

**FINANCE COMMITTEE MEETING
JANUARY 18, 2022
MINUTES**

Committee Meeting Called to Order

Attendees: Faramarz Khozouiee, Katherine Griffith, Julie Strand, Gordon Sheets

Item 1 – Treasurer’s Comments (New approach)

Treasurer announced providing his email address, fkhozouiee@mykcca.com to the membership so they can send their comments and questions. He will select one topic at the time do necessary research and bring the response to this committee to be reordered in the minutes. He indicated that the ideal situation would be to have a platform on our website and a column in the newsletter to provide these informative service.

Item 2 – Discussion of Self-Management of Associations versus outside Management companies

Treasurer requested the committee to Brainstorm and identify pros and cons of self-management and outside management. Each member would provide his/her list which will be combined and discussed. The result would be send to the board as an informative package

Item 3: 2020 Audit

The Treasurer is working on the comparison of the final numbers and will be presenting it to the Board when completed. This should have been completed by the end of March 2021

Item 4: New Business and Committee Comments

Virtual & in person meeting – the finance committee will conduct its meeting Virtual as well as in person (at the Crown Center) when the circumstances permit.

Below is the online access information

First and third Tuesdays, 4:00 – 6:00pm

Google Meet joining info

Video call link: [Finance Committee meeting](#)

Or dial: (US) +1 617-675-4444 PIN: 128 494 696 4488#

Committee Meeting session ended 5:58 pm

Treasurer's Comments

Less than a handful of the community members had some suggested revisions and questions about the motion that was passed at the 12/14/2021 BOD meeting regarding utilizing sweep account for Reserve checking account. The following comments should answer the questions and show that revisions to the motion are not needed.

With over 50 years of accounting and finance experience, when I need to make a decision specially one that involves other people's money, I research, talk to the financial institutions, bank managers and even the CPAs including the one who is auditing and filing KCCA's taxes, to ensure an informed decision is made.

Let's start with some acronyms.

The FDIC (Federal Deposit Insurance Corporation). An independent agency of the United States government that protects bank depositors (Up to **\$250,000**, per depositor, per FDIC-insured bank, per ownership category) against the loss of their insured deposits in the event that an FDIC-insured bank or savings association fails. FDIC insurance is backed by the full faith and credit of the United States government.

What is money market instruments?

Money market securities are essentially IOUs issued by governments, financial institutions, and large corporations. These instruments are very liquid and considered extraordinarily safe. Because they are extremely conservative, money market securities offer significantly lower return than most other securities.

How much deposit insurance coverage do I qualify for?

The standard deposit insurance coverage limit is \$250,000. Deposits held in different ownership categories are separately insured, <https://www.fdic.gov/resources/deposit-insurance>

Demand Deposit Marketplace

Demand Deposit Marketplace (DDM) enables organizations with larger balances (\$250,000+) of shorter-term reserve funds to earn a competitive yield, and maintain FDIC insurance on the **full** amount, while working with just one financial institution. The entire balance and disbursements are managed through a single relationship with Northwest Bank for greater efficiency, protection against loss and convenience. Excess balances are swept into accounts at other well capitalized institutions within the DDM network, up to \$250,000 each, providing expanded FDIC insurance coverage.

Benefits

Demand Deposit Program¹

- ✓ Expanded FDIC insurance coverage
- ✓ Funds managed through a single banking relationship
- ✓ Fiduciary responsibility efficiently met
- ✓ Fully automated cash management
- ✓ Unlimited daily sweeps, eliminates manual process
- ✓ Full access on a daily basis

Northwest Bank provides you:

- ✓ Customized liquidity solutions
- ✓ Customized account control access
- ✓ Secure, user-friendly online access
- ✓ Local customer service teams

Rates & Pricing²

- ✓ Speak with your Northwest Bank representative about rates and pricing

Excerpts from an email to confirm the amount:

Fkhozouiee: Thanks Lisa, this is great however it's talk about **\$250,000+** and don't say up to how much? Is there a cap? I know it's too much but I need to ensure my board as well as members.

Lisa K. Bain-Poulton: Sorry, this took so long. I was waiting for a response from our DDM Vendor. The limit is **\$50,000,000.00** per customer.

Excerpt from CC&Rs Article VI Sections 1 and 3.H; ORS 94.670; ORS 94.595; 2012-404 SECURED FUNDS POLICY

The Association shall maintain and manage all operating and reserve funds through well-established, Bank/s with local (King City) branches Long-term relationships are a priority. To ensure all funds are FDIC insured and meet the requirements of ORS 94.670 (2) (a), Certificate of Deposit Account Registry Service (CDARS) agreements shall be maintained. There shall be one for operating funds and one for reserve funds. CDARS is a registered service of Promontory Inter financial Network, LLC. The service is provided through a network of participating banks throughout the country. Through a participating bank, funds exceeding the FDIC

Insurance limit of **\$250,000 are placed in CD's issued by other banks in the CDARS network in dollar increments below the FDIC insurance limit.**

Considering the combined Reserves checking account, CDARS, and Money market account balance as of 12/14/2021 was \$ 767,041 we were in violation of the fundamental financial requirement.

In conclusion, the motion that was passed at the 12/14/2021 BOD Meeting satisfies the fundamental financial requirement and protects KCCA funds. The information within the Treasurer's Comments above should satisfy questions and/or concerns.