

MINUTES

GOLDEN RAIN FOUNDATION OF WALNUT CREEK

REGULAR MEETING OF THE BOARD OF DIRECTORS THURSDAY, SEPTEMBER 25, 2008, AT 9:03 A.M.

A regular meeting of the Board of Directors of the Golden Rain Foundation (GRF) of Walnut Creek was convened by the President, Fred W. Barnes, at 9:03 a.m. on Thursday, September 25, 2008, in the Fireside Room at Gateway Complex, 1001 Golden Rain Road, Walnut Creek, California.

ROLL CALL: Present: Fred W. Barnes, David H. Smith, Christine L. Folger, Paul Rosenzweig, Jane P. Carmichael, Phoebe E. Cortessis, Ronald W. Moschel, Sheldon Solloway, John C. Turnier, and Warren T. Salmons, Chief Executive Officer (CEO), ex-officio member of the Board Attendance

Absent: None

Also present were Hazel M. Horti, Chairwoman, Aquatics Advisory Committee; Carol A. Green, Chairman, Fitness Center Advisory Committee; Richard S. Chakoff, Chief Financial Officer; Paul J. Donner, Director, Mutual Operations; Mark K. Heptig, Director, Golf Courses/Golf Professional; Daniel L. Schrantz, Director, Trust Operations; Paulette L. Jones, Senior Manager, Executive Services; Maureen A. O'Rourke, Senior Manager, and Wilma Murray, Staff Writer, Communications Department; Judith A. Perkins, Senior Manager, Human Resources; Damien A. Abel, Manager, Resident Services; Susan F. Ritner, Program Manager, and George Ivanov and Rob Rotherby, Program Assistants, Rossmoor Television Channel; Debi Tallerico, Manager, Information Technology; Tess Haskett, Assistant Controller; Randy Wright, Supervisor, Custodial Department; Priscilla Tudor, Coordinator, Counseling Services; and Michael Weatherby, Custodian/AV Technician.

Before proceeding with the agenda for the meeting, the President said that the budget discussion and approval process would take a significant amount of time today, and, as such, if there was no objection, he would like to defer addressing other items of business to the next meeting of the Board. There were no objections. He then said that the meeting would be recessed for lunch at approximately 12:00 p.m. and reconvened at approximately 1:00 p.m.

There being no objections, the minutes of the regular meeting of the Board held on August 28, the minutes of the special meeting of the Board held on September 6, and the minutes of the joint meetings of the Board with the Finance Committee held on September 9 and 10, 2008, were approved as written.

Minutes
Approved

Due to an anticipated lengthy meeting and being that the CEO's report is published in the Rossmoor News, Mr. Salmons asked to dispense with making his monthly report, which was included in the agenda package. There were no objections.

CEO's
Report

Mr. Rosenzweig gave the Treasurer's report for the period ending August 31, 2008. The report was included in the agenda package.

