



FINANCE COMMITTEE MINUTES MARCH 21, 2017

The meeting of the Finance Committee was called to order at 10:00 a.m. by Vice Chair L. Stone and was held on Tuesday, March 21, 2017, in the Administration Conference Room, followed by the Pledge of Allegiance.

ROLL CALL

Present:	Ms. L. Stone, Vice Chair	Mr. R. Stone
	Ms. S. Hopewell	Mrs. H. Tran
	Mr. B. Lukoff	Mrs. C. Damoci, Ex-Officio
	Ms. P. Snowden	

Absent: Mr. P. Hood, Chair

Also Present: Mr. R. Ankeny, Executive Director
Ms. C. Miller, Director of Finance
Ms. J. Rodgers, Purchasing Manager
Mrs. L. Whitlock, Administrative Secretary
Mrs. L. Perrotti, GRF Representative, Mutual One
Mrs. J. Reed, GRF Representative, Mutual Four
Hon. S. Massa-Lavitt, Seal Beach Mayor
Four Shareholders/Foundation Members

There being no objections, Vice Chair L. Stone declared the reading of the Quorum Notification be dispensed with by unanimous consent.

The Vice Chair stated that in accordance with California Civil Code Section 4090, please be advised that a quorum of the GRF BOD (BOD) is present at today's posted meeting. The business of the Finance Committee will be conducted in accordance with the agenda. As a quorum of the GRF BOD is present, this meeting will be conducted as a committee meeting and a GRF BOD meeting. The agenda actions of the committee will be limited only to the members of the committee and will only constitute such actions in accordance with stated committee policy and/or provide recommendations to the Finance Committee at its regular GRF BOD meeting on the 4th Tuesday of the month. GRF Board members who are not committee members will be allowed to comment when recognized by the Vice Chair and only during the proscribed Foundation member comment period, not to exceed three minutes, as set forth in Policy 5610, Participation by Foundation Members.

The minutes of today's committee meeting will be presented to the BOD for approval following the approval of the committee meeting minutes in April, 2017.

CHAIR'S ANNOUNCEMENTS AND REPORTS

Vice Chair L. Stone thanked everyone for coming and mentioned that Chair Hood will not be in attendance today, due to a personal family matter. She also welcomed the Finance Committee Members, guests and staff, including GRF President, Carole Damoci; Executive Director, Randy Ankeny; Director of Finance, Carolyn Miller; Purchasing Manager, Julie Rodgers; and Administrative Secretary, Laura Whitlock.

APPROVAL OF MINUTES

The minutes of the Finance Committee meeting of Tuesday, February 21, 2017 and Special Finance Committee meeting of Friday, March 10, 2017, were approved as presented.

FINANCIALS

Ms. Hopewell MOTIONED, seconded by Mr. Lukoff and unanimously carried by Committee members present –

TO approve the Financial Statements for February 2017, as presented by the Director of Finance.

OLD BUSINESS

Acceptance of the Final Draft 2016 Audited Financial Statements and Excess Income Distribution

The Director of Finance and Committee members reviewed the final draft Financial Statements as of December 2016, for the year then ended, and the proposed Independent Auditors' Report as submitted by NSBN, LLP.

Ms. Snowden MOTIONED, seconded by Ms. Hopewell and unanimously carried by Committee Members present –

TO accept and recommend to the GRF BOD acceptance of the final draft 2016 GRF Financial statements as of 12/31/2016 for the year then ended, and the proposed independent auditor's report as submitted by NSBN, LLP, hereby accepting the above mentioned Financial statements and reports therein, reflecting excess income of \$325,451. Further recommended, in addition to the transfer of operating funds to replacement reserve fund of \$298,745, authorize by

the GRF BOD at its regular board meeting held on October 25, 2016, the remaining excess income of \$26,706 is to be allocated to the Replacement Reserve Fund pursuant to Policy 5528-31 – Refund of Excess Income.

Reserve Study Company Selection

At the Special Finance Committee meeting on March 10, 2017, the Reserve Data Analysis (RDA) and Association Reserves, Inc. were interviewed. A representative from our current reserve study company, Reserve Studies, Inc. was not available.

After review of the bids received of the Reserve Study companies, Ms. Hopewell MOTIONED, seconded by Mr. R. Stone and unanimously carried by Committee Members present –

TO select proposal from Association Reserves, Inc. and recommend to the Board to approve and to authorize the president to sign the contract.

