



FINANCE COMMITTEE MINUTES
March 15, 2016

The regular Finance Committee meeting held on Tuesday, March 15, 2016, was called to order by Chair Stone at 10:01 a.m. in the Administration Conference Room, followed by the Pledge of Allegiance.

ROLL CALL

Present:	Ms. L. Stone, Chair	Mr. P. Hood
	Mrs. C. Damoci, Vice Chair	Ms. P. Snowden
	Mrs. M. Dodero	Mr. R. Stone
	Mr. P. Friedman	Ms. R. Winkler, Ex Officio

Staff:

- Mr. R. Ankeny, Executive Director
- Ms. C. Miller, Director of Finance
- Ms. B. Shuler, Finance Manager
- Mrs. J. Rodgers, Purchasing Manager
- Mrs. M. McAuley, Recording Secretary
- Mrs. L. Perrotti, GRF Representative, Mutual One
- Mrs. J. Reed, GRF Representative, Mutual Four
- Four Foundation Members

INTRODUCTION OF STAFF AND GUESTS

The Chair introduced and welcomed Foundation members, guests and staff.

By unanimous consent, the Chair declared the reading of the quorum notification be dispensed with.

In accordance with California Civil Code Section 4090, please be advised that a quorum of the GRF Board of Directors 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 Board is present, this meeting will be conducted as a committee meeting *and* a Board 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 GRF Board of Directors at its regular Board 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 Chair and only during the proscribed Foundation member comment period, not to exceed four minutes, as set forth in Policy 5610, Participation by Foundation Members. The minutes of today's Board meeting will be presented to the Board for approval following the approval of the committee meeting minutes in April.

RULES OF ORDER

The Chair reviewed the meeting rules and asked that courtesy and respectfulness be acknowledged at all times. Please remember to turn off your cell phones.

CHAIR'S REPORT

The Chair reported there are 3 Committee meetings left of the 2015-2016 term. She requested the Committee start accomplishing and looking at the final audit report, investments, leases, capital request and the Reserve Study.

APPROVAL OF MINUTES

The Chair declared the Regular Meeting Minutes of February 16, 2016, approved as written.

SHAREHOLDER / MEMBER COMMENTS (AGENDA ITEMS ONLY)

One Shareholder/Member spoke on one item pertaining to the agenda.

FINANCIALS

Accept February 2016 Financial Statements

The Director of Finance reviewed the February 2016 financial reports.

Mr. Hood MOVED, seconded by Mr. Friedman and carried unanimously –

TO recommend the GRF BOD accept the February 2016 Financial Statements for audit.

Approve 2015 Finance Statements

Ms. Snowden MOVED, seconded by Mrs. Dodero and carried unanimously –

TO approve the final draft 2015 Golden Rain Foundation Financial Statements as of December 31, 2015, for the year then ended, and the proposed Independent Auditors' Report as submitted by NSBN LLP, hereby accepts the above mentioned Financial Statements and reports therein (Exhibit A), reflecting excess income of \$364,007 to be allocated in its entirety to the Replacement Reserve Fund pursuant to Policy 5528-31 – Refund of Excess Income.

UNFINISHED BUSINESS

Review of Reserve Study

The Executive Director and members discussed percent funding and inflationary rates on the Reserve Study.

After discussion, Ms. Snowden MOVED, seconded by Mrs. Dodero and carried unanimously –

TO recommend the GRF BOD use the percentage rate of 70% - 80% funded and achieve in 5-7 years.

Mrs. Damoci MOVED, seconded by Mr. Friedman and carried unanimously –

TO recommend the GRF BOD set the inflationary rate for the Reserve Study at 4%.

NEW BUSINESS

Approve RSI Proposal

Mr. Stone MOVED, seconded by Mr. Hood and carried unanimously –

TO recommend the GRF BOD accept the proposal from RSI for an update (Reserve Study) without site visit for \$5,490 for the 2017 fiscal year.

Approve Video Producers Club Lease

Mr. Hood MOVED, seconded by Mrs. Damoci and carried unanimously –

TO recommend the GRF BOD approve the proposed Video Producers Club Lease.

Approve Golden Age Foundation Lease

Mr. Friedman MOVED, seconded by Mr. Hood –

TO recommend the GRF BOD approve the proposed Golden Age Foundation Lease.

