

FINANCE COMMITTEE REPORT

REGULAR MEETING
TUESDAY, FEBRUARY 20, 2018, AT 9:00 A.M.

A regular meeting of the Finance Committee was convened by David H. Smith, Chairman, at 9:00 a.m. on Tuesday, February 20, 2018, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were Jean A. Autrey, Mary K. Neff, Paul Rosenzweig, Della C. Temple, and Gery Yearout. William Dorband was excused. Also attending were Geraldine Pyle, President, Stephen D. Roath, Vice President, Robert D. Kelso, Secretary, and Leslie Birdsall, Sue DiMaggio Adams 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 three residents. Attendance

The report of the Committee's regular meeting of January 23, 2018, was approved as written. Report Approved

During the Residents' Forum, Mr. Kelso shared his idea regarding agenda item 7a, Trust versus Operating expenditures, and Policy 102.3, Allocation of Revenue and Expenses. He then went on to say that the current GRF Board agenda line item from the Planning Committee, regarding traffic safety improvements, should have been run through the Finance Committee first before being presented to the Board. Residents' Forum

Messrs. Smith and O'Keefe addressed Mr. Kelso's comment regarding the Planning Committee's recommendations. Discussion followed.

Mr. O'Keefe provided an update regarding last week's Tice Creek Fitness Center's Grand Opening. He stated that a couple hundred people were in attendance for the presentation, and he noted that there were several hundred more in attendance that had left prior to the presentation. He shared that there was positive feedback. He also provided updates regarding the upcoming Board agenda items, noting specifically the Traffic Safety Study, Transit Study, Gateway Studio renovation, a new process for service level review, and risks and options for funding a geological hazard. Discussion followed. Staff Reports

Mr. Chakoff reviewed the GRF financial statements for January. Discussion followed.

After discussion, the Chairman stated that the size and terms of the permanent financing to replace the construction loan for the construction of the Tice Creek Fitness Center will be placed on the agenda for discussion at the next meeting of the Committee. Agenda Item for Next Meeting/ Staff

Mr. Donner then reviewed the January Trust Facilities and Property Maintenance Report, the Capital Projects Budget and Expenditure Report, and the Machinery & Equipment Budget and Expenditure Report. Discussion followed. Reports Continued

A memorandum prepared by Ms. Autrey and commented on by Mr. Rosenzweig regarding Policy 102.3 and circulated to members of the Committee was then discussed, as well as the propriety of circulating such a memorandum by email. The Open Meeting Clarification

Chairman stated that Ms. Autrey had asked him if she might circulate the memorandum, and he encouraged her to do so in order to stimulate thought and discussion. It was suggested by Mr. Grafals that while doing so was not improper, a better procedure might be to attach the memorandum to the agenda. A copy of the memo was distributed to those in attendance. (Attachment)

There was then a discussion regarding the history of Policy 102.3.

A motion was made by Ms. Autrey and seconded by Mrs. Temple to recommend to the GRF Board to amend Policy 102.3, Allocation of Revenue and Expenses, based on recommendations contained in the memorandum that Ms. Autrey wrote. Following discussion Ms. Autrey and Mrs. Temple withdrew their motion.

Motion
re. Policy
102.3

A motion was made by Ms. Autrey and seconded by Mrs. Temple to recommend to the GRF Board that Policy 102.3 be amended to provide that the revenue from the RV parking lot be moved to the coupon. The vote on the motion was taken, and the motion CARRIED, with Mr. Rosenzweig voting no.

Recom-
mendation
re. Revenue
from RV
Parking Lot

It was moved by Ms. Autrey and seconded by Mrs. Temple to recommend to the GRF Board that Policy 102.3, Allocation of Revenue and Expenses, Section I, Trust Revenue, be amended as follows (additions in italics):

Recom-
mendation
re. Policy
102.3,
Section I

“membership transfer fees;

earnings on Trust assets held for investment, including interest and Medical Center rent;

fees for capital equipment purchased for MOD Reimbursement by MOD for capital equipment purchased by the trust on their behalf;

gifts to the Trust (either for construction of a specific Trust asset or for general Trust activities).

Resale Community Facilities Fee (policy 102.1.2)”

The motion was CARRIED, with Mr. Rosenzweig voting no.

It was moved by Ms. Autrey and seconded by Mrs. Temple to recommend to the GRF Board that Policy 102.3, Allocation of Revenue and Expenses, Section II, be amended as follows (additions in italics):

Recom-
mendation
re. Policy
102.3,
Section II

“construction of new facilities or capitalized major renovations to existing facilities;

1. *fees for work done by non-GRF employees in anticipation of a capital project, including architect fees, engineering studies and consultant fees. Abandoned projects are an expense of the*

Trust.

2. any cost of temporary facilities required due to construction; and repair of changes that occurred due to construction;

acquisition or replacement of capitalized assets, including but not limited to, 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 roadways; 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. Pooled Assets - tangible property costing \$5,000 or less per item but capitalized when part of a set."

A motion was made by Mr. Rosenzweig to amend the main motion as follows: take valley wide paving out of Trust expenses and bring back to the coupon. The motion DIED for lack of a second.

The vote was then taken on the main motion, and the motion CARRIED, with Mr. Rosenzweig voting no.

A motion was made by Ms. Autrey to recommend to the GRF Board to eliminate the entire paragraph in Policy 102.3, Allocation of Revenue and Expenses, Section IV. The motion DIED for lack of a second.

Recom-
mendation
re. Policy
102.3,
Section IV

A motion was made by Mrs. Temple and seconded by Ms. Autrey to recommend to the GRF Board that Policy 102.3, Allocation of Revenue and Expenses, Section III, be amended as follows (additions in italics):

Recom-
mendation
re. Policy
102.3,
Section III

"monthly fees collected from each manor for the operation of Rossmoor;

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.

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

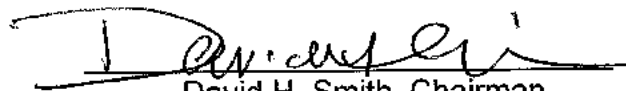
miscellaneous items including but not limited to facilities usage fee.

guest fees, handyman income, personal training income, RV rental fees and contractual business income from the Waterford and from vehicle maintenance.”

The vote on the motion was taken, and the motion CARRIED, with Mr. Rosenzweig voting no.

There being no further business to come before the Committee, the meeting was Adjournment adjourned at 11:07 a.m.

The next regular meeting of the Finance Committee will be held on Tuesday, March Next Mtg. 27, 2018, at 9:00 a.m. in the Board Room at Gateway Complex. 3/27/18



David H. Smith, Chairman
Finance Committee

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