



**REGULAR MEETING OF THE FINANCE COMMITTEE**

**Wednesday, December 18, 2019 – 1:30 p.m.  
Laguna Woods Village Community Center Board Room  
24351 El Toro Road**

**AGENDA**

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of Meeting Report for October 23, 2019
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)
7. Department Head Update

**Reports**

8. Preliminary Financial Statements dated November 30, 2019

**Items for Discussion and Consideration**

9. Insurance Program Update
10. Review GRF Finance 2020 Meeting Dates
11. Endorsements from Standing Committees
  - a. Gate 11 Renovations

**Items for Future Agendas**

GRF Finance Committee Charter

**Concluding Business:**

12. Committee Member Comments
13. Date of Next Meeting – February 19, 2020 at 1:30 p.m.

Pat English, Chair  
Betty Parker, Staff Officer  
Telephone: 949-597-4201



FINANCE COMMITTEE MEETING  
REPORT OF THE REGULAR OPEN SESSION

Wednesday, October 23, 2019 – 1:30 p.m.  
Laguna Woods Village Community Center Board Room, 24351 El Toro Road

MEMBERS PRESENT: Diane Phelps, Chair; Beth Perak, Annette Soule (for English), Bunny Carpenter (for Pearlstone), Sue Margolis, Elsie Addington, Alfred Amado; Advisor: Greg Corigliano

MEMBERS ABSENT: Pat English, Steve Parsons, Jon Pearlstone, Advisor: Shaun Tumpane

STAFF PRESENT: Betty Parker, Steve Hormuth, Christopher Swanson

OTHERS: UNITED – Juanita Skillman

**Call to Order**

Director Phelps chaired the meeting and called it to order at 1:34 p.m.

**Approval of Meeting Agenda**

A motion was made and carried unanimously to approve the agenda with the following addition:

- Purchasing Task Force Ad Hoc Committee

**Approval of the Regular Meeting Report of August 21, 2019**

A motion was made and carried unanimously to approve the report as written with the revision of Clubhouse 1 to Clubhouse 2.

**Chair Remarks**

Director Phelps introduced new members of the committee, including Sue Margolis and Elsie Addington for United. She also thanked Greg Corigliano and Shaun Tumpane for serving as her appointed advisors and noted that further changes will be made to the committee after the GRF organizational meeting in early November.

The chair also provided an update on the progress of Alternative Revenue and Cost Sharing Task Force, noting that research continues on ideas that were identified with priority. Most recently, effort has been given to address rumors stemming from early brainstorming sessions, especially as it relates to potential land sales or development.

**Member Comments (Items Not on the Agenda)**

None.

### **Department Head Update**

Betty Parker, Chief Financial Officer, provided an overview of the October 1 insurance renewal process and difficulties faced in current market conditions for property and casualty lines. Special board meetings were held on October 22, 2019 to address renewal costs that exceeded rate assumptions included in the operating budget. Ms. Parker outlined next steps which will include payment of invoices and contracting for a re-assessment of property values, as requested by several underwriters.

### **Review Preliminary Financial Statements dated September 30, 2019**

The committee reviewed and commented on the financial statements dated September 30, 2019 and questions were addressed.

### **2019 Third Quarter Year End Projections**

The committee reviewed the 2019 Third Quarter Year End Projections for GRF. Staff was asked to provide future projections with a designation between operating and reserve funds.

### **2020 Fee Update – Additional Occupant Fee**

The committee reviewed a staff report recommending an increase in the GRF Additional Occupant Fee.

A motion was made and carried unanimously to recommend the Board increase the GRF Additional Occupant Fee, from \$90 to \$100 per month per additional occupant over two, to be effective January 1, 2020.

### **2020 Fee Update – Chargeable Services Late Fee**

The committee reviewed a staff report recommending an increase in the GRF Late Charge for Fines, Fees and Chargeable Services.

