

MINUTES

GOLDEN RAIN FOUNDATION OF WALNUT CREEK

REGULAR MEETING OF THE BOARD OF DIRECTORS

THURSDAY, JANUARY 28, 2010, AT 9:02 A.M.

A regular meeting of the Board of Directors of the Golden Rain Foundation (GRF) of Walnut Creek was convened by the President, Ronald W. Moschel, at 9:02 a.m. on Thursday, January 28, 2010, in Peacock Hall at Gateway Complex, 1001 Golden Rain Road, Walnut Creek, California.

ROLL CALL: Present: Ronald W. Moschel, Sheldon Solloway, Susan Williamson, Paul Rosenzweig, Phoebe E. Cortessis, Rita A. Fredlund, David H. Smith, and Warren T. Salmons, Chief Executive Officer (CEO), ex-officio member of the Board

Attendance

Excused: Fred W. Barnes and Melvin N. Wall

Also present were Donald A. Peterson, Chairman, Aquatics Advisory Committee; Kenneth Haley, Chairman, Finance Committee; Carol A. Green, Chairman, Fitness Center Advisory Committee; Michael P. Fleck, Chairman, Golf Advisory Committee; Richard S. Chakoff, Chief Financial Officer; Mark K. Heptig, Director, Golf Courses/Golf Professional; Nancy Gracey Bann, Chairman, Ad Hoc Long-Range Planning Task Force; Paul J. Donner, Director, Mutual Operations; Daniel L. Schrantz, Director, Trust Operations; Shannon M. Walpole, General Counsel and Director, Confidential Services; Paulette L. Jones, Senior Manager, Executive Services; Judith A. Perkins, Senior Manager, Human Resources; Dennis Bell, Public Safety Coordinator; Susan F. Ritner, Program Manager, and George Ivanov, Program Assistant, Rossmoor Television Channel; Wilma Murray, Staff Writer, Communications Department; and Michael Weatherby, Custodian/AV Technician, Resident Services.

There being no corrections, the minutes of the regular meetings of the Board held on December 3, 2009, and January 12, 2010, were approved as written by consent, with Mr. Rosenzweig abstaining from approving the minutes of January 12th because he did not attend that meeting.

Minutes
Approved

During the President's report, Mr. Moschel discussed the Board's intentions regarding the study of the GRF's employee compensation program, which is being currently undertaken. He said that, while he could not guarantee what would happen as a result of the study, he could and then did outline what the Board's objective is at the onset. The Board wants to, for the first time, or at least for the first time in anyone's memory, comprehensively study GRF's employee compensation program in a very inclusive and transparent way. Such a study will fulfill the Board's responsibility for oversight on this matter as it tries to do on all GRF business. Mr. Moschel gave an example of what he meant, using the CEO's insurance advisory group as an illustration. He announced that he will ask the Board at its February 9th mid-month meeting to discuss a comprehensive strategy for implementing the study, which should include timing, the roles and responsibilities of all parties, and identification of the positive outcomes that can come from such an effort. He then asked the

President's
Report

community to watch and to listen carefully and to support the Board's efforts going forth in this study, noting that the Board would keep the residents informed of its progress toward the objective he outlined today.

The CEO reviewed his written report dated January 21, 2010, which included the manor sales report for the period ending December 31st and as of January 21st. The report was included in the agenda package. Mr. Salmons then announced that all GRF Policies, Procedures, and Rules are now available on the Rossmoor website and can be accessed on the Internet at the address docs.rossmoor.com.

CEO's
Report

Mr. Rosenzweig gave the Treasurer's report for the period ending December 31, 2009, emphasizing that cumulative for the year, revenues were ahead of budget by \$30,000 and expenses were below budget by \$392,000, for a combined positive cumulative variance for the year of \$422,000. The report was included in the agenda package.

Treasurer's
Report

During the Residents' Forum, Adele K. Watt said that a carbon monoxide detector should be installed in every manor in Rossmoor that has a gas furnace, telling of her near life-threatening experience due to carbon monoxide poisoning, and urged the Board to publicize this.

Residents'
Forum

Robert D. Kelso inquired about GRF's contract with Comcast. He then said there doesn't seem to be a way to charge electric cars in the Mutuels and suggested that the Board consider adding some electric car charging stations at Gateway Complex and other places in Rossmoor. He also suggested that residents might be able to save money on their insurance premium by grouping together.

