CALIFORNIA ASSOCIATION OF REALTORS®

Minutes

www.car.org

Executive Office:
525 South Virgil Ave.
Los Angeles, CA 90020
213.739.8200

Legislative Office:
980 Ninth St., Ste. 1430
Sacramento, CA 95814
916.444.2045

Strategic Planning & Finance Committee
August 14-15, 2012
C.A.R. Headquarters
Los Angeles, California

Presiding: Chris Kutzkey, Treasurer, SPF Chair
Chris Carley, Vice Chair
Sue Walsh, Vice Chair
John Wong, Committee Liaison

Call to Order and Approval of Minutes

Treasurer Chris Kutzkey called the meeting to order at 10:00 a.m. The presiding leadership, committee, and staff were in attendance.

Opening Remarks

Treasurer Chris Kutzkey provided the committee with a brief overview of the SPF planning and budgeting process, and the objectives of this meeting.

State of the Organization

Chief Executive Officer Joel Singer gave an overview of the organization, its financial performance for the current year and a summary of the proposed program array and budget for next year. He discussed the long-term outlook for the organization, opportunities and challenges over the next couple of years. The large focus of Joel's remarks surrounded C.A.R.'s very healthy financial position over the last several years and how reserves have built up to well above the recommended 6-9 months. In response, the proposed budget for next year includes several new programs that invest in significant research and development. Membership is anticipated to decline from 158,000 in 2012 to 155,000 in 2013. The housing market, on the other hand, continues on a path to recovery with growth in sales and prices expected for 2012 and 2013. Thus the 2013 proposed budget reflects the need to invest in new programs, products, and services that will touch members directly and are designed to help them in their businesses.

Membership Survey Highlights

Leslie Appleton-Young presented highlights of the 2012 Membership Survey to identify the C.A.R. programs that resonate with members and to outline the concerns and challenges members face at this time.

Review of 2013 Budget Programs and Augmentations

Committee members met with their assigned VPs and managers over lunch to finalize their reports. After lunch, each member presented summaries of the proposed 2013 budget programs and spent significant time discussing each of the 21 new programs submitted for 2013. Summary presentations were followed by discussions, questions and answers.

Adjourn

The meeting was adjourned at 5:30 p.m.

Reconvene

Chairman Chris Kutzkey reconvened the meeting on Wednesday, August 15 at

8:30 a.m.

Ethics and Professionalism Task Force Report

Jim Hamilton, reported on the current progress being made by the Ethics & Professionalism Task Force. Following an on-site meeting on July 9, the Task Force split into three sub-groups: Licensing, Membership, and Enforcement and Discipline. The sub-groups have been continuing their discussions via conference call. A progress report will be provided at the BOD in Anaheim.

2013 Capital Budget

The 2013 Capital Budget was presented, reviewed, and approved.

Human Resources Benefit Package

Rick Shumacher presented to the committee a general overview of human resource costs and how they are budgeted within the various program budgets, and then presented the proposed 2013 benefit package for consideration.

2013 Membership Projection/Economic Forecast

Selma Hepp gave a summary of the current economic and market environment for California real estate, and presented the membership projection 158,000 for 2012 and 155,000 in 2013. The membership projection of 155,000 was adopted by the SPF committee.

Review of 2013 Budget Programs and Augmentations

The committee completed the review and discussion of core programs and augmentations for 2013.

2012 (Current Year) Augmentations – HR and Capital Budget

Recommendations were presented to the committee regarding augmentations to the capital budget and the HR program for the current year.

In addition, due to the financial health of the organization at this time, the SPF Committee passed a motion to waive the REBS dividend transfer for 2012.

Final Discussion on 2013 Budget

The committee engaged in a final review and discussion of programs and augmentations.

The following 2013 augmentations were approved and are to be funded through reserves:

One-time net impact -
Homeownership Matters/IDA Program
Real Estate Research Symposium
Trends Database Upgrade
REALTOR® S.W.A.T. Market Opportunity Conferences
Strategies for Thought Leadership Conference
Enhanced Local Association Services

Ongoing net impact -
MLS-Connect
CE Credit
Thought Leadership Initiative
Enhanced Survey Research Initiative
Lender Ombudsman Financing Resource for REALTORS®
Industry & Broker Relations Program
Property Management & Investment Section
Statewide Ombudsman Program

Local Association Mobile App
Champion of Home Heroes
REALTOR® Rating 360 (Peer-to-Peer) Pilot Program

The following 2013 augmentations were approved and are to be funded through the PAF:

Ongoing impact -
Microtargeting Strategies
Local AOR Incentive Program

The following 2013 augmentation were not approved: Homeownership Matters - IDA Program Matching $1m contribution from C.A.R. and California Real Estate Magazine RET2 Magazine.

Financial Motions

It was then Moved, Seconded and CARRIED to approve a 2013-2015 strategic plan and 2013 budget.

To approve a 2013-2015 strategic plan and 2013 budget with the following criteria:

1. ACTION ITEM

OPERATING BUDGET
To approve a 2013-2015 strategic plan and 2013 budget with the following criteria:

A. C.A.R. Operating Revenue: $26,853,500
C.A.R. Operating Cost: $28,943,200
Net Deficit (After Investment Income): $2,089,700

B. Issues Action Fund Revenue: $1,469,900.
Issues Action Fund Program Cost: $838,000
Issues Action Fund Transfer to IMPAC: $631,900

C. Political Activities Fund Revenue: $1,469,900.
Political Activities Fund Program Cost: $1,243,600
Political Activities Fund Net Balance: $226,300

D. REALTOR® Action Assessment: $7,202,400
REALTOR® Action Assessment Program Cost: $1,181,500
REALTOR® Action Assessment Transfer to Political Action Committee: $6,020,900

E. 127.5 budgeted C.A.R. staff positions.

F. Membership dues, including $115 for operating programs, $10 for the Political Activities Fund, $10 for the Issues Action Fund, and $49 for the REALTOR® Action Assessment are set at a total of $184 per member (predicated on 2013 year end membership of 155,000).

G. New member fee be set as $30 per new member.

H. A 2013 Capital Budget (funded with Association reserves) totaling $417,300.

2. ACTION ITEM

To approve for members in areas not serviced by local associations an additional $30 in membership dues. This amount would be in excess of the dues approved for members coming through the local associations.

In addition, four 2012 augmentations were approved:

1. That $285,900 be approved for an additional three percent pension contribution to the C.A.R. and REBS employee pension plan for 2012, augmenting the previously approved budget of 10 percent.

2. That an augmentation of $135,000 be added to the 2012 capital budget, which will be funded with Association reserves, for furniture for the relocated Sacramento office.

3. That an augmentation of $95,800 be added to the 2012 capital budget, which will be funded with Association reserves, to upgrade the trends database, and that an additional augmentation of $4,500 in operating expense be allocated to the 2012 budget to upgrade the trends database.

4. That the 2012 REBS transfer to C.A.R. be waived.

Other Business

Future meeting dates, times, and locations were announced, including the special Executive Committee budget meeting to be held on September 14, 2012

Adjourn

The meeting was adjourned at 3:30 p.m.