The Motion passed with Mrs. Dodero recusing herself.

Policy on Capital Purchases Variances

Consensus of Committee for Staff to draft Policy on Capital Purchases and Variances.

Approve Non-Budgeted Funding – Assistant Service Maintenance Supervisor

Mrs. Damoci MOVED, seconded by Mr. Hood and carried unanimously –

TO approve the funding from the Operational budget from the newly created position of the Assistant Service Maintenance Service Supervisor for an amount up to \$76,110 annually.

Approve Non-Budgeted Funds – Technijian Monthly Recurring Support Services

Mr. Friedman MOVED, seconded by Mr. Stone and carried unanimously –

TO recommend the GRF BOD approve to re-allocate funds and accept Technijian's monthly service agreement for \$9,076.95 per month, to be charged against the operating budget. A new GL account will be created to record IT outsourcing services.

Approve Capital Funds – Desk Chairs Physical Property Workstations

Mrs. Damoci MOVED, seconded by Ms. Snowden and carried unanimously –

TO approve the addition of 3 desk chairs to the Workstation project at a cost not to exceed \$650.00.

Approve Reserve Funds – Floor Replacement Clubhouse Six

Ms. Snowden MOVED, seconded by Mrs. Damoci and carried unanimously –

TO recommend the GRF BOD award a contract to Bixby Plaza Carpets & Flooring to replace the upstairs flooring at Clubhouse 6, Asset ID 0701, approx. 5,000 sq. ft., excluding the Exercise area, and to use the flooring approved by the ADRC, Johnson Navia LVT flooring, color Jet, for a cost not to exceed \$36,900, including a \$1,500 contingency, funds coming from the Reserves and authorize the President to sign the contract.

Approve Capital Funds – Space Planning Building Five

Mrs. Damoci MOVED, seconded by Mr. Friedman and carried unanimously –

TO approve \$1,600 from the 2016 Capital Funds for the purpose of contracting with a qualified firm to draft plans to meet with the proposed intended use of the first floor of Building Five (5).

Approve Community Wide Movement Study

Mrs. Damoci MOVED, seconded by Mr. Hood and carried unanimously –

TO recommend the GRF BOD award a contract to Urban Crossroads to develop a CAMUTCD (California Manual on Uniform Traffic Control Devices) Implementation Strategy for Leisure World Seal Beach and outline Policy Implementations; Signage, Pavement Markings; and Design Modifications needed to bring Leisure World into compliance, at a cost not to exceed \$7,040, funding through the Capital Account, and authorize the President to sign the contract.

Approve Capital Funds – Two Paychex Time Clocks

TO approve the funding to purchase two Paychex Time Clocks with annual agreements at a cost not to exceed \$5,520.00 from the Capital Fund Budget of Cost Center 37, Security.

STAFF REPORTS

Purchasing Manager

The Purchasing Manager's report is attached at the end of the minutes.

Director of Finance

Mrs. Damoci MOVED, seconded by Mr. Hood and carried unanimously –

TO approve adding \$500,000 to the investment ladder to invest in a 52 -week CDAR at 5%

The Finance Director's report is attached at the end of the minutes.

PRESIDENT'S COMMENTS

The President gave kudos to the Director of Finance and her Team for the great they are doing with Axxerion.

SHAREHOLDER / MEMBER COMMENTS

Three Shareholders comments on 3 topics pertaining to the Committees purview.

COMMITTEE MEMBER COMMENTS

Six Committee members commented on the accomplishments of today's meeting.

ADJOURNMENT

The Chair reported there will be a Special Finance Committee meeting on Thursday, March 18, 2016 at 1:00 p.m. in the Administration Conference Room to discuss investment options.

The next regular monthly meeting will be held on Tuesday, April 19, 2016 at 10:00 a.m. in the Administration Conference Room.

The Chair adjourned the meeting at 12:03 p.m.