Patricia M. Zuker commented on the Ad Hoc Long-Range Planning Task Force survey currently being conducted, saying that she heard from survey participants that the survey response choices are inadequate and could result in a flawed survey; that the survey is amateurish; and that the survey should be thrown out and redone.

Kathleen Solares thanked the Board for the work it has done this year, saying it dealt with some remarkable issues that were extremely difficult. She then specifically thanked the Board for moving forward with the Creekside project and for making the right decisions on closing the pools.

Mr. Peterson, Chairman of the Aquatics Advisory Committee summarized the report of the Committee's December meeting, which included the Committee's recommendation regarding the Dollar pool temperature (agenda item 8a-1) and its recommendation regarding opening Dollar pool on March 27th to accommodate family swim (agenda item 8a-2). He then explained the reasons for the recommendations. Discussion followed. Mr. Peterson next summarized the report of the Committee's January meeting. The reports were included in the agenda package. The President

AAC
Report

said that the Committee's recommendation regarding the Dollar pool temperature will be considered later in the meeting under agenda item 9b, Policy Committee report.

A motion was made by Mrs. Fredlund and seconded by Ms. Williamson to approve, as recommended by the Aquatics Advisory Committee, opening Dollar pool on Saturday, March 27, 2010, at a temperature of 88° to accommodate family swim through Easter vacation and leaving family swim at the Dollar pool until the opening of Hillside pool, with all family swim eventually moving back to Hillside pool. During discussion, Mrs. Cortessis explained why she could not support this motion, saying that, while she had no issue with the temporary change of the Dollar pool temperature during the pool resurfacing work at Hillside pool, she felt this step would be a foot in the door to getting the Dollar pool temperature changed on a permanent basis. Following further discussion, the vote on the motion was taken, and the motion CARRIED, with Mrs. Cortessis voting no.

Approved
Opening
Dollar Pool
on 3/27/10
at 88°
for Family
Swim

Mr. Haley, Chairman of the Finance Committee, said the report of the Committee's January meeting was previously distributed to the members of the Board. The report is on file with the minutes. He then summarized main topics of discussion at the meeting. Discussion followed.

Finance
Committee
Report

The Chairman of the Fitness Center Advisory Committee, Ms. Green, said the report of the Committee's January meeting was included in the agenda package and then highlighted items in the report.

FCAC
Report

Mr. Fleck, Chairman of the Golf Advisory Committee, summarized the report of the Committee's January meeting, which was included in the agenda package, and referred to the Committee's recommendation regarding a request to hold the Transbay Junior Championship on the Dollar Course (agenda item 8d-1) and its recommendation regarding a request from the Bentley High School golf team to use the Dollar Course on Tuesday afternoons (agenda item 8d-2).

GAC
Report

A motion was made by Mr. Smith and seconded by Ms. Williamson to approve, as recommended by the Golf Advisory Committee, the request to hold the Transbay Junior Championship on the Dollar Course on Monday, April 19, 2010. The President called on Mr. Heptig, who elaborated on the request. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Approved
Request to
Hold Golf
Champion-
ship as
Indicated

A motion was made by Ms. Williamson and seconded by Mr. Rosenzweig to approve, as recommended by the Golf Advisory Committee, the request from the Bentley High School golf team to use the Dollar Course on Tuesday afternoons from February through April 2010 and the waiver of green fees. The President called on Mr. Heptig, who elaborated on the request, saying

Approved
Request
from High
School Golf
Team to

that this, along with the previous request, was an outreach golf program, which supported local junior golf. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Use Dollar
Course

The Chairman of the Ad Hoc Long-Range Planning Task Force, Nancy Gracey Bann, gave the Task Force's quarterly report to the Board, highlighting the Task Force's activities to date and reporting on upcoming activities. She noted that the Task Force is finalizing dates for the work program schedule; that a final report will be made to the Board at its December 2nd meeting; that the community telephone survey was completed on January 26th, and a secondary Internet and handout survey started on January 27th and will close on February 5th, with a presentation to the community of the survey findings to be scheduled; that topic focus groups and participant-type focus groups will be conducted; that town hall meetings will be held; and that consultant presentations will be made to the Board. She concluded by saying that residents can attend the Task Force's meetings on the first and third Wednesday of each month at 2:00 p.m. in the Board Room at Gateway Complex and can communicate with the Task Force in writing or by email at LRPTF@rossmoor.com. A copy of her report is on file with the minutes. Discussion followed.

