

AUDIT COMMITTEE REPORT

REGULAR MEETING
MONDAY, SEPTEMBER 9, 2019, AT 10:00 A.M.

A regular meeting of the Audit Committee was convened by the Chair, Dwight Walker, at 10:00 a.m. on Monday, September 9, 2019, in the Donner Room at the Event Center.

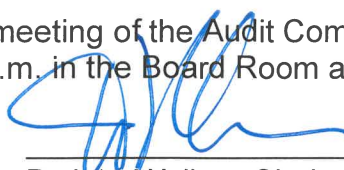
Members present were Dwight Walker, Chair; John Kikuchi, Mary Neff, Barbara Rothway, Kathleen Stumpfel and Chris Yahng. Merek Lipson was excused.

Also attending were Tim O'Keefe, CEO; Rick Chakoff, CFO; and Amanda Davis, Accounting Manager

1. APPROVAL OF REPORT: The report of the Committee's regular meeting of August 12, 2019, was approved as written.
2. RESIDENTS' FORUM—None.
3. REVIEW OF AUDIT FIRM PROPOSALS—Rick Chakoff
 - Rick Chakoff requested and received 3-year cost proposals from Shea Labagh Dobberstein and BPM at the request of the Committee. A summary of those cost comparisons was included in the agenda packet. It was noted that SLD submitted a 3-year bid that was \$13k less than BPM.

After a lengthy discussion of the merits of both firms, a motion was made by Chris Yahng, seconded by Barbara Rothway, and CARRIED UNANIMOUSLY to recommend to the Board that the firm of Shea Labagh Dobberstein be engaged for the 2019-2021 audits and tax return preparation at a cost of \$99,000/year.
4. SIMBLI USE BY AUDIT COMMITTEE—Tim O'Keefe explained the benefits of using Simbli for Committee agenda items communication. The consensus was that the Committee would like to test Simbli's use. Tim will coordinate set up and training with Deborah Rose, Executive Services Manager.
5. AUDIT COMMITTEE SELF ASSESSMENT—The Chair presented graphical charts with Committee and management feedback on self-assessment questionnaire. Discussion of appropriate items was tabled to the next regular meeting of the Audit Committee.
6. UNFINISHED BUSINESS
 - a) Code of Conduct--Tim O'Keefe reported that Legal Counsel had a number of questions that will be addressed with John Kikuchi following the meeting. John will have a report.

- b) Tim O'Keefe reported that the Employee Handbook is being updated to be consistent with the **GRF Whistleblower Policy**, along with other items and should be available soon.
 - c) **Member Transfer Fee Task Force**—Tim O'Keefe reported that he has drafted some policy revisions and is currently seeking staff feedback before submitting to the full Task Force.
 - d) **Enterprise Risk Management (ERM)**—Rick Chakoff reported that he has approached the GRF insurance broker about providing risk assessment consulting. The broker will be submitting a proposal to Rick for consideration. A discussion was held that during the Audit Firm interviews, ERM was brought up with each firm for their insights on the subject. Interestingly, the concept of an informal, yet systematic, disciplined, and focused meeting of top management and board, each year, to identify risks and opportunities is an effective process used by organizations. The next step is to receive the risk assessment proposal from the insurance broker and consult further with the external auditors upon their engagement.
 - e) Rick Chakoff reported that Mechanics Bank has implemented a program utilizing a sweep account for GRF cash that will provide for FDIC insured accounts and interest income, albeit just above 1% at this point in time.
7. **ADJOURNMENT**
There being no further business to come before the Committee, the meeting was adjourned at 11:15 a.m.
8. **NEXT MEETING:**
The next regular meeting of the Audit Committee will be Wednesday, October 2, 2019, at 2:00 p.m. in the Board Room at Gateway Complex



Dwight Walker, Chair
Audit Committee