

RECREATION CENTERS OF SUN CITY, INC.

Finance, Budget & Audit Committee

Discussion Notes

October 14, 2026

Chair Tom Foster called the meeting to order at 1:03pm in the Lakeview Board Room.

PRESENT: Chair Tom Foster, Vice Chair Rick Gray and Committee Members Linda McIntyre, Lloyce Robinson, Suchindran Chatterjee, Les Bethany, Don Henrich, Anita Borski, Kim Wanek, Norm Dickson

ABSENT: Gene Westemeier

RCSC BOARD: Vice President Chris Nettesheim (Acting Secretary), Secretary Preston Kise, Directors Mike Coppock, Jana Mapes, John Bressett

RCSC STAFF: Kevin McCurdy, Angie Nelson (remote), Rebecca Hill, Mike Dirmyer

GUESTS: Cheryl Conrad, Mike Model, Harry Emerson, Ed Nyberg

Review/Amend Meeting Summary: The September 16, 2026, summary was reviewed and accepted as presented.

Amend Meeting Summary to reflect: Remove Jim Conrad – he did not stay to attend meeting – he dropped someone off.

- **Committee Business:**

- **September Financials**

- We are favorable year to date for budget.
 - **Question:** Interest earnings are down – Interest earnings are down due to transfers to CIF and we only book when the treasury bonds mature and anticipate additional interest earnings in December.
 - **Question:** Red numbers – part is timing and slightly unfavorable on some of the golf lines for net excess.
 - **Question:** Is golf in the black to date –
 - The budget year to date is \$200,000 negative year to date. We anticipate that we will recover revenue as we move into the fall as play picks up.
 - **Question:** Did we enter the summer in the black as we ended Spring play?
 - Yes, we did
 - **Question:** Accounts receivable is growing. How are we doing on the older receivables?

- We are doing better as we are actively pursuing outstanding receivables.
- If it is more than a year old we reserve that amount. That reserve is going to decline as we move forward.
- **Question:** How did the value of our land improvements decrease?
 - Now that the reserve study is more accurate we are finding things that are on the reserve study that need to be removed which is impacting the bottom. These items are fully depreciated, and we are removing them from the register.
- **Question:** Does this Committee still want a Q3 variance report as we are meeting monthly now?
 - Decision: Do not need to do the Q3 in depth review as we are receiving information monthly.
- **2027 Budget Discussion**
 - **Remaining outstanding discussion for the Committee's recommendation to the Board**
 - **Clarification of the wage line:** When we take some of the custodial wages to outside janitorial vendor the salary and wages decrease as the operational expenses increase so the percentage flexes based on those changes.
 - 7% for salary and wages is not across the Board.
 - There is a baseline increase with additional discretionary increases based on performance.
 - On the \$770.00 the capital influx is greater than it is on the \$740.00 – does this impact capital expenses.
 - Everything the budget stays the same and we are using our resources differently to accomplish the same budget goals while lowering the impact of the assessment increase.
 - Reviewed the documents (see attached) for a detailed explanation of how this is being accomplished.
 - Decreasing the percentage moved into CIF
 - Increase the dollars from checking into to CIF to compensate
 - If the total spending on the reserve study increases, the monies available to club's increase.
 - Per Board policy the allocation is 5% of Capital spend
 - We need to be aware that we will need to address this again in 2027
 - By moving this money into capital what will be the total spend for capital
 - Approximately \$8,000,000 dollars.
 - Committee Member – considerable concerns about the increase in the privilege from 50% to annual assessment amount.
 - Concerned with the idea of increasing it that much.

- This is not a substantial amount of income for us to lose.
- I am onboard with all else including the CIF changes but want to revisit it next year.
- Committee member – how are you feeling about the net excess amount
 - Do not increase privilege card amount we are losing approximately \$230,000 per annum
 - This applies to the annual and the monthly
 - What would the monthly amounts for the privilege cards budget out to
 - \$112.00 for one month
 - \$221.00 for two months
 - \$336.00 for three months
 - We do not sell a lot of these passes so impact on budget is
- Question on the table:
 - Do we want to change the privilege card increase be \$370.00 rather than \$450.00?
 - Changing this is material to the budget
 - Vote: Yes – 1, No – 5, Abstain – 2
 - Any discussion on the punch cards changes
 - No discussion
 - Any discussion on home resale assumption
 - No discussion
 - Any discussion on leaving the transfer fee unchanged
 - No discussion
 - CIF to move to \$2000.00 from \$1500.00
 - No discussion
 - PIF stays the same
 - No discussion
 - Salaries
 - Discussed above
 - Golf budgeted to be revenue neutral
 - Assessment amount at \$740.00 and everything remains in the budget as discussed previously
 - Yes, this is true
 - \$740.00
 - We may be back here having the same discussion next year
 - This is true but we do not know where we will be this time next year
 - What did we project on the previous year on the annual assessment under the previous assumptions

