

**RECREATION CENTERS OF SUN CITY, INC.
FINANCE & BUDGET COMMITTEE MEETING SUMMARY**

January 14, 2025

At the Finance & Budget Committee meeting called to order by Chair Tom Foster at 1:00pm on January 14, 2025 in the Lakeview Board Room, the following took place:

PRESENT: Chair Tom Foster, Co-Chair Anita Borski and Committee Members Norm Dickson, Linda McIntyre, Dave Wieland, Kim Wanek, Les Bethany, Suchindran Chatterjee, Don Henrich

RCSC BOARD: Vice President Chris Nettesheim and Directors Preston Kise, Rick Gray

RCSC STAFF: Controller Angie Nelson, Support/Finance Sr. Leader Kevin McCurdy

GUESTS: Cardholder Ruth Mackay

ELECTION OF SECRETARY: Kim Wanek was elected Secretary for 2025.

Review/Amend Prior Meeting Summary: The December 18, 2024 Meeting Summary was accepted as presented.

Old Business:

Charging for Use of Credit Cards – Support/Finance Sr. Leader McCurdy shared fees as follows for past 4 years: 2021 - \$ 347K, 2022 - \$369K, 2023 - \$439K, 2024- \$436K. On average, RCSC is charged 2.5% for each credit card transaction. Support/Finance Sr. Leader McCurdy expressed concern that RCSC has and desires to continue to decrease the amount of cash transactions for various security and business reasons. Should an additional charge be assessed, members may elect to make payments in cash which increases various organizational risks. Support/Finance Sr. Leader McCurdy will attempt to negotiate lower transaction fees. He also shared a proposal that was made to the Sun City West Board of Directors to charge credit card users, and the Board rejected the proposal. Committee members agreed to continue monitoring. RCSC requires member signatures on credit card transactions which equates to a lower transaction cost vs tapping capability. Limited member charge disputes on an annual basis. RCSC does have Echeck and ACH capabilities and some members utilize this. At this point RCSC agreed to not assess a transaction fee to members using credit cards, however, will continue to monitor utilization.

Five Year Planning Committee – Long Range Planning (LRP) needs to pick their 3 representatives. Finance, Budget and Audit along with COC have selected their member representatives. Meeting notices forthcoming.

December Financials – Will be distributed to the Board later in the week. Preliminary results show that RCSC ended 2024 with Net Excess from Operations approximately \$1.5M unfavorable to budget. This unfavorable operating budget variance will be more than offset by an approximate \$2.0 million favorable budget variance in Interest and Investment Income due to higher than budgeted fund balances and interest rates.

Budget Schedule – Support/Finance Sr. Leader McCurdy provided committee members with the 2025 proposed timeline. Work is progressing on the Reserve Study for 2026, and information should be provided within the next month. A conversation was held related to recent ADWR proposal and PIF schedule impact. Legal is currently reviewing ADWR proposal. The projected cost for turf reduction is up to \$50k/acre. Golf Senior Leader and Golf Architect reviewing impact per course per current PIF plan. It is the understanding of RCSC that any fines from ADWR for non-compliance will be in the form of loss of water vs. rather than financial penalties.

The RCSC Clubs Office is requesting budget information from clubs earlier this year in order to include in 5-year plan and budget. The goal is to have the Board's first reading in September with the second reading in October. Possibility of shifting back a month. Town Hall discussion and initial plan to conduct in September at the earliest. Researching live streaming option for members.

New Business:

Budget Control – The General Manager is presenting information to the Board later in the week. The committee chair will share with committee members in the near future.

Punch Cards – Line item exists in budget and forecast has been on historical data. Estimated \$90k for 2025 – lower than previous years as at time of budget, punch cards were going to be eliminated, and that decision has since been reversed. Sales are tracked per center vs. activity (difficult to track per activity). Discussion held on current cost - \$2.50 per card. Sun City West charges \$6 per card and allow children free use of pool. Will be part of this year's budget discussion. Mileage radius and utilization discussed but is not a focus of this committee. The chair indicated he would identify if there is another committee this should be assigned to.

Club Audits – The Clubs Office has received a request for an audit from a club. Discussion was held, and review of BP#12 conducted to determine who can request an audit. This can be a club, a club member, the board, or management. The committee currently has two auditors. Another auditor, a current Treasurer of a club was identified and contact information shared with the committee chair. Between all clubs, a balance of approximately \$2M exists. Follow up to be completed with the Clubs Office to determine current financial training provided to clubs. In the past, a club was audited by the State as they were not collecting sales tax. Potential risk is loss of nonprofit status and lack of oversight. Discussion held on audit results documentation and location – BP#12 addresses.

Capital Projects Report – Discussion held related to project completion and monies still shown on report.

Community Member Media and Social Media Comments – Discussion held on being more proactive in member education and partnering with other Sun City entities such as SCHOA and the Del Webb Museum. Website enhancements reviewed that will enable members to select how they obtain their information.

Completed the 2025 committee roster review.

Adjournment: The meeting was adjourned at 2:45pm.

Next Meeting: Next scheduled meeting is February 19, 2025 at 1:00pm – Lakeview Center Board Room

Respectfully submitted,

Kim Wanek, Secretary