Linda Stone, Chair
FINANCE COMMITTEE
mmm 03.22.16

**RECAP OF MOTIONS AND ACTIONS TAKEN AT THE FINANCE COMMITTEE
MEETING ON FEBRUARY 16, 2016.**

MOTIONS:

- By unanimous consent, the Chair declared the reading of the quorum notification be dispensed with;
- **TO** recommend the GRF BOD accept the February 2016 Financial Statements for audit;
- **TO** approve the final draft 2015 Golden Rain Foundation Financial Statements as of December 31, 2015, for the year then ended, and the proposed Independent Auditors' Report as submitted by NSBN LLP, hereby accepts the above mentioned Financial Statements and reports therein (Exhibit A), reflecting excess income of \$364,007 to be allocated in its entirety to the Replacement Reserve Fund pursuant to Policy 5528-31 – Refund of Excess Income;
- **TO** recommend the GRF BOD use the percentage rate of 70% - 80% funded and achieve in 5-7 years;
- **TO** recommend the GRF BOD set the inflationary rate for the Reserve Study at 4%;
- **TO** recommend the GRF BOD accept the proposal from RSI for an update (Reserve Study) without site visit for \$5,490 for the 2017 fiscal year;
- **TO** recommend the GRF BOD approve the proposed Video Producers Club Lease;
- **TO** recommend the GRF BOD approve the proposed Golden Age Foundation Lease; The Motion passed with Mrs. Dodero recusing herself;
- **TO** approve the funding from the Operational budget from the newly created position of the Assistant Service Maintenance Service Supervisor for an amount up to \$76,110 annually;
- **TO** recommend the GRF BOD approve to re-allocate funds and accept Technijian's monthly service agreement for \$9,076.95 per month, to be charged against the operating budget. A new GL account will be created to record IT outsourcing services;
- **TO** approve the addition of 3 desk chairs to the Workstation project at a cost not to exceed \$650.00;

- **TO** recommend the GRF BOD award a contract to Bixby Plaza Carpets & Flooring to replace the upstairs flooring at Clubhouse 6, Asset ID 0701, approx. 5,000 sq. ft., excluding the Exercise area, and to use the flooring approved by the ADRC, Johnson Navia LVT flooring, color Jet, for a cost not to exceed \$36,900, including a \$1,500 contingency, funds coming from the Reserves and authorize the President to sign the contract;
- **TO** approve \$1,600 from the 2016 Capital Funds for the purpose of contracting with a qualified firm to draft plans to meet with the proposed intended use of the first floor of Building Five (5);
- **TO** recommend the GRF BOD award a contract to Urban Crossroads to develop a CAMUTCD (California Manual on Uniform Traffic Control Devices) Implementation Strategy for Leisure World Seal Beach and outline Policy Implementations; Signage, Pavement Markings; and Design Modifications needed to bring Leisure World into compliance, at a cost not to exceed \$7,040, funding through the Capital Account, and authorize the President to sign the contract;
- **TO** approve the funding to purchase two Paychex Time Clocks with annual agreements at a cost not to exceed \$5,520.00 from the Capital Fund Budget of Cost Center 37, Security;
- **TO** approve adding \$500,000 to the investment ladder to invest in a 52-week CDAR at 5%.

ACTIONS:

- The Chair reported there are 3 Committee meetings left of the 2015-2016 term. She requested the Committee start accomplishing and looking at the final audit report, investments, leases, capital request and the Reserve Study;
- Consensus of Committee for Staff to draft Policy on Capital Purchases and Variances;

Golden Rain Foundation
March 15, 2016 Meeting of the Finance Committee
Purchasing Manager's Report