A motion was made and carried unanimously to recommend the Board increase the GRF Charge for Fines, Fees and Chargeable Services, from \$10 to \$35 per month of delinquency.

Director Margolis requested that a similar fee increase be reviewed at the next United Finance Committee meeting on November 26, 2019.

### **Revisions to GRF Investment Policy**

The committee reviewed revisions to the current investment policy, to allow investment grade bond holdings and transitioning to a portfolio of index funds, as recommended by the Investment Task Force.

A motion was made and carried unanimously to recommend revising the Golden Rain Foundation Investment Policy to allow bond holdings at investment grade ratings and directing SageView to proceed with conversion from individual holdings to an index fund portfolio.

The Committee requested further clarification from SageView on how they will treat index funds that contain bonds rated lower than Baa3/BBB-/BBB- by Moody's/S&P/Fitch.

**2020 Fee Policy Update – Recreation Pricing Policies**

The committee reviewed a staff report recommending an increase in Recreation pricing policies.

A motion was made and carried unanimously to recommend the board approve the updated pricing policies to reflect fee changes that will take effect January 1, 2020. Staff was asked to verify the size assumption for tree plots and revise the fee if needed.

**Purchasing Task Force Ad Hoc Committee**

Discussion ensued regarding recent purchasing manual updates that will require revisions to the board-approved Purchasing Policy.

A motion was made and carried unanimously to recommend the formation of a Purchasing Ad Hoc Committee, to include special legal counsel review of proposed contract and policy changes.

**Committee Member Comments**

Committee members thanked Director Phelps for her years of service as GRF Treasurer and complimented her for an effective meeting.

**Date of Next Meeting**

Wednesday, December 18, 2019 at 1:30 p.m.

**Adjournment**

The meeting recessed to closed session at 3:03 p.m.

**DRAFT**

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Diane Phelps, Chair



**Agenda Item 8 – Preliminary Financial Statements as of November 30, 2019**

**Will be issued under separate cover.**

## STAFF REPORT

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**DATE:** December 18, 2019  
**FOR:** Finance Committee  
**SUBJECT:** Insurance Renewal Timeline

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### **RECOMMENDATION**

Receive and file for further discussion.

### **BACKGROUND**

As part of the October 1, 2019 insurance renewal process beginning in early July 2019, Beecher Carlson Insurance Services, the insurance broker for the Community, provided a casualty and property renewal proposal. The proposal included property, general liability, auto, excess, directors and officers, and workers compensation insurance. Due to market conditions the property and liability portions of the proposal came in higher than budgeted for the 2019/2020 policy period.

On July 18, 2019 staff met with Beecher Carlson Insurance Services to discuss renewal plans and difficulties in the property and liability markets. The brokers marketed the program and provided quotes in early September. All lines of insurance were renewed and bound by October 1, 2019 but costs exceeded the contingencies included in the operating budget.

### **DISCUSSION**

Subsequent to the recent renewal, and with the anticipation of continued tightening of the insurance market, the timeline below provides an overview of the of the steps that will be taken to stay abreast of market conditions and available options for the insurance program:

**November 2019** – Statement of Values. Staff is currently working with CBIZ Valuation Group to get a budgetary estimate for an updated valuation of the community. The existing statement of property values is based on a 1987 valuation with annual inflationary adjustments. Once budgetary estimates are received, the bidding process will start and a contract will be awarded to a qualified vendor that can provide a full property valuation of Laguna Woods Village.

**December 2019** – Broker and Carrier Reviews. Meetings with the broker will focus on the past renewal and options moving forward after the guaranteed premiums are earned. The focus of the meetings with the General Liability carrier (Philadelphia Insurance) and Umbrella carrier (Great American) will be on loss prevention and to update relevant underwriting information concerning community operations.

