

FINANCE COMMITTEE REPORT  
REGULAR MEETING  
TUESDAY, APRIL 24, 2018, AT 9:00 A.M.

A regular meeting of the Finance Committee was convened by F. William Dorband, Vice Chairman, at 9:00 a.m. on Tuesday, April 24, 2018, in the Board Room at Gateway Complex.

Present, in addition to the Vice Chairman, were Jean A. Autrey, Mary K. Neff, Della C. Temple, and Gery Yearout. David Smith, Chairman and Paul Rosenzweig were excused. Also attending were Geraldine Pyle, President, Stephen D. Roath, Vice President, Leslie Birdsall, Carl Brown, Barbara Coenen, Sue DiMaggio Adams, and Melvin C. Fredlund, Directors, GRF; Timothy O'Keefe, CEO; Richard S. Chakoff, CFO; Paul J. Donner, Director of Mutual and Trust Operations; Jeffrey P. Matheson, Director of Resident Services; Anthony W. Grafals, General Counsel; Deborah Rose, Senior Administrative Assistant, Executive Services; and three residents.

The report of the Committee's regular meeting of March 27, 2018, was approved as written. Report Approved

Mr. O'Keefe provided an update and overview regarding the water reclamation project soon to be addressed at the upcoming GRF Board meeting. He then reminded the Committee about a drought mitigation mandate created by the State last summer, which eliminates all water on City owned medians and how that affects the medians just outside of the Rossmoor gates. He concluded his report with a status update regarding the Planning Committee and its continued study of the traffic and pedestrian safety study. Staff Reports

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

Mr. Donner then reviewed the March Trust Facilities and Property Maintenance Report, the Capital Projects Budget and Expenditure Report, and the Machinery & Equipment Budget and Expenditure Report.

The Vice Chairman introduced agenda item 7a, to discuss Trust versus Operating expenditures policy and reviewed agenda attachment pages 7a3-7a8, which are the proposed rewritten versions of Policy 102.3, Allocation of Revenue and Expenses. Discussion followed. Discussion re. the Rewritten Policy 102.3

A motion was made by Mrs. Temple and seconded by Mrs. Neff to recommend to the Policy Committee that in Policy 102.3, the first paragraph should read as "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." Also, in the last paragraph of the Policy to read as "For purposes of this Policy, a capital expenditure is defined as a purchase

Recommendation to Policy Committee re Policy 102.3, First Paragraph

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.”.

Following discussion, a motion was made by Mrs. Temple, seconded by Mrs. Neff, and CARRIED, with Mr. Dorband voting no, to amend the main motion as follows: Only the first paragraph out of the six paragraphs are to be included in the recommendation to the Policy Committee.

A motion was made by Mrs. Temple, seconded by Mrs. Neff, and CARRIED UNANIMOUSLY to recommend to the Policy Committee that in Policy 102.3, Section I. Trust Revenues, should accept the language as read on page 7a-6 and the top of page 7a-7 of the Finance Committee agenda packet.

Recom-  
mendation  
to Policy  
Committee re  
Policy 102.3,  
Section I

A motion was made by Mrs. Temple and seconded by Ms. Autrey to recommend to the Policy Committee that in Policy 102.3, Section II. Trust Expenditures, bullet points 1, 2, 3, and 4 to read as redlined; bullet point 5 to be reinstated from being stricken and to read as “bank charges, loan fees and debt service (principle and interest) for loans associated with Trust operations.”; bullet point 6 verbiage to be deleted and replaced with the following: “Pooled Assets – tangible property costing \$5,000 or less per item but capitalized when part of a set.” Following discussion, the vote on the motion was taken and the motion CARRIED UNANIMOUSLY.

Recom-  
mendation  
to Policy  
Committee re  
Policy 102.3,  
Section II

A motion was made by Ms. Autrey, seconded by Mrs. Neff, and CARRIED UNANIMOUSLY to recommend to the Policy Committee that in Policy 102.3, the Purpose of the Policy be rewritten as follows: “To Establish a Policy to Differentiate Trust Revenues and Expenses From Operating Revenues and Expenses in Accordance with Section 6 of Exhibit B of the Golden Rain Foundation Trust Agreement.”

Recom-  
mendation  
to Policy  
Committee re  
Policy 102.3,  
Purpose

A motion was made by Mrs. Temple, seconded by Mrs. Yearout, and CARRIED UNANIMOUSLY to recommend to the Policy Committee that in Policy 102.3, Section III. Operating Revenues, be reinstated from being stricken and with a change to the second bullet point to read as “fees collected for normal operation of Trust properties, including but not limited to, 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.” And for the fifth bullet point to read as “miscellaneous items including but not limited to facilities usage fees, guest fees, handyman income, personal training income, RV rental fees.”

Recom-  
mendation  
to Policy  
Committee re  
Policy 102.3,  
Section III

A motion was made by Mrs. Temple, seconded by Ms. Autrey, and CARRIED UNANIMOUSLY to recommend to the Policy Committee that in Policy 102.3, Section IV. Operating Expenditures, that all redlined verbiage be reinstated.

Recom-  
mendation  
to Policy  
Committee re  
Policy 102.3,  
Section IV

Mr. Chakoff then reviewed items 8a thru 8c of the agenda, which asked the Committee to advise the Board if there are sufficient funds in the Trust Estate Fund to fund these items. Discussion followed.

A motion was made by Ms. Autrey and seconded by Mrs. Neff to recommend to the GRF Board that there is sufficient money in the Trust Estate Fund to pay for these expenses should they choose to do them. Following discussion, a vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Recom-  
mendation  
to GRF  
Board  
re.Funds for  
Projects

There being no further business to come before the Committee, the meeting was adjourned at 11:18 a.m.

Adjourn-  
ment

The next regular meeting of the Finance Committee will be held on Tuesday, May 29, 2018, at 9:00 a.m. in the Board Room at Gateway Complex.

Next Mtg.  
5/29/18

  
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F. William Dorband, Vice Chairman  
Finance Committee

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