Acct #	Description	Y-T-D Actual	Y-T-D Budget	Budget Variance
Expenses - Purchasing				
6100000 32	Salaries & Wages - Purchasing	29,835	29,065	(770)
6140000 32	Employment Taxes - Purchasing	3,062	3,076	14
6142000 32	Workers' Compensation - Purchasing	1,350	2,900	1,550
6143000 32	Group Insurance - Medical - Purchasing	5,178	5,038	(140)
6143300 32	Group Insurance - Dental - Purchasing	134	116	(18)
6143500 32	Group Insurance - Vision - Purchasing	82	74	(8)
6144000 32	401(k) Match - Purchasing	809	560	(249)
6145000 32	Group Insurance - Life - Purchasing	160	146	(14)
6146000 32	Long Term Disability Insurance - Purchas	128	172	44
6211000 32	Continuing Education - Purchasing	0	300	300
6214000 32	Meals & Special Events - Purchasing	139	0	(139)
6215000 32	Mileage - Purchasing	0	20	20
6217000 32	Uniforms & Laundry - Purchasing	275	300	25
6410000 32	Office Supplies - Purchasing	54	200	146
6410005 32	Building Supplies - Purchasing	98	170	72
6410010 32	Hospitality - Purchasing	75	90	15
6410015 32	Computer Supplies - Purchasing	0	0	0
6410020 32	Equipment Expense - Purchasing	516	224	(292)
6410030 32	Printer / Copier Supplies - Purchasing	0	132	132
6411000 32	Freight & Handling - Purchasing	3,385	1,650	(1,735)
6435100 32	Bank Service Fees - Purchasing	229	100	(129)
6444000 32	Equipment Rental - Purchasing	223	224	1
6471000 32	Building Repair & Maintenance - Purchas	188	50	(138)
6472000 32	Equipment Repair & Maintenance - Purchas	99	100	1
6478000 32	Service Contracts - Purchasing	22	36	14
6482000 32	Dues, Memberships & Books - Purchasing	0	30	30
6483000 32	Propane - Purchasing	585	500	(85)
6911500 32	Inventory Over / Short-Purchasing - Purc	547	334	(213)
6911505 32	Obsolete Inventory Adjustment - Purchasi	674	670	(4)
	Total Expenses	47,847	46,277	(1,570)
Other Cost Recovery				
5380320 32	Shipping & Processing Recovery - Purchas	(3,265)	5,000	(8,265)
5385000 32	Other Income - Purchasing	25	0	25
5540000 32	Discounts Earned - Purchasing	533	0	533
	Total Other Cost Recovery	(2,707)	5,000	(7,707)
5330000 32	Income / Refund from Mutuals - Purchasin	41,640	41,641	(1)
	Total Cost Recovery	38,933	46,641	(7,708)
Off Budget Items				
5990000 32	Materials Recovery - Purchasing	(11,623)	0	11,623
6415000 32	Materials Pass-Thru - Purchasing	11,623	0	(11,623)
	Total Off Budget Items	0	0	0
	Net Income / (Expense)	(8,914)	364	(9,278)

Golden Rain Foundation
March 15, 2016 Meeting of the Finance Committee
Purchasing Manager's Report

Budget Variance:

Cost center 32 is over budget a total of \$9,278. YTD. Notable variances are:

Budget Variance Report - February 2016
Purchasing - CC 32

<u>GL Code</u>	<u>Account Description</u>	<u>Variance</u>	<u>Explanation</u>
6140000	Worker's Comp	1,550	Over budgeted
6411000	Freight & Handling	(1,735)	Freight Expense exceeded Freight Budgeted mainly due to large appliance back orders arriving in January (\$1495) and CA Lumber tax, which I am working to add back into the appropriate item cost going forward.
5380320	Shipping & Processing Recovery	(8,265)	Due to difficulty reconciling amounts billed and charged between Great Plains and Adapt, I am not easily able to understand why this account is so over-budget. Currently, this account is used to book any variance between COGS and revenue, as well as freight. The installation of Axserion will we will be able to drill into and better understand these variances.
Total Explained Variances		<u>(8,450)</u>	

Project Report:

- a. Axserion launch planning and execution.
 - i. Training and launch preparation in progress.
- Surplus Equipment:
 - a. Reporting on the following income from items sold: No items sold for February, there is a surplus equipment sales currently running through March 17.
- 2014/2015 Capital Project Status:
 - a. Bar Code Printer Label: Pending.
 - b. Large Area storage racking remodel complete.