**Q1 and Q2 2020** – Market Evaluations. Each quarter staff will be working with the broker to look at market conditions for both property and liability insurance and to evaluate the possibility of renewing lines of insurance to achieve premium savings, including possible cancellation options if market conditions improve. The broker has sent a 4th quarter update from AmWINS

which is a global specialty insurance broker and market conditions are still unfavorable. An excerpt from the update is provided below and the information they provided for property can be found at: <https://www.amwins.com/insights/article/state-of-the-market-property>

*The current conditions in the property market are expected to continue well into 2020. The property market continues to harden, and carriers continue to look for increases, particularly on cat-exposed business. Rates are expected to maintain their climb through the first quarter of next year, as many feel the Q1 2019 accounts did not receive the full correction as those in later quarters, especially in tougher exposures.*

**May 2020** – Networking. Staff will attend the Risk Management Society (RIMS) conference which will be held in early May, as recommended by the broker. The conference is where the risk community gathers to generate ideas and learn the latest strategies in risk management, meet with current providers to continue discussions about the community, and discover potential providers with over 400 companies in attendance.

**June 2020** – Broker Selection. Staff will complete a bid process for the broker agreement to ensure competitive pricing and exceptional service levels. The last bid process was completed in June 2016.

**June thru September 2020** – Renewals. Staff will work with broker on October 1 renewals and provide budgetary estimates based on a new statement of values and market conditions.

Throughout this process, staff will be working with the existing broker to determine a renewal schedule that is better aligned with the budget process. Currently, final budgets are adopted by the boards in September, at the same time cost proposals are received from the carriers. The timeline above will be adjusted if a change is advantageous to the community before the October 1, 2020 renewal.

### **FINANCIAL ANALYSIS**

None.

**Prepared By:** Dan Yost, Insurance & Risk Analyst

**Reviewed By:** Betty Parker, Chief Financial Officer



TO: GRF Board of Directors  
FROM: Betty Parker, Chief Financial Officer  
RE: 2020 GRF Finance Committee Meeting Dates  
DATE: December 18, 2019

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Listed below are the proposed GRF Finance Committee meeting dates, times, and location for the calendar year 2020. The meetings are scheduled bi-monthly on the Wednesday before the Board agenda prep meeting.

**2020 GRF FINANCE COMMITTEE MEETING DATES**

<b>Meeting Date</b>	<b>Meeting Time</b>	<b>Location</b>
Wednesday, February 19	1:30 p.m.	Board
Wednesday, April 22	1:30 p.m.	Board
Wednesday, June 17	1:30 p.m.	Board
Wednesday, August 19	1:30 p.m.	Board
Wednesday, October 21	1:30 p.m.	Board
Wednesday, December 23	1:30 p.m.	Board



## STAFF REPORT

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**DATE:** December 18, 2019  
**FOR:** Finance Committee  
**SUBJECT:** Gate 11 Renovations

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### **RECOMMENDATION**

Authorize Gate 11 to be added to the current scope of work for the Gatehouse Renovation Project and a supplemental appropriation in the amount of \$110,000 from the Facilities Fund for Gate 11 Renovations and \$80,000 from the Equipment Fund for Gate Access System Technology for the total of \$190,000.

### **BACKGROUND**

In 2011 and 2012, the Board approved a consultant to investigate available technologies, methods, and make specific recommendations for upgrades to the Community's access control system (Resolution 90-11-150 and 90-12-95). As a result of the study, in 2014, the Board approved a full gate system as a pilot program at Gates 5 and 6 which included using a single visitor management and access control system database utilizing vehicle radio frequency identification (RFID) tags and license plate recognition (LPR) for automated entrances (Resolution 90-14-59 and 90-16-53). The project was completed in December 2016.

The pilot program was a success and in 2017, the Board approved funding, as part of the Capital Reserve Expenditures Plan for 2018, for a renovation program and new Gate Access System Technology for Gates 1, 2, 3, 4, 7, 8, 9, and 14 (Resolution 90-17-30 and 90-18-24). In 2018, the Board authorized and approved the addition of Gate 10 to the Gatehouse Renovation Project (Resolution 90-18-40). As of writing of this Staff report, all gates have been completed except Gate 4 and it is expected to open on August 19, 2019.