LRPTF
Report

Mr. Smith, Chairman of the Compensation Committee, summarized the report of the November joint meeting of the Compensation Committee and the Finance Committee, which included a recommendation regarding a GRF contribution to a proposed amended employees' 401(k) plan and a recommendation regarding the current GRF contribution to the existing employees' 401(k) plan. The report was included in the agenda package. Mr. Smith then gave background information regarding the employees' pension plan and related matters.

Compen-
sation
Committee
Report

A motion was made by Mr. Smith and seconded by Mr. Solloway that GRF make a direct contribution of 2% of salary for employees who participate in the proposed amended 401(k) plan, plus an additional match up to the first 2% (dollar-for-dollar) of the employee contribution, as recommended by the Compensation Committee, and that the existing \$250 employer contribution be dropped from the existing 401(k) plan, as recommended by the Compensation Committee and the Finance Committee.

Motion to
Approve
GRF Amended
401(k) Plan
Contribution/
Drop
Existing
401(k) Plan
Contribution/
Motion
Amended

A motion was made by Mr. Rosenzweig and seconded by Mr. Solloway that the motion that GRF make a direct contribution of 2% of salary for employees who participate in the proposed amended 401(k) plan, plus an additional match up to the first 2% (dollar-for-dollar) of the employee contribution, as recommended by the Compensation Committee, and that the existing \$250 employer contribution be dropped from the existing 401(k) plan, as recommended by the Compensation Committee and the Finance Committee, be amended to increase the percentage of GRF's direct contribution of salary for employees who participate in the proposed amended 401(k) plan from 2%

to 3%, which is what was originally recommended by both the Compensation Committee and the Finance Committee. Mr. Rosenzweig then spoke in support of the amendment, explaining that by approving the motion, as presented, the Board was foregoing the incentive effect to attract more employees to switch from the defined benefit plan to the new 401(k) plan. He added that his amendment to the motion restores the opportunity for greater benefits to the coupon. Discussion followed. The vote was then taken on the amendment to the motion, and the motion CARRIED, with Mrs. Cortessis abstaining.

The vote was then taken on the motion, as amended, that GRF make a direct contribution of 3% of salary for employees who participate in the proposed amended 401(k) plan, plus an additional match up to the first 2% (dollar-for-dollar) of the employee contribution, and that the existing \$250 employer contribution be dropped from the existing 401(k) plan, and the amended motion CARRIED, with Mrs. Cortessis abstaining.

Amended
Motion
re. 401(k)
Plan
Approved

The Chairman of the Policy Committee, Mr. Solloway reported on the Committee's December and January meetings, the reports of which were included in the agenda package, and commented on the Committee's recommendation regarding a revised Rule R105.2, Dollar Pool Access and Use, to reflect the recommendation of the Aquatics Advisory Committee that the Dollar pool maximum operating temperature be lowered to 88° so that the pool can accommodate a broader spectrum of users (agenda attachment 9b1-16 thru 9b1-18). In keeping with the Board's practice that policy, procedure, and rule agenda items be on the agenda for two end-of-the-month meetings to allow time for resident input, consideration of approving the recommended revised Rule was deferred to the February 25th regular meeting of the Board.

Policy
Committee
Report/
Deferred
Consider-
ation of
Rule R105.2

A motion was made by Mr. Solloway and seconded by Ms. Williamson to approve, as recommended by the Policy Committee, draft Policy 304.2, Process for Approving New Rules (agenda attachment 10a-2). Mr. Solloway noted that the draft Policy was introduced at the December 3rd regular meeting of the Board and deferred for consideration of approval at this meeting to allow time for resident input. He then explained the reasons for the recommended Policy, The vote on the motion was then taken, and the motion CARRIED UNANIMOUSLY by the Board members present for the vote, Mesdames Cortessis, Fredlund, and Williamson, and Messrs. Moschel and Solloway.

Approved
Draft
Policy
304.2

A motion was made by Mr. Solloway and seconded by Mrs. Fredlund to approve the Calendar of Events for the Forty-Sixth Annual Meeting of Members of the GRF to be held on May 10, 2010 (agenda attachment 11a-

Approved
Calendar
of Events
for 46th

2). Mr. Solloway then noted important dates on the Calendar of Events. The vote on the motion was then taken, and the motion CARRIED UNANIMOUSLY.