Golden Rain Foundation
March 15, 2016 Meeting of the Finance Committee
Purchasing Manager's Report

Purchasing Services Report, Month ending February, 2016:

2016 Total Purchasing Services Report

Month	Days	Purch Cash Sales	Mat'l Reqs Processed	Receipt Trans Processed	Walk-In Sales	CC Trans	Purchase Orders	Total Services
January	20	\$ 6,929.97	436	177	285	61	197	1156
February	20	\$ 4,035.59	614	125	162	50	150	1101
March		\$ -	0	0	0	0	0	0
April		\$ -	0	0	0	0	0	0
May		\$ -	0	0	0	0	0	0
June		\$ -	0	0	0	0	0	0
July		\$ -	0	0	0	0	0	0
August		\$ -	0	0	0	0	0	0
September		\$ -	0	0	0	0	0	0
October		\$ -	0	0	0	0	0	0
November		\$ -	0	0	0	0	0	0
December		\$ -	0	0	0	0	0	0
Total	40	\$ 10,965.56	1050	302	447	111	347	2257
Daily Avg		\$ 274.14	26	8	11	3	9	56

Obsolete Inventory (GL 1163000-00)

None to report for period ending February 29, 2016.

Golden Rain Foundation
March 15, 2016 Meeting of the Finance Committee
Director of Finance Report

Acct #	Description	Y-T-D Actual	Y-T-D Budget	Budget Variance
Expenses - Finance				
6100000 31	Salaries & Wages - Finance	90,629	87,207	(3,422)
6140000 31	Employment Taxes - Finance	8,549	8,773	224
6142000 31	Workers' Compensation - Finance	1,492	3,204	1,712
6143000 31	Group Insurance - Medical - Finance	7,555	8,114	559
6143300 31	Group Insurance - Dental - Finance	247	194	(53)
6143500 31	Group Insurance - Vision - Finance	133	134	1
6144000 31	401(k) Match - Finance	1,957	2,050	93
6145000 31	Group Insurance - Life - Finance	400	414	14
6146000 31	Long Term Disability Insurance - Finance	325	482	157
6210005 31	Payroll Processing Fees - Finance	6,620	6,498	(122)
6211000 31	Continuing Education - Finance	0	0	0
6215000 31	Mileage - Finance	0	0	0
6410000 31	Office Supplies - Finance	273	991	718
6410010 31	Hospitality - Finance	129	132	3
6410015 31	Computer Supplies - Finance	0	0	0
6410025 31	Lunch Room Supplies - Finance	0	12	12
6410030 31	Printer / Copier Supplies - Finance	458	920	462
6432100 31	Audit Fees - Finance	19,334	22,416	3,082
6435100 31	Bank Service Fees - Finance	288	510	222
6444000 31	Equipment Rental - Finance	495	496	1
6478000 31	Service Contracts - Finance	168	580	412
6482000 31	Dues, Memberships & Books - Finance	0	0	0
6483201 31	Mailouts - Periodic - Finance	0	0	0
6483202 31	Mailouts - Pymt Coupons - Finance	5,755	6,352	597
6491000 31	Miscellaneous Writeoffs - Finance	3	0	(3)
6721000 31	State & Federal Taxes - Finance	4,400	4,400	0
6951000 31	Non-Budgeted Exp for Committee - Finance	0	250	250
Total Expenses		149,210	154,129	4,919

Budget Variance Report - February 2016
Finance Department - CC 31

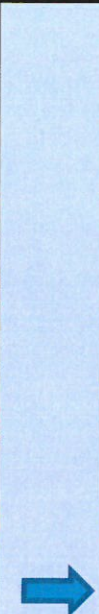
GL Code	Account Description	Variance	Explanation
6432100	Audit Fees	3,082	Annual audit fees < bid quotes; Annual variance projected to be \$18,496
Total Explained Variances		3,082	

Funds Transferred to Reserve Funds

- Per approval of the GRF Board on 2/23/2016, \$966,032 was transferred from the Capital fund to the Reserve fund representing unused funds from 2014 carryover projects into 2015 and 2015 projects initially funded with Capital funds that were reclassified as reserve projects.
- Per approval of the GRF Board on 2/23/2016, the Budget Contingency Fund was drawn down to \$500,000 and the remaining \$206,642 was transferred to the Reserve Fund.

