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HOMEOWNERS ASSOCIATION

**FINANCE COMMITTEE
MEETING MINUTES
March 20, 2025**

- I. CALL TO ORDER
 - A. Chair Mark Metzger called the Coronado Cays Finance Committee meeting to order at 10:08 a.m. in the CCHOA Conference Room. A quorum was present.
- II. ROLL CALL
 - A. Committee Members Present:

Mark Metzger	CCHOA Treasurer and Committee Chair
Dennis Thompson	Antigua Village
John Barber	Jamaica Village (via Zoom)
Dan Hunting	Kingston Village
Mark Crisson	Blue Anchor Cay, CCHOA President
Jim Besikof	Blue Anchor Cay
 - B. Committee Members Absent:

John Tree	Green Turtle Cay
Dan Schreiber	Bahama Village
 - C. Others Present:

Henry Angelino	CCHOA General Manager
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- III. APPROVAL OF FINANCE COMMITTEE MEETING MINUTES
 - A. Finance Committee Meeting Minutes for January 22, 2025.
 1. **MSUC¹ to: Approve** the January 22, 2025 Finance Committee meeting minutes.
- IV. TREASURER'S REPORT – Mark Metzger
 - A. Chair Metzger briefed the Committee on recent discussions with Walters Management and Newman CPAs. Chair Metzger and Walters Management are working to finalize the 2023-2024 reconciliations and current year general ledger entries to provide more accurate financials. Newman CPAs promised to finalize the audit and tax return on or before 8/31/25. Chair Metzger also stated that Wells Fargo Advisors is not charging the HOA a management fee but is earning approximately \$3600 annually from our account investments. There was some discussion over the accuracy of this amount and Chair Metzger and John Barber agreed to meet and discuss.
 - B. The Committee discussed the HOA Reserve funding policy, the reasoning behind the policy, and the impact on the level of Reserves.
 - C. February 2025 Treasurer's Report was provided to the Committee for review.

UNAUDITED CCHOA RESULTS:

The unaudited month ending results for the CCHOA for February 2025 and the 8th month of the year 2024/2025 are enclosed for your review. The combined reserve balance for February of 2025 is \$5,713,703.46. The reserve balance is slightly less than the balance for January 2025 which was \$5,571,027.30. The reserve balance for February 2024 was \$6,201,637.12. The reserve balance for February 2023 was \$6,537,166.22. The reserve balance for February

¹ MSUC = Moved, Seconded, Unanimously Carried

2022 was \$7,051,748.01, the balance for February 2021 was \$8,028,693.28, the balance for February 2020 was \$7,658,873.47, the balance for February 2019 was \$7,509,355.32. There are significant reserve projects occurring in Mardi Gras, Montego, Antigua, Kingston, and Jamaica. The Board is aware that inflation most likely will adversely affect future reserve projects, possibly necessitating future dues increases. The General Manager, Facilities Manager and the Directors are continuing to review all reserve categories to facilitate maintenance needs as they arise. The reserve goal previously set by the CCHOA Board stipulates that all villages must maintain a 50% funding level within 30 years. The CCHOA Board is aware that at various times reserve balances may drop well below the 50% funding level but that is to be expected when large reserve projects are completed. The reserve needs for each village are handled on a village-by-village basis. Should any village face an emergency expenditure, the village will need to vote for a special assessment or adjust annual dues. The CCHOA Board pays close attention to monthly expenses and remains committed to ensuring adequate funding for all of the villages' reserve projects. The CCHOA Board and General Manager are committed to making every effort to avoid deferring maintenance when possible and when adequate funding is available. Where possible, spending adjustments in other categories may be made. At the present time all Villages reach their 50% reserve funding level in 30 years. In addition, budgets for each village are currently being discussed.

