

Regency Budget & Finance Committee

Minutes - June 25th, 2015

Committee Members Present:

Jack Kaye, Chairman
John Golebuski
Vincent DeSimone
Alan Datz
Stanley Sandler

Committee Members Absent:

Joanne Murphy
Michael Fusella

Others Present:

Richard Lans, Resident Trustee

The meeting started at 3:00pm.

The minutes from the previous meeting of April 30, 2015 were approved

Mr. Kaye reviewed his observations of the May 2015 financial statements and the group discussion included the following items:

- There are several minor issues in the presentation of the financial statements that need clarification. Mr. Kaye will follow-up with First Service to address these items.
- The YTD variance explanations provided by Mr. Kaye provided the committee with a high level overview of our budget vs. actual operations through May. Our YTD deficit through May is \$212K before Toll overpaid its calendared subsidy by \$164,000 through May. Accordingly, the YTD deficit shown in the May income statement is \$48,000. The deficit includes snow related costs that have exceeded our annual budget by \$107,000.

The committee reviewed an analysis detailing the Reserve expenditures through May. We have spent \$311K out of our Replacement Reserves, of which \$138K was for the paving of the parking lot. The Committee was satisfied that all of the other expenditures seemed in order.

The committee reviewed the format and content of the Summary Page that precedes the financial statements each month and concluded that it is more meaningful to include a YTD variance analysis of significant items instead of the current monthly variance explanations provided by First Service. Mr. Kaye agreed to discuss this request with management.

Mr. Lans informed the committee that the Board and Toll Brothers would be meeting to discuss a possible assessment due to the excessive snow costs. He indicated that no decision has yet been made regarding this issue.

Mr. Lans also advised the committee that we are having difficulty selling enough tickets for the upcoming two musical productions sponsored by Regency. There is a genuine concern that not enough tickets will be sold in order for Regency to break even. He advised the committee that outsiders who visit the performers website will be able to use PayPal to purchase tickets. This is being done to hopefully sell some additional tickets to outsiders. Discussion is underway with other communities to combine our efforts for a consolidated show.

Mr. Kaye distributed a financial model that he developed for the purpose of projecting future unit monthly charges. He prepared the model so it can be used by the Board to better manage costs and future unit maintenance charges going forward. The model is very flexible in that it can accommodate various assumptions which include, among others, inflation, reserve funding methodologies, alternative cost scenarios and the impact of different assumptions on reserve levels. The model has been used initially to review the impact, if any, on unit monthly maintenance costs when Toll is no longer subsidizing the budget.

The Committee agreed to cancel the next scheduled meeting on July 23rd. The last meeting of the year for the current Committee will be on August 27th.

The meeting adjourned at 4:10 pm.

Respectfully submitted:

John Golebuski, acting Secretary