

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING

TUESDAY, JANUARY 23, 2018, AT 9:00 AM
BOARD ROOM – GATEWAY COMPLEX

1. MEETING CALLED TO ORDER: David H. Smith, Chairman
2. ROLL CALL: Smith, Autrey, Dorband, Neff, Rosenzweig, Temple, and Yearout
3. APPROVAL OF REPORT OF DECEMBER 5, 2017 (Attachments)
4. RESIDENTS' FORUM
5. CHAIRMAN'S REPORT – ANNOUNCEMENTS
6. STAFF REPORTS
 - a. CEO – General Comments
 - b. CFO – Monthly GRF Financials (copy in GRF Board Office Finance Committee mailbox)
 - c. Director of Mutual and Trust Operations – Trust Facilities and Property Maintenance, Projects, and Machinery/Equipment Acquisition Reports (Attachments)
7. UNFINISHED BUSINESS
 - a. None
8. NEW BUSINESS
 - a. Discuss Trust versus Operating expenditures. (Attachment)
9. ADJOURNMENT
10. NEXT REGULAR MEETING: Tuesday, February 20, 2018, at 9:00 a.m. in the Board Room at Gateway Complex.

cc: GRF Board

FINANCE COMMITTEE REPORT

REGULAR MEETING
TUESDAY, DECEMBER 5, 2017, AT 9:01 A.M.

A regular meeting of the Finance Committee was convened by David H. Smith, Chairman, at 9:01 a.m. on Tuesday, December 5, 2017, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were William Dorband, Vice Chairman, Della Temple, and Gery Yearout. Jean A. Autrey, Mary K. Neff, and Paul Rosenzweig were excused. Also attending were Stephen D. Roath, Vice President, Robert D. Kelso, Secretary, and Mary Lou Delpech and Melvin C. Fredlund, Directors, GRF; Timothy O'Keefe, CEO; Richard S. Chakoff, CFO; Paul J. Donner, Director, Mutual and Trust Operations; Deborah Rose, Senior Administrative Assistant, Executive Services; and two residents. Attendance

The report of the Committee's regular meeting of October 24, 2017, was approved as written. Report Approved

During the Residents' Forum, Mary England and Chris Slee asked questions regarding the agenda item on page 8a-4, GRF Machinery and Equipment Budget, specifically the Rossmoor website redesign. Mr. Chakoff answered these questions. Residents' Forum

Mr. O'Keefe provided an update regarding the Fitness Center renovation, with a projected mid-to-late January opening. He then apprised the Committee of the possibility of a consulting firm providing a water reclamation study, stating this project is in the exploratory stages only at this point. Mr. O'Keefe and Mr. Donner answered questions from members of the Committee. Discussion followed. Staff Reports

Mr. Chakoff reviewed the GRF Statement of Operations for October, the MOD financial statements for September and answered questions from Committee members.

Mr. Donner then reviewed the October Trust Facilities and Property Maintenance Report, the Capital Projects Budget and Expenditure Report, and the Machinery & Equipment Budget and Expenditure Report. Messrs. O'Keefe, Donner and Chakoff answered questions from Committee members. Discussion followed.

Mr. Chakoff reviewed the 2018 Capital Projects Budget, the 2018 Machinery and Equipment Budget, the Trust Estate Fund Projection, and the Long-Range Comprehensive Capital Improvement Program Trust Estate Fund and answered questions from Committee members. Discussion followed.

A motion was made by Mr. Dorband and seconded by Mrs. Yearout to recommend to the GRF Board that there are sufficient funds in the Trust Estate Fund to pay for the \$1,760,950 Capital Projects Budget. The vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

2018 Capital Projects Budget and Other Documents Discussed/ Recommendation re.Funds for 2018 Capital Projects

There being no further business to come before the Committee, the meeting was adjourned at 11:08 a.m. Adjournment

The next regular meeting of the Finance Committee will be held on Tuesday, January Next Mtg.
23, 2018, at 9:00 a.m. in the Board Room at Gateway Complex. 1/23/18

David H. Smith, Chairman
Finance Committee

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**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period DECEMBER 2017

