



## ACTION MINUTES

# APA California Executive Board Conference Call February 15, 2019

### ATTENDEES:

APA California Executive Board.

## ACTION ITEM FROM BOARD MEETING

### Update Reserves Policy:

**BACKGROUND:** At the January 2019 Chapter Board meeting, Board Members asked if there was a reserves policy for the Chapter. Sande noted that there isn't an official reserves policy other than to have at least 6 months of operating budget in reserves to use if needed. That policy has not been updated in some time. The Board asked that Sande and Derek ask the Chapter's accountant for a reserves policy recommendation and find out what the Section reserves policies are.

The Accountant's recommendation for the Chapter is to have reserves of 6 months of operating budget. Which actual expenses specifically by line item that goes into the operating budget will be a step to be undertaken, but it includes all of the expenditures that are mandatory to pay and to keep the Chapter running, usually contract fees, CalPlanner and website costs, conference seed monies, and other services that members rely on. Discretionary expenditures include rebates to Sections, Board meeting costs, Board member expenses, etc.

Another option can be setting a target of 6 months of actual average expenses for the previous year, or previous three-year average. For the previous year, that is about \$50,000 in expenses per month, or \$300,000. The Chapter now has \$319,000 in reserves.

The Sections have various reserves policies, with the goal to have enough money to last the 7 years between conference profits as the Host Section. However, there isn't a set uniform reserves policy for the Sections.

Several factors play into what level of reserves should be set for the Chapter including:

- the purpose of building and maintaining the reserves,
- a calculation of the target amount,
- the intended use of the reserves,
- who will have the authority over use of the reserves,

- how the reserve account will be monitored, and
- a plan for replenishing the reserve balance.

The current Chapter reserves policy addresses some of these factors. The current policy also states that the Board shall continue to build a reserve, with a goal of having at least an amount sufficient to fund Chapter operating expenses for one year.

If reserves are based on projections of probable risks, the reserves amount can be more easily justified. Longer term financial forecasting including looking at historic Chapter budget trends, can be a tool for projecting the risk of fund declines, as well as increases. This can help determine whether the reserve amount is adequate or should be adjusted.

***ACTION:** The Board moved, seconded and passed to update the Chapter reserves policy to maintain a minimum of 6-months reserves of the average monthly expenses of the Chapter, currently \$50,000 for a total of \$300,000. The Board asked Derek to further evaluate risk factors that could affect the level of reserves including conducting longer term financial forecasting, and suggest a reserves policy for the Sections that takes into account the need to maintain enough funding in Section reserves to pay operating expenses through the seven years between host conferences.*

#### Approval of Final 2018 Financial Reports and Overages:

**BACKGROUND:** The final 2018 P&L and Balance Sheet were not able to be completed prior to the January Board meeting and retreat since the meeting was held so soon after the end of the year. The final year end overages as a result were also not able to be approved in January. Both financial reports are now completed, the 2018 Chapter books have been closed, and the final overages have been identified in the attached final 2018 P&L. The great news: the final Net Revenue for 2018 was \$85,158 in the black.

The majority of the overages reflect the normal cost overruns for line items or unanticipated new expenses. (Note: Where a line item ended up with a normal or expected future ongoing cost overrun, the 2019 budget amount for the line item was updated at the January Board meeting to reflect such increases.) Line items with overages of note include:

#### **Revenues:**

LI 4115 Dues – National: Dues from National this year were higher by \$62,475 due to higher membership numbers and the increased Chapter dues.

LI 4126 Conference Profit Prior Year: 2017 conference profits of \$205,408 were substantially higher than the \$120,000 mandated profit.

LI 4127 Pre-Conference Session Profit: The 2017 pre-conference session at \$10,084 also came in substantially higher with \$7,584 more than budgeted.

#### **Expenditures:**

LI 5115 Board Meetings and 5125 Board Retreat: Due to hotel and food costs and the increased number of Board members, the Board retreat costs have increased over the last few years.

LI 5215 Travel/National: This includes the expenditure of \$5000 for a Chapter reception at the National conference.

**ACTION:** The Board moved, seconded and passed to approve the following:

- The final 2018 P&L and Balance Sheet.
- The final overages for 2018, not already approved by the Board during the year, for the exact amount of the overages.

**Approval of Changes to the 2019 Budget to Allocate Extra Chapter Share of Conference Profits:**

**BACKGROUND:** The 2019 Budget was approved by the Board at the January Board meeting. Because the conference profits were once again substantially above the \$120,000 mandated profit in the budget, the Board discussed how that money will be allocated. The 2018 conference made a total profit of \$272,109. **Of that amount, the Chapter will receive a total of \$124,054:** \$48,000 as the Chapter's 40% share of the base \$120,000 and \$76,054 as the Chapter's 50% share of the amount of profit above \$120,000.