It is important to note that Gates 12 and 16 are not part of the Gatehouse Renovation Project as they are non-residential gates and only allow access to the golf courses, driving range, putting greens, pro shop, Village Greens, 19 Restaurant, and Clubhouse 7. Gate 12 is monitored by a Gate Ambassador from 5:00 am to 11:00 pm and both gates are locked afterhours. Likewise, Gates 12 and 16 experience a high volume of visitors for events and would cause traffic back up if gates are installed.

On August 26, 2019, the Security and Community Access Committee (SCAC) approved the Gate 11 Renovations. On October 9, 2019, the Maintenance and Construction Committee approved the Gate 11 Renovations. On November 5, 2019, the Board approved a supplemental appropriation in the amount of \$110,000 from the Facilities Fund for Gate 11 Renovation and \$80,000 from the Equipment Fund for Gate Access Technology for the total of \$190,000. However, the matter will be reviewed and discussed at the Finance Committee in December and reintroduced to the Board in January to ensure that the proper process was followed.

## **DISCUSSION**

At this time, the Security Department recommends the implementation of Gate Access Technology at Gate 11 to fully secure the housing Community. The new Gate Access System Technology will require underground power and camera cabling to communicate with the gatehouse and Security Staff. This will allow Staff to manage and deter illegal occupancy by tracking guests, non-resident owners and annual pass holders and the number of times they are gaining access to the Community.

The full gate system includes the following components:

1. Gate barrier arms;
2. A single visitor management and access control system database;
3. An administrative software database (DwellingLIVE);
4. Utilization of vehicle RFID's; and
5. License plate recognition (LPR) cameras and PlateSmart technology.

Securing the perimeter of the Community is one of the core benefits of the gate access system. The gate barriers arms have and will continue to provide the following security measures and efficiencies:

1. Serve as a visual and physical deterrent to anyone who may want to enter the Community without proper authorization. With the arms in place, there is no such thing as "gate runners" or guests who do not check in first with a Gate Ambassador.
2. Only drivers that have registered vehicles and receive a RFID are capable of using the resident lanes. Drivers can no longer pass through the resident lanes and hold up some type of pass or their ID card. Random check points have revealed drivers using expired passes, decals, and ID cards to gain access into the Village. That is why it is imperative that anyone without an RFID must go through the guest lane, even if they are a resident, to be checked by Staff from the Security Department.
3. DwellingLIVE passes result in increased security and tracking of visitors; only drivers with proper approval are allowed entrance.
4. Drivers must approach the gates slowly to allow the RFID on the vehicle to trigger the gate barrier arm to open; slowing down promotes greater safety as vehicles enter the Community. In this regard the barrier arms act as a traffic calming device.
5. Gate Ambassadors have the ability to override the system and raise the barrier arms when necessary. Emergency vehicles are also equipped with technology to raise the arms for immediate entry.

The LPR's and PlateSmart technology capture every vehicle entering and leaving the Community. This information is invaluable for enforcement of the rules and regulations of the Community, specifically in the area of illegal occupancy and unauthorized guests. When complaints are made by residents, this technology is instrumental in conducting a thorough follow-up investigation. Moving forward, the Security Officers will be able to use this same technology to research vehicles in the field and take necessary enforcement action, as appropriate.

The LPR also connects any visiting vehicle to a Manor as it will capture the vehicle license plate with each new visitor that is entered into the DwellingLIVE system. This feature will provide a significant benefit to enforcing ongoing parking issues. In the past, when a non-

resident vehicle is found within the Village and is in violation of a parking rule, only a courtesy notice could be issued since there was no Manor to connect it to.

The PlateSmart technology will capture all vehicles entering and exiting the Village. This technology not only serves as an investigative tool for security and law enforcement, it will also contribute to enforcing parking violations, illegal occupancy and a number of other policies that limit access in to the Community.