Treasurer's
Report

During the Residents' Forum, Donna D. Kaufman, President of the Rossmoor Resident Emergency Preparedness Organization, reported on emergency preparedness matters; Gerald M. Priebe said that both golf courses are a great benefit for all Rossmoor residents and encouraged the members of the Board to approve the requests for guest play and tournaments which are on the agenda for consideration later in the meeting; Patrick T. Kelly explained his objections to the golf course staff becoming GRF employees; Pat Baker spoke in support of doing both phases of the Creekside project north of Stanley Dollar Drive at once and helping those residents who cannot afford the monthly coupon; Jackie Bateman, President spoke in support of doing both phases of the Creekside project north of Stanley Dollar Drive in one phase and invited Mesdames Carmichael, Cortessis, and Folger to meet with the Women's 9-Hole Golf Club next Thursday to tour the Creekside facility and have lunch; Michael P. Fleck, President Elect of the Men's Golf Club, also spoke in support of doing the Creekside project north of Stanley Dollar Drive in one phase; Casey Dixon, President of the Happy Hackers, urged the members of the Board to reconsider and do both phases of the Creekside project north of Stanley Dollar Drive in one phase; Susan A. Fleck, President Elect of the Women's 18-Hole Club, asked the Board to approve the requests for guest play and tournaments which are on the agenda for consideration later in the meeting and to reconsider and do both phases of the Creekside project north of Stanley Dollar Drive in one phase; Fred S. Lee, President of the Men's Club, distributed an informational package (copy on file) to the members of the Board containing pictures of a comparison of the golf facilities with other Rossmoor facilities and urged the members of the Board to complete both phases of the Creekside project north of Stanley Dollar Drive immediately; Florence Kleinfeld commended the previous Board for its decision to delay Phase II of the Creekside project north of Stanley Dollar Drive and the courage of the present Board in upholding that decision, and she then submitted a petition (copy on file) signed by over two hundred residents supporting the aforementioned decision of the Board; Agnes J. Moore spoke about the safety of residents and the uneven patio at Creekside and urged the members of the Board to complete the Creekside project north of Stanley Dollar Drive in one phase; Lorrie McCurdy spoke in support of completing the Creekside project north of Stanley Dollar Drive in one phase; Rose Michaels, who helped obtain signatures on the petition submitted earlier in the meeting supporting the Board's decision to delay Phase II of the Creekside project north of Stanley Dollar Drive, urged the members of the Board to continue to defer any unnecessary building or borrowing; Judie Taylor urged the members of the Board to do both phases of the Creekside project north of Stanley Dollar Drive at the same

Residents'
Forum

time; and Nancy Turnier thanked the CEO for his successful efforts in preparing the budget and holding meetings for residents and urged the members of the Board to not approve a different coupon increase than what was indicated in the headlines of the September 17th edition of the Rossmoor News.

Mrs. Horti, Chairwoman of the Aquatics Advisory Committee, summarized the report of the Committee's September meeting, which was included in the agenda package.

AAC
Report

In the absence of Mr. Braun, Chairman of the Finance Committee, Mr. Rosenzweig, a member of the Committee and Treasurer, summarized the report of the Committee's September meeting, which was distributed to the members of the Board and is on file, and included the Committee's recommendation that the 2009 GRF coupon amount be \$216.14, an increase of 9.83% over 2008. He noted that over 57% of that increase (\$11.09 of the total coupon increase of \$19.35) results solely from adherence this year to a provision in the Trust Agreement that had not been applied in previous years' budgets and that Counsel has indicated that provision must be applied. The net increase, excluding the above change, is 5.64%.

Finance
Committee
Report

Ms. Green, Chairman of the Fitness Center Advisory Committee, reported that the front panels of the lockers in the locker rooms at the Fitness Center have been repaired after 3-½ years. The report of the Committee's September meeting was included in the agenda package.

FCAC
Report

Mr. Kelly, Chairman of the Golf Advisory Committee, said the report of the Committee's September meeting was included in the agenda package, and he had nothing to add to it.

GAC
Report

Following remarks by the CEO regarding the objective of today's meeting, which was to craft a GRF operations budget for 2009 which is much more complex than in previous years,

A motion was made by Mr. Solloway and seconded by Mr. Rosenzweig that the recommendations of the Finance Committee regarding the FY 2009 GRF operations budget, in the form of the resolution that it adopted at its meeting on September 23, 2008 (copy on file), be approved by this Board, subject to amendment. Following discussion regarding protocol, a roll call vote was taken, and the motion FAILED, with Messrs. Moschel, Rosenzweig, Smith, and Solloway voting yes.

Motion to
Approve
Finance
Committee's
Recommendations re.
2009 Budget
Failed/

A motion was made by Mr. Turnier to adopt the FY 2009 GRF operations budget proposal that the CEO proposed to the Finance Committee with a coupon increase of \$9.04 to cover the budget. The motion DIED for lack of a second.

Motion to
Adopt
Budget as
Indicated
Died/

A motion was made by Mr. Moschel and seconded by Mr. Smith to approve the baseline budget for 2009 as proposed by staff. During discussion it was noted that the baseline budget was the departmental operations section of the budget (Section 10) and that there was still discussion to be had and decisions to be made on the other sections of the operations budget. Following further discussion, a roll call vote was taken, and the motion FAILED, with Messrs. Moschel, Rosenzweig, Smith, and Solloway voting yes.