INDIVIDUAL VILLAGE RESULTS:

Individual villages exceeding \$500 in expenditures over that which was budgeted are reported by "year to date" overages. Common is reported when expenditures exceed \$2500 over that which was budgeted. Individual directors continue to examine overages in the budget at any time the overages are reported. Every director makes every effort to stay within the budgeted amounts but at times emergencies or nonnegotiable expenses occur and the funds must be allocated whether they are within the budget or not. Where overages occur, the directors do meet with the General Manager to ascertain what type of expense has occurred and if next year's budget needs to be adjusted or if the expense was a one-time event. Where possible, spending adjustments in other categories may be made. Currently, one village has expenditures that exceed the overall amounts budgeted for the year. Currently seven villages have expenditures that exceed the overall budget amounts.

Jamaica Village had expenditures that exceed budget amounts in pool supplies, tree trimming, plants/flowers, water, outside contractors, and miscellaneous admin expense.

Green Turtle Cay had expenditures that exceeded budget in plants/flowers and water.

Antigua Village had expenditures that exceeded funds budgeted in maintenance wages, maintenance personnel leave, dock wages, general maintenance supplies, janitorial supplies, safety equipment, outside plumbing, outside contractors, pest control, and water.

Trinidad Village had expenditures that exceeded funds budgeted in maintenance wages, maintenance personnel leave, pool wages, pool supplies, general maintenance supplies, pest control, and water.

Montego Village had expenditures that exceeded funds budgeted in janitorial supplies, safety equipment, plants/flowers, water, outside plumbing, and outside contractors.

Blue Anchor Cay had expenditures that exceeded funds budgeted in plants/flowers and water.

Port Royale Village had expenditures that exceeded funds budgeted in pool supplies, safety equipment, janitorial supplies, safety equipment, and water.

Mardi Gras Village had expenditures that exceeded funds budgeted in pool supplies, general maintenance supplies, safety equipment, sprinkler parts, plants/flowers, water, and outside plumbing.

The CCHOA Financial results are available for homeowners after the 2:00pm Board meeting on March 26, 2025. An electronic copy of the Treasurer Report and an in-depth financial statement is available by calling the CCHOA office at 619-423-4353

OTHER ITEMS:

As discussed at our prior Board meeting, I have met with our Auditors at Newman CPA's and Walter Management Company. They have agreed to work together more closely and timelier to finish our Audit and Tax Return by August 31, 2025, four months earlier than this past year. Walters Management also agreed to reflect our past year Audit adjustments on our Financial Statements so that Henry and his management team have a more accurate financial picture when making management decisions.

I am also meeting with Newman's Tax Manager to discuss strategies on how we can reduce our upcoming tax liability not only on our non-exempt income (Interest, Dividends, and Rental Income) but also our Deferred Income in 2023/2024 that will be taxable in 2024/2025. I also have met with our Wells Fargo Advisor regarding our annual management fees. Wells Fargo does not charge a management fee for their advice or buying, selling our investments or account transfers. However, they do receive part of our yield on our investments. Overall, it's approximately \$3600 per year. (this appears very reasonable to me)

INVESTMENT RESULTS:

The CCHOA Board, General Manager and the Finance Committee regularly monitor investment rates to find the most secure rates available to the CCHOA. Wells Fargo Advisors provides guidance on the most appropriate investment opportunities available to the CCHOA, considering SAFETY first with YIELD second. Currently CCHOA has investments in CDs, T-Bills, T Notes and FRBXX. Temporary investments in FRBXX enable the Board to have immediate funds available for unexpected expenditures. Additionally, the CCHOA Board has approved investments in AAA Municipal Bonds when investment opportunities are available. An investment ladder is maintained so that maturing investments come due each month through December 2025. There are additional reserve funds maturing in the remainder of 2025. Currently, the volatile market for the week or two has caused the Feds to stop rate increases, but at the same time, while the market is hoping for rate reductions, the Feds may remain steady with any rate changes. The CCHOA Board is currently maintaining a relatively short-term (26 weeks- 1 1/2 year) reinvestment protocol. It is anticipated that the CCHOA Board and Finance committee will be reviewing our maturities in the near future and may change our reinvestment strategy to maintain our current yields as the market changes with new political landscape.