- We were at \$730.00 and ending at \$740.00 because we are using cash to help pay for capital projects
- We have a lot in this budget that we really need
 - This is my hesitation with going to \$740.00
 - Just putting on the table for the concerns for next year
- Member comment – keep it below 10% and go with \$747.00
- Member comment – keep the number rounded so it is easy to work with
- Member comment – There are still unfunded needs and would lobby to do both – the million dollars into CIF and go with \$770.00
- Board Member Comment –
 - How much are we to fund for CIF next year
 - Approximately 8 million dollars
 - Not anticipating doing long term
 - Steady state should be approximately 6 million dollars per year
 - If the capital spend increases we will need to be more aggressive in collecting CIF dollars through CIF at purchase and assessment monies used to supplement the CIF.
 - Concerns about increasing member fees for Golf and not increasing golf fees for nonresidents.
- Committee Member – we are moving into preventative maintenance right?
 - By spending more in preventative maintenance sudden unplanned maintenance should decrease which over time will benefit us
 - If we are doing a better job with maintenance we could have items last longer than planned.
 - A lot of push pull in the reserve study that is under constant analysis to ensure we are doing the right maintenance at the right time but having the solid estimate of when things should be done and an estimate of cost is beneficial.

- Committee Member – each year we are building the CIF so there is no cause for panic with regards to capital.
 - We have done a good job planning with a slow year-over-year increase to avoid major hits from a budget perspective.
- Committee Member
 - Are we seeing a decrease in quality of products we are purchasing similar to what we are seeing in the residential market?
 - We are always evaluating to purchase and contract with quality vendors and products
- Committee Member
 - Are we being proactive in ordering equipment to ensure we get the best prices and get in front of potential price increases as we move through time.
 - Yes, we are going to be proactive in ensuring we purchase as quickly as possible.
- A recommendation suggestion ...
 - The Committee recommends to the Board the following budget proposal for 2027:
 - A total proposed annual budget of \$32,923,815;
 - A proposed 2027 Annual Assessment equal to \$740 per rooftop;
 - Salaries and wage component of expense is to increase by 7% with the allocation of those dollars to be at the discretion of management;
 - The PIF fee is to remain at \$4,000 for 2027;
 - The CIF is to be increased to \$2,000;
 - The Transfer Fee remains at \$500;
 - The Budget assumes 1,500 home resales in 2027;
 - Golf is budgeted to breakeven in 2027;
 - Privilege Cards are proposed to increase from \$340 to \$450;
 - Punch Cards are proposed to go from \$2.50 for any guest to zero for guests under 12 years of age and \$5.00 for any guest 12 years of age and older.
- **Budget Recommendation:**
 - **Motion: I move that we recommend the \$740.00 annual assessment including all items discussed previously above.**
 - **Motion – Suchindran Chatterjee**

- **Second – Anita Borski**
 - **Budget spreadsheet to be included in Board Motions.**
 - **Vote: Aye 5, Nay 3**
- New Business
 - Motion: I move that FBA Committee develop a formal Excess Reserve Fund policy to manage year-end surplus, define the maximum funded ceiling based on our current Reserve Study, define utilization, and replenish funds no later than 06/30/27.
 - Motion: Kim Wanek
 - Second Anita Borski
 - We need to be specific and ensure that the wording reflects what we want to do.
 - Should be Reserve Fund be Reserve Study?
 - We need to have a policy on how we are going to use our funds at the end of each year.
 - I feel strongly that we need to have a plan so that we know what we are working towards
 - We need to establish guardrails for the process
 - Recommend to the chair that this be taken up at a specific time and that worked on.
 - Withdraw second – Anita Borski
 - Withdraw motion – Kim Wanek
 - Will be added to the agenda for November for further discussion
 - Something since the townhall
 - Members lived here for more than 10 years
 - No idea about elections, that Board is elected, or how the Corporation functions
 - General comment – Committee Member
 - Been through this process a number of times
 - We reduced the assessment amount by \$30.00 per year, but we are faced with challenges with regard to expenses and revenue
 - We are to be educating the members and if we keep doing the same thing we are not learning
 - Reaching people may be having to meet with people where they are at.
 - Members need to hear about increasing costs
 - Outreach to like organizations and expect them to inform their people.
 - Concern with meetings over the summer months when we have not in the past

Meeting was adjourned at 2:30pm on October 14, 2026.

Next Meeting: November 18, 2026 @ 1:00pm at the Lakeview Center Board Room.

Respectfully Submitted,

Chris Nettesheim, Acting Secretary

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