

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING
TUESDAY, NOVEMBER 29, 2016, AT 9:00 AM
BOARD ROOM – GATEWAY COMPLEX

1. MEETING CALLED TO ORDER: David H. Smith, Chairman
2. ROLL CALL: Smith, Autrey, Dorband, Haley, Neff, Rosenzweig, and Yahng
3. APPROVAL OF REPORT OF OCTOBER 25, 2016 (Attachment)
4. RESIDENTS' FORUM
5. CHAIRMAN'S REPORT – ANNOUNCEMENTS
6. STAFF REPORTS
 - a. CEO – General Comments
 - b. CFO – Monthly GRF Financials (copy in GRF Board Office Finance Committee mailbox)
 - c. Director of Mutual and Trust Operations – Trust Facilities and Property Maintenance, Projects, and Machinery/Equipment Acquisition Reports (Attachments)
7. UNFINISHED BUSINESS
 - a. Discussion of earthquake insurance. Representatives from Arthur J. Gallagher & Associates will attend. (Attachment)
 - b. Discussion of financing for the Fitness Center. Representatives from Mechanics Bank will attend.
8. NEW BUSINESS
 - a. Consider recommendation to the GRF Board regarding Trust funding availability for the 2017 machinery and equipment and capital budgets. (Attachment)
9. ADJOURNMENT
10. NEXT MEETING: Tuesday, January 24, 2017, at 9:00 a.m. in the Board Room at Gateway Complex

RSC/kv
cc: GRF Board

FINANCE COMMITTEE REPORT

REGULAR MEETING
TUESDAY, OCTOBER 25, 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, October 25, 2016, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were Mary K. Neff, Vice Chairman, Jean A. Autrey, F. William Dorband, Kenneth W. Haley, Paul Rosenzweig, and Christopher T. Yahng. Also attending were Leslie Birdsall, President, Melvin C. Fredlund, Vice President, Mary Lou Delpech, Secretary, and Geri Pyle and Stephen D. Roath, Directors, GRF; Timothy O'Keefe, CEO; and Richard S. Chakoff, CFO.

The Finance Committee's report of September 27, 2016, was unanimously approved as written.

Report
Approved
as
Written/
Staff
Reports

Mr. O'Keefe commented on several matters, commended the Committee for its work on the 2017 GRF budget, and thanked the members for its support of staff throughout the budget process.

Mr. Chakoff reviewed the monthly GRF Financials, and presented the Trust Facilities and Property Maintenance, Projects, and Machinery/Equipment Acquisition Reports in Mr. Donner's absence. Discussion followed.

Discussion
re.
Mechanics
Bank Loan
for Fitness
Center
Renovation

The Chairman then called on Mr. Chakoff, who introduced agenda item 8a, discussion of the Mechanics Bank loan in conjunction with the Fitness Center renovation project and review of the Trust Estate Fund projection. Following discussion, it was the consensus of the Committee to have Mr. Chakoff arrange for representatives of Mechanics Bank to attend the Finance Committee's next meeting on November 29th for the purpose of presenting loan proposals to the Committee.

There being no further business to come before the Committee, the meeting was adjourned at 9:52 a.m.

Adjourn-
ment

The Committee's next regular meeting will be held on November 29, 2016, at 9:00 a.m. in the Board Room at Gateway Complex.

Next Mtg.
11/29/16


David H. Smith, Chairman
Finance Committee

**YR2016 TRUST FACILITY / PROPERTY MAINTENANCE
COST & COMMITMENT REPORT**

Reporting Period: October 2016

| Project | Approved Budget | Reporting Period Expenditures | Incurred To-Date | Forecast To-Complete | Est. Final Expenditure | Under/(Over) Budget | Status |
|--|-----------------|-------------------------------|------------------|----------------------|------------------------|---------------------|--------|
| Gateway | | | | | | | |
| Exterior Panels Replacement | 25,000 | 0 | 3,700 | 21,300 | 25,000 | 0 | |
| Hillside | | | | | | | |
| Women's Pool Shower Stall Inserts Installation | 30,000 | 0 | 11,128 | 18,872 | 30,000 | 0 | |
| Plumbing Improvements Study | 20,000 | 0 | 3,600 | 16,400 | 20,000 | 0 | |
| Valleywide | | | | | | | |
| Facilities Wood Staining And Sealing | 67,000 | 3,875 | 45,385 | 21,615 | 67,000 | 0 | |
| Facilities Carpet Replacements | 75,000 | 0 | 53,500 | 21,500 | 75,000 | 0 | |
| Light Pole Repainting | 18,000 | 0 | 0 | 18,000 | 18,000 | 0 | |
| Landscaping Rehabilitation | 10,000 | 0 | 0 | 10,000 | 10,000 | 0 | |
| Equipment Replacements | 36,000 | 0 | 22,730 | 13,270 | 36,000 | 0 | |
| Open Space | | | | | | | |
| Open Space Maintenance | 21,000 | 0 | 12,429 | 8,571 | 21,000 | 0 | |
| Defensible Space Fire Abatement | 15,000 | 0 | 0 | 15,000 | 15,000 | 0 | |
| Trails Maintenance | 10,000 | 0 | 4,198 | 5,802 | 10,000 | 0 | |
| Public Works | | | | | | | |
| Street Maintenance | 441,000 | 0 | 392,221 | 48,779 | 441,000 | 0 | |
| Sidewalk Maintenance | 62,000 | 14,081 | 35,665 | 26,335 | 62,000 | 0 | |
| Water, Drainage, Sewer Maintenance | 15,000 | 140 | 8,760 | 6,240 | 15,000 | 0 | |
| Golf Course | | | | | | | |
| Cart Path Repair Program | 42,300 | 0 | 42,300 | 0 | 42,300 | 0 | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| TOTAL | 887,300 | 18,096 | 635,616 | 251,684 | 887,300 | 0 | |