Project	Approved Budget	Reporting Period Expenditures	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget
Del Valle Renovation Project	9,649,800	1,108,793	7,754,804	1,894,996	9,649,800	0
Drop Creek Structure Construction	950,000	32,757	781,788	168,212	950,000	0
Valley-Wide Paving	510,000		483,350	26,650	510,000	0
Del Valle Pools Project	520,000	1,276	512,814	7,186	520,000	0
Repave MOD Parking Lot	211,500			211,500	211,500	0
Hillside Clubhouse Improvements	130,000	1,018	21,355	108,645	130,000	0
Hillside Overhead Piping Project	90,000		67,295	22,705	90,000	0
Rossmoor Gardens Restroom	88,000	906	4,093	83,907	88,000	0
Gateway Multi-Purpose Rooms Improvements	50,000	25,401	50,954	0	50,954	(954)
Gateway Clubhouse Electrical Improvements	25,000		5,131	19,869	25,000	0
Gateway Studios Space Study	25,000		18,165	6,835	25,000	0
Landscape Median Renovation	25,000			25,000	25,000	0
Sportsman's Park Pergola	18,000			18,000	18,000	0
MOD Conference Room Remodel	16,500		2,815	13,685	16,500	0
Dollar Clubhouse Ramp	8,400		2,657	5,743	8,400	0
TOTAL	12,317,200	1,170,151	9,705,221	2,612,933	12,318,154	(954)

Major Projects	Total Contingency	Contingency Reserved	Contingency Expended
Del Valle Renovation Project	805,000	330,390	474,610
Drop Creek Structure	70,000	5,500	64,500

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**MACHINERY & EQUIPMENT
BUDGET AND EXPENDITURE REPORT**
Reporting Period: DECEMBER 2017

Project	Approved Budget	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget
MOD Vehicles (6)	199,000	181,622	(0)	181,622	17,378
GRF Vehicles (4)	160,000	154,798	(0)	154,798	5,202
Data Storage Project	97,000	96,468	(0)	96,468	532
Fairway Mower	62,000	61,080	0	61,080	920
Fireside Audio/Visual Equipment Upgrade	26,500	26,050	0	26,050	450
Bunker Rake	19,500	19,374	(0)	19,374	126
Gateway Clubhouse Fiber Switch	12,000	10,958	0	10,958	1,042
Mail Inserter Machine	11,000	11,166	0	11,166	(166)
Dollar Clubhouse Pool Heater	6,500	6,434	0	6,434	66
			0		0
			0		0
TOTAL	593,500	567,950	(0)	567,950	25,550

Subject: Allocation of Revenue and Expenses

Purpose: To Establish a Policy to Differentiate Trust Revenues and Expenses From Operating Revenues and Expenses

The categories shown on the following two pages describe the types of revenues and expenses that are classified as trust or operations and list some examples in each category. These lists should not be considered exhaustive but are merely illustrative.

For purposes of this Policy, a capital expenditure is defined as a purchase of tangible property costing over \$5,000 per item wherein the property will not be consumed or converted to cash in one year. Capital assets may be purchased with Trust funds or funds from the operating budget.

I. Trust Revenues include:

- membership transfer fees;
- earnings on Trust assets held for investment, including interest and Medical Center rent;
- fees for capital equipment purchased for MOD; and
- gifts to the Trust (either for construction of a specific Trust asset or for general Trust activities).

II. Trust Expenditures include:

- construction of new facilities or major renovations to existing facilities;
- fees for work done by non-GRF employees in anticipation of a capital project, including architect fees, engineering studies and consultant fees;
- any cost of temporary facilities required due to construction; and repair of changes that occurred due to construction;
- acquisition or replacement of capital assets, including vehicles, landscape and Golf Course maintenance equipment, large computer systems, major software purchases, and major equipment items such as Fitness Center machines and video projector systems; and
- bank charges, loan fees and debt service (principal and interest) for loans associated with Trust operations.
- Tangible property costing \$5,000 or less per item comprising a set or system, with an aggregate cost of \$80,000 or greater and a useful life in excess of one year, at the discretion of the GRF Board of Directors upon approval of the annual GRF budget.

III. Operating Revenues include:

- monthly fees collected from each manor for the operation of Rossmoor;
- fees collected for normal operation of Trust properties, e.g., all golf course related revenue; room rental charges; sales of advertising; Creekside restaurant, catering and bar rents and revenues; and sales of Vehicle Access Devices.
- charges for programs and activities sponsored by GRF, e.g., Recreation Department concerts or excursions.
- earnings on operating fund assets held for investment, including interest; and
- miscellaneous items such as handyman income, personal training income, RV rental fees and contractual business income from the Waterford and from vehicle maintenance.

IV. Operating Expenditures include:

- normal costs of operating GRF assets, including utilities, taxes, insurance, as well as labor and materials for functions such as custodial and landscape maintenance of GRF facilities and land, including temporary facilities;
- labor and materials for programs/services such as aquatics, bus transportation, counseling, communications, fitness and public safety;
- labor and materials for administrative services such as human resources, accounting, legal and executive services;
- purchase of tangible property costing \$5,000 or less per item;
- repairs;
- maintenance of Trust assets, in accordance with the terms of the Trust; and
- banking and financial expenses related to the operating budget.

Authority: Policy

12/1/11
5/29/14