Motion to
Approve
Baseline
Budget
Failed

A motion was made by Ms. Cortessis and seconded by Turner to address the line items under Section 10 of the FY 2009 GRF operations budget on an exception basis and that items not addressed will be assumed to be accepted. Following discussion, a roll call vote was taken, and the motion CARRIED, with Messrs. Rosenzweig and Smith voting no.

Line Items
Under
Section 10
of Budget
to be
Addressed
as Indicated

A motion was made by Mr. Turnier to open discussion regarding the golf course revenue and expense question, saying that he was not happy with the increases in the resident golf fees.

Motion re.
Golf Course
Revenue &
Expenses

A motion was made by Mr. Solloway that the minutes record that Mr. Turnier is unhappy. Mr. Solloway WITHDREW the motion.

Following further discussion regarding Mr. Turnier's motion to open discussion regarding the golf course revenue and expense question, Mr. Turnier WITHDREW the motion.

Motion re.
Golf Course
Revenue
Withdrawn

A motion was made by Mr. Solloway and seconded by Mr. Smith to approve Section 10 (departmental operations budget) of the FY 2009 GRF operations budget. Discussion followed. A vote on the motion was not taken.

Motion to
Approve
Section 10
of Budget/
Motion to
Not Approve

A motion was made by Ms. Cortessis that the Board not approve the additional \$15,000 for gas and electricity included under unallocated items in the FY 2009 GRF operations budget. The motion DIED for lack of a second.

Funds for
Gas & Elec.
Died/
Approved

A motion was made by Mr. Smith and seconded by Mr. Solloway to approve Section 10 (departmental operations budget) of the FY 2009 GRF operations budget. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Section 10
of Budget

A motion was made by Mr. Moschel and seconded by Mr. Solloway to approve an expenditure of \$80,000 for the FY 2009 GRF operations budget for the purpose of supporting a Long-Range Planning Task Force. Following discussion, a roll call vote was taken, and the motion FAILED, with Messrs. Moschel, Rosenzweig, Smith, and Solloway voting yes.

Motion to
Approve
Funds to
Support
Long-Range
Planning

Following an explanation by the CEO of the new program proposal regarding an open space habitat bank,

Task Force
Failed

A motion was made by Mr. Rosenzweig, seconded by Ms. Cortessis, and CARRIED, with Mr. Barnes voting no, to defer the open space habitat bank proposal in accordance with the recommendation of the Finance Committee.

Deferred
Open Space
Habitat Bank
Proposal

Following comments by the CEO regarding a new program proposal for a Mutual Operations Division strategic plan,

A motion was made by Mr. Rosenzweig and seconded by Mr. Smith that the matter of a Mutual Operations Division strategic plan not be approved and be referred to the Mutual Presidents for their input and further discussion, again in accordance with the discussions and recommendations of the Finance Committee. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

MOD
Strategic
Plan Not
Approved &
Referred to
Mutual
Presidents

Recess: 11:45 a.m.

Recess

Reconvened: 12:45 p.m.

A motion was made by Mr. Moschel and seconded by Mr. Solloway to approve the sum of \$40,000 in the FY 2009 GRF operations budget for the purpose of a marketing program as described in Section 2 of the budget. Mr. Moschel then spoke in support of the motion. During discussion, Mr. Rosenzweig pointed out that the Finance Committee felt that this item should be deferred in its entirety. A roll call vote was taken, and the motion FAILED, with Messrs. Barnes, Moschel, Solloway, and Turnier voting yes.

Motion to
Approve
Funds for
Marketing
Program
Failed/
Motion to
Reconsider

A motion was made by Ms. Carmichael and seconded by Mr. Smith to reconsider the motion to approve the sum of \$40,000 for the FY 2009 GRF operations budget for the purpose of the marketing program as described in Section 2 of the budget.