**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period OCTOBER 2016

| Project | Approved Budget | Reporting Period Expenditures | Incurred To-Date | Forecast To-Complete | Est. Final Expenditure | Under/(Over) Budget |
|---|------------------|-------------------------------|------------------|----------------------|------------------------|---------------------|
| Gateway HVAC Replacement Phase 2 | 160,000 | | 153,560 | 6,440 | 160,000 | 0 |
| Gateway Multi-Purpose Rooms Improvements | 185,000 | 28,956 | 159,728 | 25,272 | 185,000 | 0 |
| Gateway Clubhouse Electrical Improvements | 25,000 | | 5,131 | 19,869 | 25,000 | 0 |
| Gateway Studios Space Study | 25,000 | 1,391 | 11,536 | 13,464 | 25,000 | 0 |
| Drop Creek Structure Construction | 550,000 | | 19,395 | 530,605 | 550,000 | 0 |
| Del Valle Fitness Complex Study | 157,421 | | 157,380 | 0 | 157,380 | 41 |
| Hillside Clubhouse Atrium Roof Design | 12,000 | | 8,150 | 3,850 | 12,000 | 0 |
| Hillside Clubhouse Atrium Roof Construction | 110,000 | | 113,284 | 26,716 | 140,000 | (30,000) |
| Hillside Shady Glen Park Concrete Pads | 20,000 | | 17,424 | 2,576 | 20,000 | 0 |
| Solar Energy Consultant Phase 2 | 75,000 | | 27,057 | 47,943 | 75,000 | 0 |
| Vehicle Maintenance Shop Roll Up Doors | 18,000 | | 13,936 | 0 | 13,936 | 4,064 |
| Del Valle Renovation Project | 1,182,500 | 101,982 | 580,787 | 601,713 | 1,182,500 | 0 |
| Traffic and Pedestrian Safety Study | 33,400 | | 1,156 | 32,244 | 33,400 | 0 |
| Dollar Clubhouse Accessibility Study | 6,000 | 1,313 | 4,875 | 1,125 | 6,000 | 0 |
| Pickleball Courts | 25,000 | | | 25,000 | 25,000 | 0 |
| | | | | | | |
| | | | | | | |
| TOTAL | 2,584,321 | 133,642 | 1,273,400 | 1,336,816 | 2,610,216 | (25,895) |

| Major Projects | Total Contingency | Contingency Reserved | Contingency Expended |
|----------------------|-------------------|----------------------|----------------------|
| Drop Creek Structure | 70,000 | 0 | 0 |

**MACHINERY & EQUIPMENT
BUDGET AND EXPENDITURE REPORT**

Reporting Period: OCTOBER 2016

| Project | Approved Budget | Incurred To-Date | Forecast To-Complete | Est. Final Expenditure | Under/(Over) Budget |
|-------------------------------------|------------------|------------------|----------------------|------------------------|---------------------|
| MOD Vehicles | 189,000 | 157,475 | 31,525 | 189,000 | 0 |
| Del Valle Pools Ultra-Violet System | 120,000 | | 120,000 | 120,000 | 0 |
| Mowers | 111,100 | 109,784 | 1,316 | 111,100 | 0 |
| Digital Telephone System | 140,000 | 39,806 | 100,194 | 140,000 | 0 |
| GRF Pick-up Trucks | 96,000 | 67,612 | 28,388 | 96,000 | 0 |
| Data Storage System | 92,000 | 91,889 | 0 | 91,889 | 111 |
| Grinders | 51,500 | 49,997 | 0 | 49,997 | 1,503 |
| Peacock Hall Digital Projector | 30,000 | 29,999 | 0 | 29,999 | 1 |
| Dollar Clubhouse AV Upgrade | 30,000 | 28,555 | 0 | 28,555 | 1,445 |
| Gateway Clubhouse Automatic Doors | 27,000 | | 27,000 | 27,000 | 0 |
| Digital Video Surveillance System | 24,800 | 24,779 | 0 | 24,779 | 21 |
| Dog Park Patio | 20,000 | 17,424 | 2,576 | 20,000 | 0 |
| Sand Dresser | 17,350 | 17,193 | 0 | 17,193 | 157 |
| Dollar Clubhouse Boiler | 15,000 | | 15,000 | 15,000 | 0 |
| Las Trampas Room Tiered Risers | 15,000 | 12,652 | 0 | 12,652 | 2,348 |
| MOD Scaffolding | 12,000 | 11,765 | 235 | 12,000 | 0 |
| Rossmoor Gardens Chain Link Fence | 10,000 | 8,708 | 0 | 8,708 | 1,292 |
| Computer Room AC Replacement (3) | 8,000 | 8,000 | 0 | 8,000 | 0 |
| Counseling Services Automatic Doors | 6,500 | | 6,500 | 6,500 | 0 |
| Dollar Clubhouse Pool Heater | 6,000 | | 6,000 | 6,000 | 0 |
| Event Center Acoustic Shell (1) | 4,087 | 4,087 | (0) | 4,087 | 0 |
| (2) TOTAL | 1,025,337 | 679,724 | 338,735 | 1,018,459 | 6,878 |

