

FINANCE COMMITTEE REPORT

REGULAR MEETING
TUESDAY, NOVEMBER 29, 2016, AT 9:00 A.M.

A regular meeting of the Finance Committee was convened by the Chairman, David H. Smith, at 9:00 a.m. on Tuesday, November 29, 2016, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were Mary K. Neff, Vice Chairman, F. William Attendance Dorband, Kenneth W. Haley, Paul Rosenzweig, and Christopher T. Yahng. Jean A. Autrey was excused. Also attending were Leslie Birdsall, President, Melvin C. Fredlund, Vice President, Mary Lou Delpech, Secretary, and Sue DiMaggio Adams, Robert D. Kelso, Geraldine Pyle and Stephen D. Roath, Directors, GRF; Timothy O'Keefe, CEO; Richard S. Chakoff, CFO; Paul J. Donner, Director of Mutual and Trust Operations; Jeffrey P. Matheson, Director of Resident Services; Joseph Bruzdzinski, Information Technology Manager; Gail Denzon, Insurance Coordinator; John Tastor, Area Executive Vice President, Arthur J. Gallagher & Company; Larry Fountain, Executive Vice President, and Gary Staring, Senior Vice President, Mechanics Bank; and one resident.

The Finance Committee's report of October 25, 2016, was unanimously approved as Report written. Approved

During the Residents' Forum, Ralph E. Myers gave a presentation on earthquake Residents' insurance and offered his reasons why the Golden Rain Foundation should not buy Forum it.

Mr. O'Keefe commented on the status of several matters, including the solar farm CEO's project, construction bids for the Fitness Center renovation, and Comcast's Report installation of internet service in manors previously without the service.

The Chairman moved the discussion on earthquake insurance (agenda item 7a) up Earthquake on the agenda and called on Mr. Chakoff, who introduced Mr. Tastor from Arthur J. Insurance Gallagher & Company. Mr. Tastor reviewed the Earthquake Insurance Proposal in Proposal the agenda packet and answered questions posed by the Committee.

Mr. Tastor left the meeting at 10:10 a.m.

The Chairman then called on Messrs. Fountain and Staring from Mechanics Bank, Mechanics who presented loan proposals for financing the Fitness Center renovation project Bank Loan and answered questions from Committee members. Proposals

Messrs. Fountain and Staring left the meeting at 10:28 a.m.

The meeting was recessed at 10:29 a.m. for a break and was reconvened at 10:38 a.m.

Mr. Chakoff reviewed the monthly GRF Financials.

Staff
Reports

Mr. Donner reviewed the Trust Facilities and Property Maintenance, Projects, and Machinery/Equipment Acquisition Reports. Discussion followed, with Mr. Donner and Mr. Chakoff answering questions from Committee members.

The Committee then discussed earthquake insurance and Mr. Tastor's presentation.

Discussion
re.
Earthquake
Insurance

A motion was made by Mr. Yahng and seconded by Mr. Dorband to recommend to the GRF Board that the Golden Rain Foundation purchase earthquake insurance for GRF facilities in the amount of \$25M.

Recommen-
dation to
GRF Board
re.
Earthquake
Insurance

Following additional discussion regarding the cost of the insurance, Mr. Yahng amended his original motion, which was seconded by Mr. Dorband, to recommend to the GRF Board that it purchase earthquake insurance for GRF facilities. The vote on the motion was taken, and the motion CARRIED, with Ms. Neff and Messrs. Smith, Dorband and Yahng voting "yes" and Messrs. Haley and Rosenzweig voting "no".

Motion
FAILED to
Recommend
Insurance
Dollar Amt.
to GRF
Board/
Discussion
re.

A motion was then made by Mr. Yahng and seconded by Mr. Dorband to recommend to the GRF Board that it purchase earthquake insurance for GRF properties in the amount of \$25M at a cost of \$173,413. There was a tie vote and the motion FAILED, with Messrs. Smith, Haley and Yahng voting "yes" and Ms. Neff and Messrs. Dorband and Haley voting "no".

The Committee then discussed financing options for the Fitness Center renovation project. The Committee agreed to defer this discussion to its next meeting scheduled for January 24, 2017.

Financing
Options for
Fitness
Center

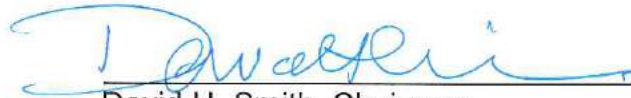
Mr. Chakoff presented the machinery and equipment budget for 2017. He then called on Mr. Bruzdinski, who explained the data storage project included in the list and answered questions from Committee members.

Discussion
and
Recommen-
dation to
GRF Board
re. 2017
Machinery &
Equipment
and Capital
Expenditures
Budgets

A motion was made by Mr. Smith and seconded by Mr. Dorband to recommend to the GRF Board that it approve the proposed 2017 machinery and equipment and capital expenditure budgets totaling \$1,569,500 to be paid from the Trust Estate Fund. Mr. Chakoff then discussed the capital expenditures budget and called on Mr. Matheson, who presented additional information for some of the items on the list. Both Mr. Chakoff and Mr. Matheson answered questions from Committee members. Following the discussion, the vote on the motion was taken, and the motion CARRIED, with Ms. Neff and Messrs. Smith, Haley, Dorband and Yahng voting "yes" and Mr. Rosenzweig abstaining.

There being no further business to come before the Committee, the meeting was Adjourn-
adjourned at 12:02 p.m. ment

The Committee's next regular meeting will be held on January 24, 2017, at 9:00 a.m. Next Mtg.
in the Board Room at Gateway Complex. 1/24/17



David H. Smith, Chairman
Finance Committee