Motion to
Approve
Funds for
Marketing
Program/
Motion to

A motion was made by Ms. Carmichael to amend the motion to reconsider the motion to approve the sum of \$40,000 for the FY 2009 GRF operations budget for the purpose of the marketing program as described in Section 2 of the budget to defer consideration of the item to a future year, maybe next year if things are better fiscally. The motion DIED for lack of a second.

Amend
Motion to
Reconsider
Funds for
Marketing
Program

A roll call vote was then taken on the motion to reconsider the motion to approve the sum of \$40,000 for the FY 2009 GRF operations budget for the purpose of marketing program as described in Section 2 of the budget, and the motion FAILED, with Ms. Carmichael and Messrs. Barnes and Moschel voting yes.

Died
Motion to
Reconsider
Motion
Failed

The CEO introduced the proposal that staff costs for managing/administering the Trust be born by the Trust budget, which heretofore would have been born by the operations budget. The proposed staff costs included in the Trust budget for 2009 for Trust administration is \$288,723.

A motion was made by Mr. Turnier and seconded by Ms. Folger to allocate staff salaries for Trust administration from the operations budget to the Trust budget. During discussion, Mr. Solloway noted that this is contrary to the recommendation of the Finance Committee. Following further discussion, a roll call vote was taken, and the motion CARRIED, with Messrs. Moschel, Rosenzweig, Smith, and Solloway voting no.

Approved
Allocating
Staff
Salaries for
Trust Adm.
to Trust
Budget/
Approved
Allocation
of Funds
for Trust
Administra-
tion to Trust
Budget

A motion was made by Ms. Folger and seconded by Ms. Cortessis that each of the employee's budgeted salaries, payroll taxes, and benefits for Trust administration be allocated to the Trust budget at the percentage indicated in Section 3 of the FY 2009 GRF operations budget, a total allocation of \$288,723. Following discussion, a roll call vote was taken, and the motion CARRIED, with Messrs. Moschel, Rosenzweig, Smith, and Solloway voting no.

The CEO introduced the proposal which, based on permissive language in the Trust Agreement, allows the acquisition of personal property from the Trust budget which heretofore would have been purchased from the operations budget. The proposed personal property purchases included in the Trust budget for 2009 total \$129,600.

Approved
Moving
Certain
Personal
Property
Acquisition
from the
Coupon to
the Trust
Budget/
Motion to
Approve
Funds for
Personal
Property
from Trust
Budget
Motion to
Amend
Motion to
Approve
Funds for

A motion was made by Mr. Turnier and seconded by Ms. Folger to move certain personal property acquisition from the coupon to the Trust budget. During discussion, Mr. Rosenzweig noted that the Finance Committee unanimously did not recommend this. Following further discussion, a roll call vote was taken, and the motion CARRIED, with Messrs. Moschel, Rosenzweig, Smith, and Solloway voting no.

A motion was made by Ms. Folger and seconded by Ms. Cortessis to approve personal property purchases for 2009 from the Trust fund in the amount of \$129,600 as proposed by staff. During discussion the CFO pointed out that all of the items are already in the operations budget that the Board approved earlier in the meeting.

A motion was made by Mr. Turnier and seconded by Ms. Folger to amend the motion to approve personal property purchases for 2009 from the Trust fund in the amount of \$129,600 as proposed and reduce the \$129,600 to \$107,400 made up exclusively of those items listed under Information Technology and the Rossmoor Channel, with everything else on the list staying in the operations budget. Following discussion, a roll call vote was taken, and the

motion CARRIED, with Mesdames Carmichael and Cortessis abstaining and Mr. Barnes voting no.

Personal
Property
from Trust
Budget/
Amended
Motion
Failed

The vote was then taken on the amended motion to approve personal property purchases for 2009 from the Trust fund in the amount of \$107,400 made up exclusively of those items listed under Information Technology and the Rossmoor Channel, with everything else on the list staying in the operations budget, and the amended motion FAILED, with Ms. Folger and Messrs. Barnes and Turnier voting yes.