(1) Total Expenditure 18,895
Less Donation -14,808
Net Expenditure 4,087

(2) Total Incurred to Date 679,724
Plus Donation 14,808
Total Expenditure to Date 694,532

Agenda Item: 7a
Subject: Earthquake Insurance
Meeting Date: November 29, 2016

**SUMMARY REPORT
GOLDEN RAIN FOUNDATION FINANCE COMMITTEE**

REPORT PREPARED BY:

Rick Chakoff, CFO

REQUESTED ACTION:

Consider recommending the purchase of earthquake insurance for GRF properties for the year 2017.

BACKGROUND:

The approved 2017 GRF budget includes \$193,000 to purchase earthquake insurance for GRF facilities. The budgeted amount was based on estimated premiums for \$25 million in insurance. This amount of insurance would provide coverage in excess of the estimated loss in the case of a 500 year earthquake event.

The actual total quotation, net of commissions in excess of the contractual agreement with our broker, Arthur J. Gallagher, is \$175,413.

ALTERNATIVES AND OPTIONS:

The Committee may recommend the purchase the earthquake policy or recommend that the Board decline coverage.

ATTACHMENT:

Earthquake insurance proposal from Arthur J. Gallagher

7a-2

**Earthquake
Insurance
Proposal**

**GOLDEN RAIN FOUNDATION
OF WALNUT CREEK
Trust Facilities**

800 Rockview Drive
Walnut Creek, CA 94595

Date: November 16, 2016



Arthur J. Gallagher & Co.

John Tastor
Area Executive Vice President

Arthur J. Gallagher & Co.
Insurance Brokers of California, Inc.
License Number - 0726293
1255 Battery Street #450
San Francisco, CA 94111

Golden Rain Foundation of Walnut Creek

Table of Contents

| | |
|--|-----------|
| Our Team | 3 |
| Service Team..... | 4 |
| Executive Summary | 5 |
| Market Place Review | 8 |
| Named Insured..... | 9 |
| Statement of Property Values / Location Summary..... | 10 |
| Premium Options | 11 |
| Program Details | 12 |
| Primary and Excess Earthquake..... | 12 |
| Payment Plans..... | 14 |
| Proposal Disclosures | 16 |
| Insurance Company Ratings and Admitted Status..... | 18 |
| Surplus Lines Notice - California | 21 |
| Client Authorization to Bind Coverage..... | 23 |
| Claims Reporting By Policy | 25 |
| Bindable Quotations & Compensation Disclosure Schedule | 26 |

Rossmoor's Service Team

Golden Rain Foundation of Walnut Creek

Service Team

John Tastor has primary service responsibility for your company. We operate using a team approach. Your Service Team consists of:

| NAME / TITLE | PHONE / ALT. PHONE | EMAIL |
|--|--------------------|------------------------|
| John Tastor Area Executive Vice President | 415-536-8408 | John_Tastor@ajg.com |
| Cindy Hawley Executive Vice President | 415-536-8514 | Cindy_Hawley@ajg.com |
| Beverly Austin Senior Client Service Manager | 415-536-8470 | Beverly_Austin@ajg.com |
| Daniel Brown Client Service Associate | 415-536-4004 | Daniel_Brown@ajg.com |
| Robyn Demchak Area Asst. V.P. – Risk Control | 415-536-4029 | Robyn_Demchak@ajg.com |
| Helen Kong Senior Claims Specialist | 415-536-8601 | Helen_Kong@ajg.com |

Arthur J. Gallagher & Co. Insurance Brokers of California, Inc.
Main Office Phone Number: (415) 546-9300

Golden Rain Foundation of Walnut Creek

Executive Summary

To evaluate the feasibility of earthquake insurance on the GRF Trust properties, Gallagher's Rossmoor Service Team has presented underwriting information to the insurance market and has obtained insurance quotations at various levels of coverage for the Trust buildings. These quotations are provided by insurers currently active in the earthquake insurance market, and reflect market conditions that we expect to continue through the end of 2016 and into 2017.