**ACTION:** The Board moved, seconded and passed to approve the following Chapter Conference Profit allocations. Any conference profit monies not spent below (a total remaining \$30,054) will stay in the budget for future expenditures if approved by the Board.

**IN-PERSON JUNE BOARD MEETING:** During the recession a number of years ago, the Board decided to move from an in-person June Board meeting to a call. Julia would like the Board to approve an in-person Board meeting for the 2019 June meeting. In person meetings allow for more interaction of Board members and provide a much better opportunity for all Board members to speak on action items. A free room, low cost catering and a location closest to the majority of the Board meeting will be targeted. **VOTE:** Approve an amount up to \$10,000 to cover the costs of an in-person Board meeting in June. (Add to LI 5115)

**RESERVES:** The Board will be continuing to discuss a final reserves policy which will dictate an amount, if any, that should be transferred to reserves for the year. **VOTE:** Postpone transferring any additional transfer of funds to reserves until the final reserves policy is approved.

**OPERATING BUDGET:** Historically, the Board retains a certain amount of the conference profits in the checking account that will be used to pay normal Chapter expenditures and provide a cushion in case the dues subvention checks from National are late or under the amount budgeted for each quarter, or other reductions in revenues occur. Currently, the Chapter averages about \$50,000 per month in expenditures. During 2018, for the first year in a number of years, the Chapter did not have to take monies from reserves to fund the checking account to pay bills. However, the Chapter does have a very lean operating budget cushion. **VOTE:** Retain a portion of the conference profits to provide a cushion for the Chapter checking account in the amount of \$25,000.

**CONFERENCE ACCOUNT SEED MONEY:** The goal for the four conference accounts is to have \$36,000-\$50,000 in seed money in each account to pay for initial expenses for the current year and future conferences. The seed money is the Chapter's and must be paid back before conference profits are determined. Because a portion of the seed money was used to pay for Deene's conference payments for two years while she is unable to recoup those costs directly from the hotel incentive payments, and \$3,300 will be needed to pay for the new conference website, the seed money will be reduced below the minimum \$36,000 in three accounts. The newest fourth account was never funded. Although Deene's payments and the \$3,300 will be paid back to the Chapter over the next 7 conferences, it will take 7 years for the accounts to be made whole. The seed money though will need to be available to future conferences and transfers between the four accounts may not be enough to cover up-front

conference costs. **VOTE:** Transfer \$25,000 to conference account #4 (current year conference) and approve a new financial policy to retain \$5,000 of the Chapter profits for seed money each year beginning in 2020 until each conference account has a minimum \$50,000 in seed money.

**PROGRAMS & COMMUNICATIONS COORDINATOR:** The Chapter has now contracted out for a number of services to better serve our members. Julia believes the next opportunity to better serve members will be through contracting for a programs and communications coordinator to assist with webinars and other events, to increase participation and Chapter revenues from those events, and to carry out communications strategies for the Chapter. **VOTE:** Set aside up to \$25,000 this year for the Chapter to conduct an RFP and contract with an event planner for at least six months of work. (Add new LI Under 5400 Professional Development - LI 5425 Programs & Communications Coordinator)

**100<sup>th</sup> ANNIVERSARY OF APA ACTIVITIES:** Mary and Julia asked the Board to approve funding to celebrate the 100<sup>th</sup> anniversary of APA, with a year long conversation about planning. Events would focus on students, academics and other planners new to the profession, and would pay for a member survey conducted by university liaisons on the state of planning and where planning should be going in the future. **VOTE:** Provide \$1500 toward these activities and the survey. (Add under LI 5405 VP Professional Development.)

**UPDATE OF CHAPTER WEBSITE:** Marc will provide the Board with a quote from Vieth for the update of the Chapter website consistent with the requirements approved by the Board last year. Vieth is the same company that will be providing an updated Conference registration portal and website. **VOTE:** Add an additional \$2,500 to LI 5545 Website Redesign in the 2019 budget (for a total of \$5,000) as a placeholder until the quote from Vieth has been finalized.

**PRESIDENT'S CONFERENCE SESSION FOR DIVERSITY AND EQUITY TRAINING:** After a long discussion, the Board agreed to allocate funding for diversity and equity training to continue the Board's commitment to diversifying APA California's leadership and membership. **VOTE:** Allocate up to \$5000 to allow Julia and Miroo to find a contractor and put a proposal together for the President's conference session to provide diversity and equity training. The Board asked that the person chosen for the training be from California, and that the proposal include a discussion with Board members about planning to ensure that the training and next steps are relevant to planners and planning. Julia will bring back the proposal to the Board for vote and final allocation. (Add under LI 5210 President Expense – Meeting & Conference/State.)

#### **In Person June Board Meeting Date:**

Lauren will send out a Doodle Poll to determine the date of the June Board meeting.