

FINANCE COMMITTEE REPORT

REGULAR MEETING

THURSDAY, SEPTEMBER 17, 2015, AT 9:00 A.M.

A regular meeting of the Finance Committee was convened by the Chairman, Christopher T. Yahng, at 9:00 a.m. on Tuesday, September 17, 2015, in the Board Room at the Gateway Complex.

Present, in addition to the Chairman, were Jean A. Autrey, Vice Chairman, F. William Dorband, Kenneth W. Haley, Mary K. Neff, Paul Rosenzweig, and David H. Smith. Also attending were Leslie Birdsall, President, Barbara S. Jordan, Vice President, and Sue DiMaggio Adams, Richard E. Hurley, Robert D. Kelso, and Geraldine Pyle, Directors, GRF; Warren T. Salmons, CEO; Richard S. Chakoff, CFO; Paul J. Donner, Director, Mutual and Trust Operations (arrived at 10:30 a.m.); Mark K. Heptig, Director, Golf Courses/Golf Professional; Jeffrey P. Matheson, Director, Resident Services; Paulette L. Jones, Senior Manager, Executive Services; Judith A. Perkins, Senior Manager, Human Resources; Maureen A. O'Rourke, Senior Manager, Communications; Dennis Bell, Public Safety Manager; Masha Henzel, Fitness Supervisor, and several residents.

Attendance

The reports of the regular meetings of the Committee held on August 25 and September 8 and September 9, 2015, were approved as written.

Reports
Approved

No residents spoke during Residents' Forum.

Residents'
Forum/

The Del Valle Funding Subcommittee reported progress on its research.

Chairman's
Report/

Mr. Chakoff discussed the August 2015 financials and responded to questions posed by members of the Committee.

Staff
Reports

The August 2015 Trust Facility/Property Maintenance Cost & Commitment Report and Capital Projects Report, and Machinery and Equipment Report were introduced by Mr. Chakoff.

The Committee discussed the proposed 2016 GRF Operations Budget and made the following recommendations:

Recommen-
dations re.
2016 GRF
Operating
Budget

Item 8-1 (Main Motion)

A motion was made by Mr. Dorband and seconded by Mr. Haley to recommend approval of the proposed 2016 GRF Operations Budget in the aggregate amount of \$19,613,028, a coupon amount of \$244.75 including cable TV, as presented by staff. The vote was deferred until after all motions to amend were considered.

Item 8-2-i-1 (New Programs/Augmentation) N/A

Item 8-2-ii-1 (Program Modifications)

After discussion, a motion was made by Mr. Haley and seconded by Mr. Smith to amend the main motion to approve the proposed 2016 GRF Operations Budget as presented by staff, and recommend approval of golf turf/irrigation modifications at a gross cost of \$45,685 and net cost of \$34,035. A vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Item 8-2-iii

(New Revenue) N/A

(Increased Revenue)

Item 8-2-iii-1

After discussion, a motion was made by Mr. Smith and seconded by Mr. Rosenzweig to amend the main motion to approve the proposed 2016 Operations Budget as presented by staff, and recommend approval of the golf fee increases with an aggregate revenue increase of \$28,400. A vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Item 8-2-iii-2

After discussion, a motion was made by Ms. Autrey and seconded by Mr. Haley to amend the main motion to approve the proposed 2016 Operations Budget as presented by staff, and recommend approval of the Handyman contract increase with an aggregate revenue of \$40,000, offset however by \$40,000 in expenses. A vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Item 8-2-iv-1 (Trust Maintenance)

After discussion, a motion was made by Mr. Rosenzweig and seconded by Mr. Dorband to amend the main motion to approve the proposed 2016 Operations Budget as presented by staff, and recommend approval of Trust facility/property maintenance projects and purchases of tangible property excluding items 9, 13, 16 and 18, a reduction of \$273,000. A vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Item 8-2-v-1 (Operating Departments)

After discussion, a motion was made by Mr. Haley and seconded by Mr. Smith to amend the main motion to approve the proposed 2016 GRF Operations Budget as presented by staff, and recommend approval of Departments 100 Executive through 502 Rossmoor Channel, amended as follows: increasing line 5116 in the Bus Transportation Department by \$62,833. A vote on the motion was taken, and the motion CARRIED with six members voting "aye" and one member absent.

Item 8-2-v-2

After discussion, a motion was made by Mr. Haley and seconded by Mr. Smith to amend the main motion to approve the proposed 2016 GRF Operations Budget as presented by staff, and recommend approval of Department 800 as follows: decreasing line 5001 by an aggregate amount of \$110,587. A vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Item 8-2-vi-1 (Defined Benefit Pension Plan Distribution)

The Committee needed not to take action on this matter, and did not.

Item 8-2-vii-1 (Other Recommendations)

After discussion, a motion was made by Mr. Haley and seconded by Mr. Smith to recommend to the GRF Board: establishment of a "designation" (reserve for future Trust maintenance work) commencing in 2016 in the amount of \$250,000. A vote on the motion was taken, and the motion CARRIED, with six members voting "aye" and one member voting "no".

Item 8-2-vii-2

After discussion, a motion was made by Mr. Smith and seconded by Mr. Haley to recommend to the GRF Board expending \$273,000 from the Trust Estate Fund for items 9, 13, 16, and 18, projects which should be paid from the Trust Estate Fund and which have been recommended to be deleted from the Trust Maintenance list in section 8-2-iv-1. A vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Item 8-2-viii-1 (Operating Cash)

After discussion, a motion was made by Mr. Rosenzweig and seconded by Mr. Haley to amend the main motion to approve the proposed 2016 GRF Operations Budget as presented by staff, and recommend increasing the use of operating cash by \$47,000 to a total of \$700,000. A vote on the motion was taken, and the motion CARRIED with six members voting "aye" and one member abstaining.

Item 8-1 (Main Motion)

The vote was then taken on the motion to recommend approval of the proposed 2016 GRF Operations Budget, as amended, and the motion CARRIED UNANIMOUSLY.

Summary

The Committee recommendations itemized above combined to the following total change:

Net Decrease \$237,785

The result of the recommendations would be a 2016 GRF coupon of \$241.78 per manor per month, reducing the draft budget's increase (over 2015) from \$8.01 to \$5.04.

The meeting was adjourned at 11:05 a.m.

Adjournment

The next meeting of the Committee will be on October 27, 2015, at 9:00 a.m. in the Board Room at Gateway Complex.

Next Mtg.
10/27/15


Christopher T. Yahng, Chairman
Finance Committee

CTY/kv