The CEO commented on the YR 2009 Trust Facility/Property Maintenance Program. Mr. Rosenzweig pointed out that these items are not in the operating budget and are normally in the Trust budget. However, General Counsel has advised the Board that, in accordance with the Trust, these items must be on the coupon, if approved. Mr. Rosenzweig added that the proposed list of items also includes the following discretionary items recommended by the Finance Committee: \$28,000 for door hardware at Hillside Clubhouse, \$20,000 for a golf cart bridge replacement study, and \$8,000 to replace a stepping stone path behind Dollar Clubhouse.

A motion was made by Mr. Moschel and seconded by Mr. Rosenzweig to approve \$888,680 for the Trust Facility/Property Maintenance Program for 2009. Mr. Moschel noted that this would be in accordance with the recommendation of the Finance Committee. Discussion followed.

Motion to
Approve
Funds for
Trust
Facility/
Property
Maintenance
Program/
Motion to
Amend
Motion
Died

A motion was made by Mrs. Carmichael and seconded by Ms. Cortessis to amend the motion to approve \$888,680 for the Trust Facility/Property Maintenance Program to eliminate the recommended painting of the exterior of Peacock Hall listed under necessary items at \$10,000. During discussion, Ms. Cortessis withdrew her second to the motion, and the motion DIED for lack of a second.

A motion was made by Ms. Carmichael and seconded by Ms. Folger to amend the motion to approve \$888,680 for the Trust Facility/Property Maintenance Program to defer the recommended golf cart bridge replacement study listed under discretionary items at \$20,000 to August 2010. Following discussion, the vote on the motion was taken, and the motion FAILED, with Ms. Carmichael voting yes.

Motion to
Amend
Motion
Failed

Recess: 3:10 p.m.
Reconvened: 3:25 p.m.

Recess

A motion was made by Ms. Carmichael and seconded by Ms. Folger to amend the motion to approve \$888,680 for the Trust Facility/Property Maintenance Program to eliminate the recommended replacement of door

Motion to
Amend
Motion

hardware at Hillside Clubhouse listed under discretionary items at \$28,000. Following discussion, a roll call vote was taken, and the motion FAILED, with Mesdames Carmichael and Folger and Mr. Barnes voting yes.

Failed

A motion was made by Mr. Turnier and seconded by Ms. Carmichael to amend the motion to approve \$888,680 for the Trust Facility/Property Maintenance Program to defer to 2010 the recommended street and driveway repair/maintenance (Terra California from Saklan Indian Drive to Rossmoor Parkway, Rossmoor Parkway from Entry 1 to Terra California, and miscellaneous street repairs) listed under necessary items at \$550,000.

Motion to Amend Motion

A motion was made by Ms. Folger and seconded by Ms. Carmichael to amend the motion to amend the main motion to approve \$888,680 for the Trust Facility/Property Maintenance Program to defer to 2010 the recommended street and driveway repair/maintenance (Terra California from Saklan Indian Drive to Rossmoor Parkway, Rossmoor Parkway from Entry 1 to Terra California, and miscellaneous street repairs) listed under necessary items at \$550,000 and defer \$250,000 to 2010 and allocate \$300,000 for 2009 for road repairs on Rossmoor Parkway. Following discussion, a roll call vote was taken, and the motion CARRIED, with Mr. Rosenzweig voting no.

Approved Amendment to Motion to Approve Funds for Trust Facility/Property Maintenance Program

Following further discussion, a roll call vote was taken on the motion to amend the main motion to approve \$888,680 for the Trust Facility/Property Maintenance Program to defer to 2010 the recommended street and driveway repair/maintenance (Terra California from Saklan Indian Drive to Rossmoor Parkway, Rossmoor Parkway from Entry 1 to Terra California, and miscellaneous street repairs) listed under necessary items at \$550,000 and defer \$250,000 to 2010 and allocate \$300,000 for 2009 for road repairs on Rossmoor, and the motion, as amended, CARRIED, with Messrs, Moschel, Rosenzweig, Smith, and Solloway voting no.