As earthquake insurance is normally provided on a loss-limit basis, we look to a risk modeling program to determine the expected loss for earthquakes at varying levels of severity and location. The modeling process develops expected losses, reflective of your specific properties, their construction, age and location. The projected damage levels are expressed as the most severe earthquake that can be expected in a given time period, e.g. a 250 or 500-year event – the longer the time period, the potential earthquake will be more severe. . Lenders generally look to the 250-year event to set their earthquake requirements, however the 500-year event is also used in some situations.

Total Insurable Values (TIV): \$75,878,382

| Expected Loss Amounts RMS Catastrophe Risk Modeling | Loss Excess of Deductible | Deductible Amount | Total Loss |
|---|------------------------------|----------------------|--------------|
| 100 Year Event | \$ 6,697,000 | \$2,105,000 | \$ 8,802,000 |
| 250 Year Event | \$12,438,000 | \$2,320,000 | \$14,758,000 |
| 500 Year Event | \$18,967,000 | \$2,421,000 | \$21,388,000 |

The maximum deductible at 5% of values is \$3,793,919. The modeling predicts a deductible loss below the maximum as all buildings will not likely be damaged. The loss limits below are tied into the expected loss amounts

Over the past several months, we have been in discussions with the Board to determine the specific Trust Facilities to be included in an Earthquake insurance program and for what total limits of coverage. We have verified the construction of all buildings and explored coverage forms offered by different insurers.

The option we are presenting in this proposal utilizes three "A" rated insurers that are part of large international insurance groups.

- Endurance American – a large, international insurer, based in Bermuda with U.S. subsidiaries.
- QBE Specialty, the US operational company for the QBE Group, an Australian insurer, ranked in the 20 largest insurance/reinsurance groups in the world
- General Security Indemnity – a U.S. division of the SCOR insurance group, headquartered in Paris.

The QBE/General Security coverage is provided through Arrowhead, one of the leading underwriting managers for earthquake insurance in the U.S, with an established program with these insurers.

The program is placed by Charlotte Stone of Gallagher's Risk Placement Services specialty unit, who also places the property insurance program for Rossmoor/GRF.

Golden Rain Foundation of Walnut Creek

Executive Summary (continued)

The total cost for the \$25 million limit is \$194,146, including the streets and paved surfaces and the Dollar Clubhouse. The policy definitions include all property at the indicated locations on the policy. Swimming pools are not excluded from coverage.

Placing this earthquake insurance is included in the services covered by the Broker Services Agreement, and, therefore, the premiums are net of the 10% commission that would be otherwise earned by Gallagher. As such, the total cost without commission is reduced to \$175,413.

The total \$25 million limit is available in any one loss, and coverage for the streets and paved surfaces is not limited to any specific sublimit of coverage. The limit, at any level, is available to cover any combination of loss up to the loss limit.

Questions were posed about coverage and loss scenarios during our discussions and are addressed as follows:

- If landslide results from an earthquake (a seismic or tectonic event), it would be covered under this program up to the \$25 million total limit, subject to a 5% deductible, per unit, based on the values of the damaged building.
- If landslide results from heavy rains, it would not be covered here, but, rather, under the GRF Property program, subject to a \$100,000 deductible and total GRF insured values.
- Construction types have been verified with underwriters and have been incorporated into the final rating structure for these quotations.
- The cost of coverage for Dollar Clubhouse has been delineated. **If the Dollar Clubhouse were to be excluded from coverage, the gross premium will be reduced by \$12,720 (\$11,487 net of commission.)**
- If it is decided to rebuild on any site and/or in a different configuration, the insurance will cover the cost “as if” you were rebuilding with like kind and quality at the same site. In other words, the dollar amount to be paid by the insurance, subject to the 5% deductible, is based on replacing what is there now, regardless of what you rebuild. *Note: The proposed option is superior to the other option discussed (Lloyds/Beazley) which did not provide this flexibility.*
- Total Cost of the Program:

| | |
|---------------------------|-----------|
| With all buildings: | \$194,146 |
| Without Dollar Clubhouse: | \$181,486 |

Thank you for your diligence and the time spent in discussion and review over the past several months and we look forward to finalizing this important insurance protection for the Golden Rain Foundation of Walnut Creek’s Trust Facilities. If there are any additional questions, please contact John Tastor or any other member of Gallagher’s Rossmoor Service Team. Thank you also for the opportunity to provide this Proposal of Earthquake Insurance.