NEW BUSINESS

SRO Labor Rate

Following a discussion of the proposed increase to the labor recovery billing rate, it is the consensus of the Committee to revisit the SRO Labor Rate Increase next month to allow staff to review further.

New Capital Request, Emergency Lighting

The Executive Committee (EC) at its regular scheduled meeting on March 10, 2017, reviewed a request for emergency lighting units in Trust Building restrooms. The discussion included the benefits of having emergency back-up lighting during power outages. The cost for material and labor is \$6,943.14 (includes a 10% contingency fee).

Following a discussion, it is the consensus of the Committee to revisit the new Capital Request for Emergency Lighting to allow staff to confirm the labor cost of this project.

Non-Budgeted Salary Expense, Service Maintenance

At its meeting on March 10, 2017, the Executive Committee unanimously recommended that the Salary Wage Ranges be revised for eight (8) positions in the Service Maintenance department as noted on the attached Service Maintenance Wage Grade Structure Proposal March 2017. To implement these changes, current wages will need to be adjusted to bring them into alignment with the minimum of the new Wage Grade.

Ms. L. Stone MOTIONED, seconded by Ms. Hopewell and unanimously carried by Committee members present –

TO approve and forward to the GRF BOD for final approval of the non-budgeted expense of up to \$50,000.00 for the remainder of 2017 to bring wages into alignment with the revisions being made to the eight (8) Service Maintenance positions as illustrated on the attached Service Maintenance Wage Grade Structure Proposal March 2017.

Capital Funding Request – Clubhouse Two Griddle Electrical Upgrade

After a discussion at the Recreation Committee's (RC) regular scheduled meeting on March 8, 2017, the RC unanimously agreed select Schlick Services Inc. in the amount of \$4,412.18, to provide the electrical upgrades needed to accommodate the installation of the new griddle at Clubhouse Two and to add an additional \$2,500 for contingencies (plans and permits), for a total amount not to exceed \$7,000. The RC further agreed to forward this item to the Finance Committee for Capital funding review and approval.

Ms. Snowden MOTIONED, seconded by Ms. Hopewell and unanimously carried by Committee members present –

TO approve and recommend to the Board this non-budgeted Capital Funding request in an amount not to exceed \$7,000, for the upgrade to the existing electrical system in Clubhouse 2 in order to accommodate the installation of the new griddle.

Capital Funding Request – Addition of Rails and Stairs to the Post Office

At its regular scheduled meeting on March 13, 2017, the PPC reviewed the cost for this task (see exhibit A), and unanimously agreed to recommend MJ Jurado to remove the posts and chain around the post office, install stairs at the entrance, and add bollards with hand rails for a cost not to exceed \$9,100 and forward this request to the Finance Committee for Capital Funding review.

Ms. Snowden MOTIONED, seconded by Mr. R. Stone and unanimously carried by Committee members present –

TO approve and forward to the GRF BOD, non-budgeted Capital Funding request to install stairs at the entrance of the Post Office and add bollards with hand rails for a cost not to exceed \$9,100.

Waive Multiple Ownership Stock Certificate Fee

Following a brief discussion, it is the consensus of the Committee not to take action on the one-time waiver of the \$250 Membership Certificate Fee and forward to the Mutual Administration Committee for review and approval.

POLICIES

Vice Chair L. Stone MOTIONED, seconded by Mrs. Tran and unanimously carried by Committee members present –

TO amend Policies 5061-30, Fees and 5115-31, Committee Functions, Finance Committee as discussed during meeting and forward to the GRF BOD for approval.

Ms. Hopewell MOTIONED, seconded by Mrs. Tran and unanimously carried by Committee members present –

TO forward Policies 2230-31, 2244-31, 2920-31, 3321.01-31, 3323-31, 3325-31, 5155-31, 5320-31, 5330-31, 5506-31, 5516-31, 5520-31, 5522-31, and 5523-31 to the Policy Re-write Sub-Committee for review.

STAFF REPORTS**Purchasing Manager**

The Purchasing Manager provided reports and updates for the Committee's review. She also mentioned there are a few surplus items she would like to sell.

Ms. Hopewell MOTIONED, seconded by Mr. R. Stone and unanimously carried by Committee members present –

TO approve the sale of various Surplus Equipment as outlined in the Purchasing Manager's report.

