

Money-saving Ideas. Nancy would like to see money-saving ideas on the agenda for every meeting. She is looking for little things that can save costs.

She noted that in 2020 FinCom solicited member-suggested projects that we would review for inclusion into the 2021 budget. We didn't do that this year, with our finances being much tighter for the 2022 budget. She asked each FinCom member to think about money-saving ideas to bring up each month. We won't be handling big issues like the bar/bistro in this manner; those require more than a casual listing of ideas. Anthony said that Richard Cox runs a tight ship and that there aren't a lot of candidates for such savings.

Nancy started the group off with a cost saving ideas is to reduce printer ink. We could save money by not printing DMC monthly statements, but send them through email (an Anthony idea).

FinCom Report for 27 January Board meeting. Nancy will report on reconciliation, results of the Holiday Fund campaign, and the tentative schedule for FinCom for 2022.

Treasurer's Del Mesa NEWS Article. This article was due on 25 Jan. Something will be submitted to review November financials.

8. Open Discussion on subjects not on the Agenda

Mick Connolly described FinCom as having a special relationship with the Board. Central is the Strategic Planning Committee (SPC), which stopped when Patti and Tom moved away. Mick would like to see the SPC reconstituted and for them to work closely with FinCom to be that first filter on cost savings.

Cecil Jones. Richard has mentioned that after speaking to Cal Fire, \$200K was moved into the Landscaping Budget. Nancy says for 2021 we budgeted \$100K which was increased to \$200K. Richard says we are leaving it up to Dirk and Ryan as to how to allocate labor to the defensible space issue. Richard says that at this point there is nothing definitive from Cal Fire regarding steps to take to ensure defensible space requirements. We are the only HOA working with Cal Fire; they are happy with what we're doing. It appears that the defensible space requirements will be less intrusive and less expensive than originally thought.

The meeting adjourned at 10:50am.

Respectfully submitted by Nancy Jones for Susan Franks

NEXT FINCOM meeting will be Tuesday, February 22 at 9:30 a.m. Location: the Coastal Room, with another attempt to be on Zoom as well.