### **FINANCIAL ANALYSIS**

A supplemental appropriation in the amount of \$110,000 from the Facilities Fund for Gate 11 Renovations and \$80,000 from the Equipment Fund for Gate Access System Technology is required to fund this project.

**Prepared By:** Francis Gomez, Operations Manager

**Reviewed By:** Guy West, Projects Division Manager  
Tim Moy, Chief of Security  
Ernesto Munoz, Maintenance and Construction Director  
Betty Parker, Chief Financial Officer  
Siobhan Foster, Chief Operating Officer

### **ATTACHMENT(S)**

Attachment 1: Resolution

## **ATTACHMENT 1**

### **Resolution 90-20-XX**

#### **Gate 11 Renovations**

**WHEREAS**, Gates 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 14 were approved for Gate Access System Technology to include underground power and camera cabling to communicate with the gatehouse and Security staff and allow staff to manage and deter illegal occupancy by tracking guests, non-resident owners and annual pass holders and the number of times they are gaining access to the Community;

**WHEREAS**, the Security & Community Access Committee, M&C Committee, and Finance Committee recommend that Gate 11 be added to this project to fully secure the housing Community;

**NOW THEREFORE BE IT RESOLVED**, [DATE], that the Board of Directors of this Corporation hereby authorizes Gate 11 to be added to the current scope of work for the Gatehouse Renovation Project and a supplemental appropriation in the amount of \$110,000 from the Facilities Fund for Gate 11 Renovation and \$80,000 from the Equipment Fund for Gate Access System Technology for the total of \$190,000; and

**RESOLVE FURTHER**, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

## **ENDORSEMENT (to GRF Maintenance & Construction Committee)**

### **Discuss & Consider Gate 11 Renovations**

The Security Department recommends the implementation of Gate Access Technology at Gate 11 to fully secure the housing Community. The new Gate Access System Technology will require underground power and camera cabling to communicate with the gatehouse and Security Staff. This will allow Staff to manage and deter illegal occupancy by tracking guests, non-resident owners and annual pass holders and the number of times they are gaining access to the Community.

The full gate system includes the following components:

1. Gate barrier arms;
2. A single visitor management and access control system database;
3. An administrative software database (DwellingLIVE);
4. Utilization of vehicle RFID's; and
5. License plate recognition (LPR) cameras and PlateSmart technology.

Director Bruninghaus made a motion to Authorize Gate 11 to be added to the current scope of work for the Gatehouse Renovation Project and a supplemental appropriation in the amount of \$110,000 from the Facilities Fund for Gate 11 Renovations and \$80,000 from the Equipment Fund for Gate Access System Technology for the total of \$190,000. Director Gros seconded the motion.

By a vote of 6-1-0 (Director English opposed), the motion carried.

## **ENDORSEMENT (to Board)**

### **1. Gate 11 Security Improvement Project**

Security Chief Tim Moy summarized the report and answered questions from the Committee.

At this time, the Security Department recommends the implementation of Gate Access Technology at Gate 11 to fully secure the housing Community. The new Gate Access System Technology will require underground power and camera cabling to communicate with the gatehouse and Security Staff. This will allow Staff to manage and deter illegal occupancy by tracking guests, non-resident owners and annual pass holders and the number of times they are gaining access to the Community.

The full gate system includes the following components:

1. Gate barrier arms;
2. A single visitor management and access control system database;
3. An administrative software database (DwellingLIVE);
4. Utilization of vehicle RFID's; and
5. License plate recognition (LPR) cameras and PlateSmart technology.

A motion was made and unanimously approved to recommend the Board authorize Gate 11 to be added to the current scope of work for the Gatehouse Renovation Project and that a supplemental appropriation in the amount of \$110,000 from the Facilities Fund for Gate 11 Renovations and \$80,000 from the Equipment Fund for Gate Access System Technology for the total of \$190,000.