Allocated Funds for Road Repairs

A motion was made by Ms. Folger and seconded by Mr. Barnes to move the \$8,000 to replace a stepping stone path behind Dollar Clubhouse from a recommended necessary item included in landscape projects in the 2009 Trust Facility/Property Management Program back to a discretionary item. Following discussion, a roll call vote was taken, and the motion FAILED, with Mesdames Carmichael and Folger and Mr. Barnes voting yes.

Motion to Move Stepping Stone Path Back to Discretionary Items Failed

A roll call vote was then taken on the motion, as amended, to approve \$638,680 for the Trust Facility/Property Maintenance Program for 2009, and the amended motion CARRIED UNANIMOUSLY.

Approved Funds for Trust Fac./ Prop. Main. Program

The CEO commented on the proposal for new/increased revenue (Section 6 of the proposed FY 2009 GRF operations budget).

A motion was made by Mr. Moschel and seconded by Mr. Smith to approve the new revenue opportunities as listed in List 1 in Section 6 of the proposed FY 2009 GRF operations budget and encourage staff to continue to explore the items in List 2. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Approved
New
Revenue
Opportunities
as Indicated

The CEO commented on Section 7, Program Modification, of the proposed FY 2009 GRF operations budget, noting that staff was not making any recommendation for substantive program changes nor looking for any specific action on this item.

Asked
Staff to
Examine
Feasibility
of Curtail-
ing Hours
of Operation
of Rec.
Facilities

A motion was made by Ms. Cortessis and seconded Mr. Moschel to ask staff of examine the feasibility of curtailing the hours of operation of certain recreational facilities within Rossmoor when there is very low attendance at those facilities. Follow discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

The CEO commented on Section 8, Cost Recovery, of the proposed FY 2009 GRF operations budget.

A motion was made by Mr. Smith and seconded by Ms. Carmichael to approve List 1 (green fees) in Section 8 of the proposed FY 2009 GRF operations budget and ask the Board to consider List 2 and to add to List 2 the possibility of guest fees for certain activities to be evaluated. Mr. Moschel proposed that the motion be amended to include evaluating the possibility of instructors' fees and donation boxes. Mr. Smith accepted the proposed amendment. The vote was then taken on the motion, as amended, and the amended motion CARRIED UNANIMOUSLY.

Approved
List 1 in
Section 8
of Budget &
Asked
Board to
Consider
List 2

The CEO commented on Section 9, Working Capital/Reserve, of the proposed FY GRF operations budget, Working Capital/Reserve, saying that there is no action required, it is explained because it is something staff wants the Board to understand and know exists.

A motion was made by Ms. Folger and seconded by Ms. Carmichael that, if there is money in excess of \$1.5 million in working capital at the end of the year, this money be transferred to a reserve account. Following discussion, a roll call vote was taken, and the motion FAILED, with Mesdames Carmichael, Cortessis, and Folger and Mr. Barnes voting yes.

Motion re.
Reserve
Account
Failed

A motion was made by Mr. Moschel and seconded by Mr. Solloway to approve the schedule of 2009 Golf Club tournaments, including various Club events involving reduced or waived fees (agenda attachments 9b-2 through 9b-6). Following an explanation by the Director of Golf and discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Approved
Schedule
of 2009
Golf Club
Tournaments

A motion was made by Mr. Moschel and seconded by Mr. Smith to approve the requests for reduced fees, waived fees, special events, and gift certificates for outside organizations (agenda attachments 9c-2). Following an explanation by the Director of Golf and discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Approved
Requests for
Reduced
Fees, Waived
Fees, Etc.

Before concluding, the President announced that the next mid-month regular meeting of the Board will be held on Tuesday, October 14, 2008, at 10:00 a.m. in the Board Room at Gateway Complex; that the next regular meeting of the Board will be held on Thursday, October 30, 2008, at 9:00 a.m. in Peacock Hall at Gateway Complex; and that there will not be an executive session today.

Announce-
ments

There being no further business to come before the Board, the meeting was adjourned at 5:37 p.m.

Adjournment

Christine L. Folger, Secretary
Golden Rain Foundation of Walnut Creek