Your Program

Golden Rain Foundation of Walnut Creek

Market Place Review

Obtaining a comprehensive and competitively priced program of insurance in the marketplace requires more than access to the market. Past experience and credibility with markets are the foundation of a successful campaign for your company. Complete and accurate submissions, with detailed specifications, are essential. A summary of the markets we approached on this risk are as follows:

| Carrier Name | Coverage | Carrier's Position |
|--|----------------------|--|
| Endurance | Earthquake – Primary | Quoted – Primary (most competitive) |
| QBE Specialty | Earthquake – Excess | Quoted – Excess (competitive options at various limits) |
| General Security Indemnity | Earthquake – Excess | Quoted |
| Lloyds of London – Beazley Syndicates 2623 & 623 | Earthquake – Primary | Quoted Primary and Excess (higher than Endurance) |
| Westchester Surplus Lines Ins. Co. | Earthquake – Primary | Quoted Primary \$10 mil (higher than Endurance and Lloyds) |
| Arch | Earthquake | Minimum Premium Per Million too high |
| Allied World Assurance | Earthquake | Could not beat Endurance pricing |
| Catalytic | Earthquake | Declined |
| Hudson | Earthquake | Unable to meet target pricing |
| Ironshore | Earthquake | Could not compete with pricing |
| Lexington | Earthquake | Unable to get to competitive pricing |
| Lloyds | Earthquake | Unable to compete with quotes received |
| Markel | Earthquake | Our targets pricing is too low |
| Northshore | Earthquake | Excess only |

Golden Rain Foundation of Walnut Creek

Named Insured

| Entity |
|--|
| Golden Rain Foundation of Walnut Creek |
| Golden Rain Foundation of Walnut Creek Trust |

Golden Rain Foundation of Walnut Creek

Statement of Property Values / Location Summary

| Exposure | Address | Const Type | Const Year | # of Stories | # of Bldgs | Square Footage | Replacement Cost Values | Occupancy | Sprinkler | |
|---|---|-------------------------|------------|--------------|------------|----------------|-------------------------|--|-----------|--|
| GRF TRUST FACILITIES | | | | | | | | | | |
| Creekside Event Center | 1020 Stanley Dollar Drive | Steel Frame Wood Infill | 2013 | 1 | 1 | 20,000 | \$ 10,221,525 | Event Center | Y | |
| Table Tennis Center | 3200 Golden Rain Road | Frame | 2013 | 1 | 1 | 4,800 | \$ 1,277,255 | Table Tennis | Y | |
| Creekside Clubhouse – Main | 1000 Stanley Dollar Dr. | Frame | 2009 | 1 | 3 | 32,283 | \$ 8,145,208 | Restaurant; Club House; Administrative | Y | |
| GRF: Gateway Clubhouse | 1001 Golden Rain Rd. | Frame | 2003 | 1 | 8 | 53,571 | \$ 15,753,671 | Club House, Theatre, Library, Club Activities; Adminstrative | Y | |
| Vehicle Services | 800 Rockview Dr. | Metal | 1988 | 1 | 1 | 6,500 | \$ 903,632 | Vehicle Maint. | | |
| Del Valle Clubhouse | 1751 Tice Creek Dr. | Frame | 1973 | 1 | 1 | 42,000 | \$ 13,875,299 | Club House | Y | |
| John Muir Health Services | 1220 Rossmoor Pkwy. | Frame | 1970 | 3 | 1 | 22,907 | \$ 6,736,281 | Health Services | Y | |
| Hillside Clubhouse | 3400 Golden Rain Rd. | Frame | 1967 | 1 | 7 | 14,800 | \$ 4,352,249 | Club House | | |
| Mutual Operations Department | 800 Rockview Dr. | Metal | 1965 | 1 | 2 | 19,200 | \$ 3,079,835 | Maintenance Services; Administrative | | |
| Dollar Clubhouse | 1015 Stanley Dollar Dr | Frame | 1928 | 2 | 2 | 16,463 | \$ 4,841,289 | Club House | Y | |
| Waste Facilities/Corp Yard | | | | | | | \$ 1,361,120 | | | |
| TOTAL BUILDING VALUES | | | | | 27 | 232524 | \$70,547,364.00 | | | |
| Business Personal Property | <i>(Includes Above-Ground Storage Tank)</i> | | | | | | | | | |
| Streets and Roads | | | | | | | \$ 1,750,000 | | | |
| TOTAL BUSINESS PERSONAL PROPERTY | | | | | | | \$ 3,750,000 | | | |
| Business Income | | | | | | | \$ 1,000,000 | | | |
| Rental Income (Health Services) | | | | | | | \$ 581,018 | | | |
| TOTAL INCOME | | | | | | | \$ 1,581,018 | | | |
| TOTAL INSURED VALUES | | | | | 27 | 232,524 | 75,878,382 | | | |

Notes:

- Business Income for Health Services Building is 100% Rental Income

Golden Rain Foundation of Walnut Creek

Premium Options

| Layer | Participation Limit | Insurance Company | A. M. Best Rating | Total Cost | Commission | Total Net Cost | Annual Cost per Manor | Monthly Cost per Manor |
|---|---------------------|---|-------------------|----------------------|---------------------|----------------------|-----------------------|------------------------|
| Primary | \$ 5,000,000 | Endurance American Specialty Ins. Co. | A XV | \$ 100,853.23 | \$ 9,733.00 | \$ 91,120.23 | \$ 13.64 | \$ 1.14 |
| Excess of \$5 mil | \$ 20,000,000 | QBE Specialty Ins. Co. (75%); General Security Indemnity Co. of America (25%) | A XIV; A XV | \$ 93,292.80 | \$ 9,000.00 | \$ 84,292.80 | \$ 12.62 | \$ 1.05 |
| ENDURANCE AMERICAN / QBE / GENERAL SECURITY - Including Dollar Clubhouse | | | | \$ 194,146.03 | \$ 18,733.00 | \$ 175,413.03 | \$ 26.26 | \$ 2.19 |
| Primary | \$ 5,000,000 | Endurance American Specialty Ins. Co. | A XV | \$ 98,452.80 | \$ 9,500.00 | \$ 88,952.80 | \$ 13.32 | \$ 1.11 |
| Excess of \$5 mil | \$ 20,000,000 | QBE Specialty Ins. Co. (75%); General Security Indemnity Co. of America (25%) * | A XIV; A XV | \$ 82,972.80 | \$ 8,000.00 | \$ 74,972.80 | \$ 11.23 | \$ 0.94 |
| ENDURANCE AMERICAN / QBE / GENERAL SECURITY - Without Dollar Clubhouse | | | | \$ 181,425.60 | \$ 17,500.00 | \$ 163,925.60 | \$ 24.55 | \$ 2.05 |
| Dollar Clubhouse Cost | | | | \$ 12,720.43 | \$ 1,233.00 | \$ 11,487.43 | \$ 1.71 | \$ 0.14 |
| OTHER OPTION: | | | | | | | | |
| Primary | \$ 10,000,000 | Lloyds of London - Beazley Syndicates 2623 & 623 | A XV | \$ 177,813.60 | \$ 17,200.00 | \$ 160,613.60 | \$ 24.05 | \$ 2.00 |
| LLOYDS (BEAZLEY) / WESTCHESTER (ACE) | | | | \$ 177,813.60 | \$ 17,200.00 | \$ 160,613.60 | \$ 24.05 | \$ 2.00 |

7a-12

Golden Rain Foundation of Walnut Creek

Program Details

Excess Earthquake – QBE and General Security

Coverage: Earthquake and Earthquake-Triggered Earth Movement, provided under a “Difference In Conditions” form.

Insurers: Endurance American Specialty Insurance Company (Primary)
QBE Specialty Insurance Company (Excess 75%)
General Security Indemnity Co. of America (Excess 25%)

Policy Period: 1/1/2017 to 1/1/2018

Participation Schedule:

| | PARTICIPATING LIMIT |
|--|--|
| Endurance American Specialty Insurance Company | \$ 5,000,000 Primary |
| QBE Specialty Insurance Company | \$15,000,000 part of \$20,000,000 Excess |
| General Security Indemnity Co. of America | \$ 5,000,000 part of \$20,000,000 Excess |
| TOTAL LIMIT | \$20,000,000 |

The following is a general summary of the Insuring Agreement. Refer to actual policy form for complete terms and conditions.

Coinsurance or Agreed Amount:

| DESCRIPTION | AGREED AMOUNT | COINSURANCE % |
|----------------------|---------------|---------------|
| All Covered Property | Yes | N/A |

| DESCRIPTION |
|---|
| Difference-in-Conditions Form, including Earthquake on Real Property including Foundations, Retaining Walls, Paved Surfaces and Underground Pipes, Personal Property, Electronic Data Process Equipment and Media, Mobile Equipment, Business Interruption, Extra Expense and Rental Income |

Deductibles:

| COVERAGE | AMOUNT |
|--------------------------------------|---|
| Earthquake, Any one occurrence | 5% per” Unit”, subject to \$100,000 minimum Definition of Unit: 1) Each Building 2) Contents of each Building, 3) Property in the Open at Each Separate Location 4) Total Business Interruption and Extra Expense |
| All Other Perils, Any one occurrence | \$25,000 |

| COVERAGE HIGHLIGHTS | LIMIT |
|---|-------|
| Minimum Earned Premium: 25% of Total Premium | |
| Definition of Occurrence: If more than one earthquake occurs with 168 hours, it will be deemed one occurrence | |

Golden Rain Foundation of Walnut Creek

Program Details (Continued)

