

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING
TUESDAY, FEBRUARY 20, 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 JANUARY 23, 2018 (Attachment)
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. Discuss Trust versus Operating expenditures (Attachment)
8. NEW BUSINESS
9. ADJOURNMENT
10. NEXT REGULAR MEETING: Tuesday, March 27, 2018, at 9:00 a.m. in the Board Room at Gateway Complex.

cc: GRF Board

REGULAR MEETING
TUESDAY, JANUARY 23, 2018, AT 8:59 A.M.

A regular meeting of the Finance Committee was convened by David H. Smith, Chairman, at 8:59 a.m. on Tuesday, January 23, 2018, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were William Dorband, Vice Chairman, Jean A. Autrey, Mary K. Neff, Paul Rosenzweig, Della C. Temple, and Gery Yearout. Also attending were Geraldine Pyle, President, Stephen D. Roath, Vice President, Robert D. Kelso, Secretary, and Leslie Birdsall and Melvin C. Fredlund, Directors, GRF; Timothy O'Keefe, CEO; Richard S. Chakoff, CFO; Jeffrey P. Matheson, Director of Resident Services; Deborah Rose, Senior Administrative Assistant, Executive Services; and two residents. Attendance

The report of the Committee's regular meeting of December 5, 2017, was approved as written. Report Approved

Mr. O'Keefe announced that the Tice Creek Fitness Center will have its soft opening on Wednesday, January 24. He then updated the Committee on the construction progress on the Stanley Dollar pool bathroom. He gave an update of the drop creek structure due to the recent rains. He reported that LED lighting has been installed in several locations throughout Rossmoor. The Committee then heard from Mr. O'Keefe regarding the most up-to-date solar farm plans and regarding a traffic & safety study update. Lastly, he informed the Committee of the Board's approval of three banks of ten charging stations with PG&E's program to subsidize charging stations for electric vehicles. Discussion followed. Staff Reports

Mr. Chakoff reviewed the GRF Statement of Operations and the MOD financial statements for December. Discussion followed.

Mr. Chakoff then reviewed the December Trust Facilities and Property Maintenance Report, the Capital Projects Budget and Expenditure Report, and the Machinery & Equipment Budget and Expenditure Report. Discussion followed.

There followed a discussion regarding the desirability of reviewing Policy 102.3, Allocation of Revenue and Expenses. The consensus of the meeting was that a review was warranted. After discussion, the Chairman asked the members of the Committee to review Policy 102.3 and amended paragraph 6 of the Trust Agreement and be prepared to discuss any suggested amendments to Policy 102.3 prior to the February 20th meeting of the Committee. Jean Autrey volunteered to circulate by email the applicable portion of the Trust Agreement and the Chairman stated that he would invite GRF legal counsel Tony Grafals to the February 20th meeting to help interpret the Trust Agreement as it pertains to the allocation of revenue and expenses. Review of Policy 102.3

There being no further business to come before the Committee, the meeting was adjourned at 10:23 a.m. Adjournment

The next regular meeting of the Finance Committee will be held on Tuesday, February 20, 2018, at 9:00 a.m. in the Board Room at Gateway Complex. Next Mtg. 2/20/18

David H. Smith, Chairman
Finance Committee

**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period JANUARY 2018

Project	Approved Budget	Reporting Period Expenditures	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget
Del Valle Renovation Project	9,611,800	44,873	8,492,144	1,119,656	9,611,800	0
Valley-Wide Paving	460,000			460,000	460,000	0
Drop Creek Structure Construction	950,000	(400)	781,388	168,612	950,000	0
Del Valle Pools Project	520,000		523,740	(3,740)	520,000	0
Repave MOD Parking Lot	211,500			211,500	211,500	0
Hillside Clubhouse Improvements	130,000		21,355	108,645	130,000	0
Corp Yard Fire & Domestic Water Lines Replacement	120,000			120,000	120,000	0
Hillside Overhead Piping Project	90,000		83,637	6,363	90,000	0
Rossmoor Gardens Restroom	88,000		4,093	83,907	88,000	0
Dollar Clubhouse Accessibility Improvements	80,000			80,000	80,000	0
Storm Water Filtration System	70,000			70,000	70,000	0
Rossmoor & Cactus Gardens Fencing Replacement	65,000			65,000	65,000	0
Dollar Ranch Ninth Green Reconstruction	60,000			60,000	60,000	0
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		7,532	868	8,400	0
TOTAL	12,574,200	44,473	9,940,000	2,634,200	12,574,200	0

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

**MACHINERY & EQUIPMENT
BUDGET AND EXPENDITURE REPORT**
Reporting Period: JANUARY 2018

Project	Approved Budget	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget
MOD Vehicles (9)	308,000		308,000	308,000	0
Backup Generators-Business Resumption	93,000		93,000	93,000	0
Mowers (2)	77,000		77,000	77,000	0
GRF Vehicles (2)	63,500	7,994	55,506	63,500	0
Nimble Data Storage System-Business Resumption	58,600	58,491	(0)	58,491	109
Rossmoor Website Redesign	49,000		49,000	49,000	0
Sprayer	45,000		45,000	45,000	0
NewTek TriCaster Streaming System	45,000		45,000	45,000	0
Windscreens Replacement Buckeye Tennis	30,000		30,000	30,000	0
Tractor	30,000		30,000	30,000	0
Heater Replacement Hillside Clubhouse Pool	28,000		28,000	28,000	0
Barracuda Cloud Backup System	20,000		20,000	20,000	0
Backup Network Server-Business Resumption	11,100		11,100	11,100	0
Phone System Controller-Business Resumption	10,350	7,817	2,533	10,350	0
Battery Backup Gateway-Business Resumption	9,000		9,000	9,000	0
Flat Screen TV Replacement Event Center	8,000		8,000	8,000	0
Scrubber for Hillside Clubhouse	7,900		7,900	7,900	0
Heater Replacement Dollar Clubhouse Pool	7,000		7,000	7,000	0
Sod Cutter	5,500		5,500	5,500	0
TOTAL	905,950	74,303	831,538	905,841	109

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