Ms. Hopewell MOTIONED, seconded by Mrs. Tran and unanimously carried by Committee members present –

TO dispose of the twenty-four (24) dais chairs from Clubhouse Four.

Director of Finance

Ms. Hopewell MOTIONED, seconded by Mr. R. Stone and unanimously carried by Committee members present –

TO approve adding \$500,000 to the investment ladder and authorize the Director of Finance to purchase a 52-week CDAR for the month of March.

Executive Director

The Executive Director provided information and updates throughout the meeting.

PRESIDENT'S COMMENTS

President Damoci had no further comments.

SHAREHOLDER COMMENTS

One shareholder/member spoke on various items pertaining to the Committee's area of purview.

COMMITTEE MEMBERS COMMENTS

Five Committee members spoke on the proceedings and accomplishments of today's committee meeting.

Chair's Comments

Vice Chair L. Stone thanked the Committee members, shareholders, and staff present for attending and participating in today's the meeting. She also mentioned that the next Finance Committee is scheduled for Tuesday, April 18, 2017.

ADJOURNMENT

Vice Chair L. Stone adjourned the meeting at 12:17 p.m.



Linda Stone, Vice Chair
FINANCE COMMITTEE

RECAP OF MOTIONS AND ACTIONS TAKEN AT THE FINANCE COMMITTEE MEETING

MOTIONS

- There being no objections, Vice Chair L. Stone declared the reading of the Quorum Notification be dispensed with by unanimous consent.
- The minutes of the Finance Committee meeting of Tuesday, February 21, 2017 and Special Finance Committee meeting of Friday, March 10, 2017, were approved as presented.
- **TO** approve the Financial Statements for February 2017, as presented by the Director of Finance.
- **TO** accept and recommend to the GRF BOD acceptance of the final draft 2016 GRF Financial statements as of 12/31/2016 for the year then ended, and the proposed independent auditor's report as submitted by NSBN, LLP, hereby accepting the above mentioned Financial statements and reports therein, reflecting excess income of \$325,451. Further recommended, in addition to the transfer of operating funds to replacement reserve fund of \$298,745, authorize by the Board at its regular board meeting held on October 25, 2016, the remaining excess income of \$26,706 is to be allocated to the Replacement Reserve Fund pursuant to Policy 5528-31 – Refund of Excess Income.
- **TO** select proposal from Association Reserves, Inc. and recommend to the Board to approve and to authorize the president to sign the contract.
- **TO** approve and forward to the GRF BOD for final approval of the non-budgeted expense of up to \$50,000.00 for the remainder of 2017 to bring wages into alignment with the revisions being made to the eight (8) Service Maintenance positions as illustrated on the attached Service Maintenance Wage Grade Structure Proposal March 2017.
- **TO** approve and recommend to the GRF BOD this non-budgeted Capital Funding request in an amount not to exceed \$7,000, for the upgrade to the existing electrical system in Clubhouse 2 in order to accommodate the installation of the new griddle.
- **TO** approve and forward to the GRF BOD, non-budgeted Capital Funding request to install stairs at the entrance of the Post Office and add bollards with hand rails for a cost not to exceed \$9,100.

- **TO** amend Policies 5061-30, Fees and 5115-31, Committee Functions, Finance Committee as discussed during meeting and forward to the GRF BOD for approval.
- **TO** forward Policies 2230-31, 2244-31, 2920-31, 3321.01-31, 3323-31, 3325-31, 5155-31, 5320-31, 5330-31, 5506-31, 5516-31, 5520-31, 5522-31, and 5523-31 to the Policy Re-write Sub-Committee for review.
- **TO** approve the sale of various Surplus Equipment as outlined in the Purchasing Manager's report.
- **TO** approve adding \$500,000 to the investment ladder and authorize the Director of Finance to purchase a 52-week CDAR for the month of March.

ACTIONS

- Following a discussion of the proposed increase to the labor recovery billing rate, it is the consensus of the Committee to revisit the SRO Labor Rate Increase next month to allow staff to review further.
- Following a discussion, it is the consensus of the Committee to revisit the new Capital Request for Emergency Lighting to allow staff to confirm the labor cost of this project.
- Following a brief discussion, it is the consensus of the Committee not to take action on the one-time waiver of the \$250 Membership Certificate Fee and forward to the Mutual Administration Committee for review and approval.
- Meeting adjourned at 12:17 p.m.