Annual Mtg.
of Members

Before proceeding with the next agenda item, which is the appointment of a new Board representative to the Ad Hoc Long-Range Planning Task Force, the President explained why he decided to resign from being the Board representative to the Task Force before the end of his Board term in May, saying that it relates back to the report given earlier in the meeting by the Task Force Chairman regarding the point that the Task Force is currently at. He explained that, since the Task Force's work will not be completed by May, and he believed it was important that the same Board representative be present throughout the remainder of the Task Force's work, he thought now was the right time for him to resign and for a new Board member to take his place.

LRPTF
Board
Representative

A motion was made by Mrs. Cortessis and seconded by Mr. Rosenzweig to approve, as recommended by the President, the appointment of Rita A. Fredlund as the Board representative to the Ad Hoc Long-Range Planning Task Force, effective immediately, to replace Ronald W. Moschel, the current Board representative, who resigned. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

R. Fredlund
Appointed
Board Rep-
resentative
to LRPTF

A motion was made by Mrs. Fredlund and seconded by Mr. Rosenzweig to approve the award of a contract to Pool Scene, Inc. in an amount not to exceed \$184,000 from the Operations Fund to perform the pool resurfacing work at the Hillside pool and to authorize the CEO to execute the contracts necessary to complete the work. The President called on the Director of Trust Operations, who discussed the item. The vote on the motion was then taken, and the motion CARRIED UNANIMOUSLY.

Approved
Awarding
Contract
for Hillside
Pool
Resurfacing

A motion was made by Mrs. Fredlund and seconded by Mr. Solloway to approve the agreement for the Creekside kitchen and bar equipment with Equipment Specialists, Inc. in an amount not to exceed \$213,441, which includes a 10% contingency, from the Trust Estate Fund, and to authorize the CEO to execute the agreement. The President called on the CEO, who explained the item. The vote on the motion was then taken, and the motion CARRIED UNANIMOUSLY.

Approved
Agreement
for Creek-
side Kitchen
& Bar
Equipment

A motion was made by Mr. Solloway and seconded by Mr. Smith to approve the agreement for the Creekside Pro Shop fixtures with Procraft Heritage Creations in an amount not to exceed \$67,365.75, which includes a 10% contingency, from the Trust Estate Fund, and to authorize the CEO to execute the agreement. The President called on the CEO, who explained the item and then on the Director of Golf, who further elaborated on the item.

Motion to
Approve
Agreement
for Creek-
side Pro
Shop

During discussion, Mr. Rosenzweig said that he intends to vote no on the motion simply because the item was not competitively bid. Further discussion ensued.

Fixtures

A motion was made by Mr. Smith, seconded by Mrs. Williamson, and CARRIED UNANIMOUSLY to defer, to the February 9th regular meeting of the Board at which time the Board would have the necessary information to make a decision on the matter, the motion to approve the agreement for the Creekside Pro Shop fixtures with Procraft Heritage Creations in an amount not to exceed \$67,365.75, which includes a 10% contingency, from the Trust Estate Fund, and to authorize the CEO to execute the agreement.

Deferred
Motion to
Approve
Agreement
for Creek-
side Pro
Shop
Fixtures

A motion was made by Mr. Solloway and seconded by Mrs. Fredlund to approve amending and augmenting the 2010 Trust Facilities/Properties Maintenance program and budget, using working capital in an amount not to exceed \$55,000, to replace the ventilation ductwork in the Fireside Room. The original under-slab ductwork will be abandoned due to its deteriorated condition and will be replaced with overhead exposed ductwork. The President called on the Director of Trust Operations, who explained the item. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Approved
Replacing
Fireside
Room Ven-
tilation
Ductwork

Before concluding, the President announced that the next mid-month regular meeting of the Board will be held on Tuesday, February 9, 2010, at 9:00 a.m. in the Board Room at Gateway Complex; that the next end-of-the month regular meeting of the Board will be held on Thursday, February 25, 2010, at 9:00 a.m. in Peacock Hall at Gateway Complex; and that the Board will meet in executive session following this meeting to discuss a legal matter.

Announce-
ments

There being no further business to come before the Board, the meeting was recessed at 10:20 a.m. and reconvened in executive session at 11:20 a.m.

Recess

Ronald W. Moschel, President
Golden Rain Foundation of Walnut Creek