Golden Rain Foundation
March 15, 2016 Meeting of the Finance Committee
Director of Finance Report

Audit Timeline

2015 Financial Statement Audit Timeline		
Dec 15 - 18		Interim fieldwork begins - auditors onsite Walk-throughs, assess controls, review legal bills, develop the audit plan.
Dec 30		Physical inventory - auditors onsite to observe
Early Jan		Send out audit confirmations: Attorneys & financial institutions
Jan 25 - Feb 6		Year-end fieldwork - auditors onsite
February		Finalize financial statements & prepare tax filings - Auditors offsite
Feb / Mar		Present audited financial statements to GRF & Mutual boards. Once board approves, make copies for newspaper distribution
Mar 15		Due date for tax filing (Finalize by Mar 7 - 11)
Apr 4 - 7		Provide News with financial statements for distribution
Apr 14		Distribute financial statements via Golden Rain News

Golden Rain Foundation
March 15, 2016 Meeting of the Finance Committee
Director of Finance Report

Investments

- Purchased in February
 - \$230,000 from FFB liquid reserve account to be invested in 52-week CDAR to continue the investment ladder.
 - Rescinded: \$125,000 from proceeds of matured bond allocated to the budget contingency fund. To be invested in 52-week CDAR per Finance Committee resolution dated November 5, 2015. The Committee passed a motion to draw down the budget contingency fund to \$500,000 and therefore felt it necessary to keep these funds liquid.
- Recommendation for March
 - No maturities scheduled for March
 - \$2.3M in liquid funds in Reserves
 - Recommend adding \$500,000 to the investment ladder to invest in a 52-week CDAR @ .5%.
- Pending Action Item: Invite financial advisors to speak with the Finance Committee members
 - A special Finance Committee meeting is scheduled for March 17, 2016
 - Guest speakers are:
 - Merrill Lynch – Curt Biddulph (US Trust) and Davis Aldana (Merrill Lynch)
 - US Bancorp – Dan Carlson (will call in)
 - BNY Mellon – Erez Kabaker
 - First Foundation Bank – Anita Young, Kyle Auslander and Phillippe Oertle

Superwire

1. Monthly payments of \$1,600 are received each month on past due amounts for 2009 – 2012. **Past due balances are paid in full.**
2. Monthly estimated payments of 1,100 for current extra service revenue is deducted from the amount owed back to Superwire on a monthly basis.
3. Fourth quarter 2015 true-up amount was deducted from the March 2016 settlement payment to Superwire.

Golden Rain Foundation
March 15, 2016 Meeting of the Finance Committee
Director of Finance Report

Superwire		
Due From	Amount	
2009	2,248.24	
2010	10,100.97	
Jan - Apr 2011	\$3,693.30	
Subtotal	16,042.51	
May - Dec 2011	\$1,197.20	
2012	\$1,795.80	
2013	-	Paid in full Mar '15
2014	-	Paid in full Mar '15
1st Qtr 2015	-	Paid in full Jul '15
2nd Qtr 2015	-	Paid in full Sep '15
3rd Qtr 2015	-	Paid in full Dec '15
4th Qtr 2015	-	Paid in full Mar '16
Subtotal	\$2,993.00	
Total	19,035.51	
Payments:	(\$19,035.51)	4/1/2015 - 3/1/2016
Bal Due:	-	

Aged Receivables (GRF - Quarterly Review)

Contract Renewal Report (Quarterly Review)

Golden Rain Foundation
March 15, 2016 Meeting of the Finance Committee
Director of Finance Report

Mutual Seventeen Lease Income

1. Collected YTD: 15 memberships totaling \$5,190.00

M17 Lease Fees Collected in February 2016				
			Month	YTD
	346		Total	Total
2/4/2016	4		4	
2/17/2016	1		1	
	5		5	15
			Month	YTD
	346		Total	Total
2/4/2016	1384		1,384	
2/17/2016	346		346	
			1,730	
Total M17 Lease Fees Collected February 2016			1,730	5,190
Policy 5061-31 Distribution:			Month	YTD
Capital Improvement Fund	50%	865	2,595	
Reserve Fund	50%	865	2,595	
Total Membership Fees			<u>1,730</u>	<u>5,190</u>

Golden Rain Foundation
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Director of Finance Report

SRO Aging Recap:

Month	Jan 2016	Feb 2016	
Jul-15	1	-	
Aug-15	3	2	
Sep-15	4	2	
Oct-15	4	4	
Nov-15	11	4	
Dec-15	252	153	
Jan-16	1,069	289	
Feb-16	-	1,179	
Total	1,344	1,633	

Pending Action Items:

- Pending Action Item: Invite financial advisors to speak with the Finance Committee members