Excess Earthquake – QBE and General Security

| COVERAGE HIGHLIGHTS | LIMIT |
|---|----------|
| Building Ordinance or Law included at policy limit: Undamaged Portion of Building, Demolition, Increased Cost of Construction, Increased Period of Restoration | |
| ONLY IF RESULTING DIRECTLY FROM AN EARTHQUAKE, the Definition of "Earthquake" shall include: subsidence, landslide, rockslide, avalanche, mudflow, mudslide, earth rising, earth sinking, earth shifting, settling, or "volcanic action". | |
| Ingress / Egress | 30 days |
| Civil Authority | 30 days |
| Extended Period of Indemnity | 365 Days |

Valuation:

| DESCRIPTION |
|--|
| Replacement Cost valuation applies at any site but reflective of the cost to rebuild with like kind and quality at the same site |

Exclusions include, but are not limited to:

| DESCRIPTION |
|---|
| Absolute Mold Exclusion |
| Absolute Pollution Exclusion |
| Asbestos Exclusion |
| Lead Exclusion |
| War and Terrorism Exclusion |
| Nuclear Hazard Exclusion |
| Computer Related Losses |
| Earthquake Sprinkler Leakage |
| Other earth movement NOT resulting from an earthquake (natural faulting of land masses) |
| Flood |
| Faulty, inadequate or defective development, design, workmanship, repair, materials used in renovation, maintenance |

Other Significant Terms and Conditions/Restrictions:

| DESCRIPTION |
|---|
| Cancellation: 60 Days Written Notice for non-renewal, cancellation, or material modification, except 10 days for nonpayment of premium. |

Golden Rain Foundation of Walnut Creek

Payment Terms

(Reference proposal coverage sections for complete name of each carrier)

| INSURER | LINE OF COVERAGE | PAYMENT SCHEDULE | PAYMENT METHOD |
|--|------------------|------------------|----------------|
| Endurance American Specialty Insurance Company | Earthquake | Annual | Agency Bill |
| QBE Specialty Insurance Company | Earthquake | Annual | Agency Bill |
| General Security Indemnity Co. of America | Earthquake | Annual | Agency Bill |

Proposal Disclosures

Golden Rain Foundation of Walnut Creek

Proposal Disclosures

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

Proposal Disclaimer IMPORTANT: The proposal is an outline of certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety of coverage terms and conditions to protect the risks of your enterprise. We will seek to bind those coverages based upon your authorization; however, we can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact us with questions on these or any other issues of concern.

Compensation Disclosure One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees.
2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher Companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies. Contingent commissions provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company and/or through the intermediary, not on an individual policy basis. Some insurance markets, including Gallagher-owned intermediaries, have modified their commission schedule with Gallagher, resulting in an increase in some commission rates. These additional commissions, commonly referred to as "supplemental commissions" are known as of the effective date, but some insurance companies are paying this commission later and apart from when commission is normally paid at policy issuance. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. Note: Upon request, your Gallagher representative can provide more specific market information regarding contingent and supplemental commission related to your insurance coverage.
3. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
4. Gallagher Companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.
5. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value added service.
6. From time to time, Gallagher may participate in insurance company promotional events or training and development that insurers provide for Gallagher employees.

Golden Rain Foundation of Walnut Creek

Proposal Disclosures (Cont.)

7. Gallagher strives to find appropriate coverage at a competitive price for our customers. In order to achieve these goals, we gather and analyze data about our customers and their insurance coverage. This data and the resulting analytical tools help us better understand the current marketplace, more accurately predict future trends and offer tailored solutions to our customers. The data may also be provided to insurers pursuant to consulting service agreements from which we earn fees.

If you have specific questions about the compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third parties, please send an e-mail to Compensation_Complaints@ajg.com or send a letter to:

Compliance Officer
Arthur J. Gallagher & Co.
Two Pierce Place, 20th Floor
Itasca, IL 60143

TRIA/TRIPRA Disclaimer

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

The TRIPRA program increases the amount needed in total losses by \$20 million each calendar year before the TRIPRA program responds from the 2015 trigger of \$100 million to \$200 million by the year 2020.

TRIPRA is set to expire on December 31, 2020. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2020. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.

Property Estimator Disclaimer

These property values were obtained using a desktop Property Estimator software operated by non-appraisal professionals. These property values represent general estimates which are not to be considered a certified appraisal. These property values include generalities and assumptions that may produce inaccurate values for specific structures.

Actuarial Disclaimer

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher & Co. Insurance Brokers of CA., Inc.. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

Golden Rain Foundation of Walnut Creek

Insurance Company Ratings and Admitted Status

| PROPOSED INSURANCE COMPANIES | A.M. BEST'S RATING | ADMITTED / NON-ADMITTED |
|--|--------------------|-------------------------|
| Endurance American Specialty Insurance Company | A XV | Non-Admitted |
| QBE Specialty Insurance Company | A XIV | Non-Admitted |
| General Security Indemnity Co. of America | A+ XV | Non-Admitted |

Golden Rain Foundation of Walnut Creek

Insurance Company Ratings and Admitted Status (Continued)

If the above indicated coverage is placed with a Non-Admitted Carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

*The above A.M. Best Rating was verified on the date the proposal document was created.