	February 2024	February 2025	%	February 2025 <i>Actual</i>	February 2025 <i>Actual</i>	% change
COMPILATION						
Cash	841,991.75	562,996.93	-33.14%			
Revenue	3,103,903.90	3,391,292.12	9.26%	3,391,292.12	3,306,958.92	2.55%
Expense	2,914,090.63	3,457,695.17	18.65%	3,457,695.17	3,399,178.44	1.72%
Net Income	189,813.27	-66,403.05	-135.0%			
Reserves	6,201,637.12	5,713,703.46	-7.87%			
	February 2024	February 2025	%	February 2025 <i>Actual</i>	February 2025 <i>Budget</i>	% change
COMMON						
Revenue	1,564,877.03	1,782,992.22	13.94%	1,782,992.22	1,697,224.20	5.05%
Expense	1,507,242.69	1,756,421.94	16.53%	1,756,421.94	1,765,488.71	-0.51%
Net Income	57,634.34	26,570.28	-53.90%			
Reserves	1,334,940.91	1,160,762.60	-13.05%			

V. REVIEW CCHOA FINANCIAL STATEMENT

- A. Financial Statement for the month ending February 28, 2025 was provided to the Committee for review.

VI. REVIEW WELLS FARGO INVESTMENT REPORT

- A. Reserve Investment Summary for February 2025 was provided to the Committee for review.
- B. Bank Statement
- The Wells Fargo Reserve Bank Account statement for February 2025 was provided to the Committee for review.
- C. Current Investment Rationale
- Chair Metzger briefed the Committee on discussions with Wells Fargo Advisors and a proposed plan to keep \$500,000 in a liquid money market fund earning approximately 4.35% and invest \$3 million in a short-term Treasury ladder with maturities of 6 months to 2 years.
 - MSUC to: Approve** investing \$3,000,000 in a short-term Treasury ladder with maturities of 6 months to 2 years.

VII. NEW BUSINESS

- A. 2025-2026 Draft Budget – Operating and Reserves
- General Manager Angelino briefed the Committee on the process used to create the Reserve Plan and generate the Operating Budget including the method to determine the estimate year-end balance, the Reserve Matrix with an overall Reserve funding level of 27% at the end of FY2025-26, the Reserve Contribution Percent Change per cost center, the Reserve Project List by Village/Common, the Operating Budget Matrix, and the Assessment Fee History. He also briefed the Committee on the major changes in Operating budget line items. Property insurance was quoted as increasing by approximately 30% or \$76,000 while all the other insurance lines stayed relatively flat, a 9% increase in refuse removal, annual increases in the Safety contract, an increase in Maintenance Wages which included a 5% salary increase and an additional maintenance tech, a 4% increase in Administrative staff salaries, a 5% increase in tree trimming but a proposed 7% from the vendor, and a decrease of 20% in income taxes. The Committee discussed the various line items in the budget and the need for earthquake insurance in condominium villages and the inclusion of an earthquake insurance premium in Montego's budget but not Mardi Gras' budget. Both Antigua and Kingston already carry earthquake coverage.
 - MSUC to: Recommend approval** of the Draft FY2025-26 pending final updates and an additional review of the Mardi Gras Village budget for being underfunded. Also recommended that all condominium villages have earthquake insurance.

VIII. UNFINISHED BUSINESS

A. 2023-2024 Fiscal Year End Transfers

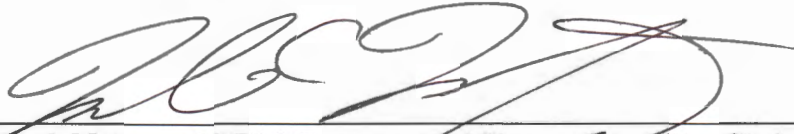
1. Item covered earlier in the meeting by Chair Metzger.

IX. ANNOUNCEMENTS

- A. The next regularly scheduled Finance Committee meeting is scheduled for April 17, 2025 at 9:00 am.

X. ADJOURNMENT

- A. There being no additional business before the Finance Committee, the meeting was adjourned at 12:20 a.m.



Mark Metzger, CCHOA Treasurer and Finance Committee Chair

4-22-25

Date