Guide to Best Ratings Rating Levels and Categories

| LEVEL | CATEGORY | Financial Size Categories <i>(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)</i> | | | |
|---------|------------------------------|--|--------------------|----------|------------------------|
| A++, A+ | Superior | | | | |
| A, A- | Excellent | FSC I | Up to 1,000 | FSC IX | 250,000 to 500,000 |
| B++, B+ | Good | FSC II | 1,000 to 2,000 | FSC X | 500,000 to 750,000 |
| B, B- | Fair | FSC III | 2,000 to 5,000 | FSC XI | 750,000 to 1,000,000 |
| C++, C+ | Marginal | FSC IV | 5,000 to 10,000 | FSC XII | 1,000,000 to 1,250,000 |
| C, C- | Weak | FSC V | 10,000 to 25,000 | FSC XIII | 1,250,000 to 1,500,000 |
| D | Poor | FSC VI | 25,000 to 50,000 | FSC XIV | 1,500,000 to 2,000,000 |
| E | Under Regulatory Supervision | FSC VII | 50,000 to 100,000 | FSC XV | 2,000,000 or more |
| F | In Liquidation | FSC VIII | 100,000 to 250,000 | | |
| S | Suspended | | | | |

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

Best's Credit Ratings are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings and Best Credit Reports (which include Best Ratings), visit the A.M. Best website at <http://www.ambest.com>. See Guide to Best's Credit Ratings for explanation of use and charges. Copies of the Best's Insurance Reports for carriers listed above are also available upon request of your Gallagher representative.

Best's Credit Ratings reproduced herein appear under license from A.M. Best and do not constitute, either expressly or impliedly, an endorsement of (Licensee's publication or service) or its recommendations, formulas, criteria or comparisons to any other ratings, rating scales or rating organizations which are published or referenced herein. A.M. Best is not responsible for transcription errors made in presenting Best's Credit Ratings. Best's Credit Ratings are proprietary and may not be reproduced or distributed without the express written permission of A.M. Best Company.

Gallagher companies use A.M. Best Company's rating services to evaluate the financial condition of insurers whose policies we propose to deliver. Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

Golden Rain Foundation of Walnut Creek

Insurance Company Ratings and Admitted Status (Continued)

| GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS | | | |
|--|---|---|---|
| A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile. | | | |
| Best's Financial Strength Ratings | | | |
| | Rating | Descriptor | Definition |
| Secure | A++, A+ | Superior | Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations. |
| | A, A- | Excellent | Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations. |
| | B++, B+ | Good | Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations. |
| Vulnerable | B, B- | Fair | Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions. |
| | C++, C+ | Marginal | Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions. |
| | C, C- | Weak | Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions. |
| | D | Poor | Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions. |
| | E | Under Regulatory Supervision | Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations. |
| | F | In Liquidation | Assigned to companies placed in liquidation by a court of law or by a forced liquidation. |
| | S | Suspended | Assigned to rated companies when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements. |
| Rating Modifiers | | | |
| Modifier | Descriptor | Definition | |
| u | Under Review | Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications. | |
| pd | Public Data | Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process. (Discontinued in 2010) | |
| s | Syndicate | Indicates rating assigned to a Lloyd's syndicate. | |
| Rating Outlooks | | | |
| Indicates potential direction of a Best's Financial Strength Rating over an intermediate term, generally defined as 12 to 36 months. | | | |
| Positive | Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level. | | |
| Negative | Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level. | | |
| Stable | Indicates low likelihood of a rating change due to stable financial/market trends. | | |
| Under Review Implications | | | |
| Indicates the potential direction of a Best's Financial Strength Rating that is in Under Review status based on information currently available. | | | |
| Positive | Indicates there is a reasonable likelihood the company's rating will be raised as a result of A.M. Best's analysis of a recent event. | | |
| Negative | Indicates there is a reasonable likelihood the company's rating will be lowered as a result of A.M. Best's analysis of a recent event. | | |
| Developing | Indicates there is uncertainty as to the final rating outcome, but there is a reasonable likelihood the company's rating will change as a result of A.M. Best's analysis of a recent event. | | |
| Not Rated Designation | | | |
| NR: Assigned to companies that are not rated by A.M. Best. | | | |
| Rating Disclosure | | | |
| A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's <i>Terms of Use</i> at www.ambest.com . | | | |
| Best's Financial Strength Ratings are distributed via press release and/or the A.M. Best website at www.ambest.com and are published in the <i>Credit Rating Actions</i> section of <i>Best's Journal</i> ™. Best's Financial Strength Ratings are proprietary and may not be reproduced without permission. Copyright © 2014 by A.M. Best Company, Inc. Version 080114 | | | |



Golden Rain Foundation of Walnut Creek

Surplus Lines Notice - California

NOTICE:

1. THE INSURANCE POLICY THAT YOU HAVE PURCHASED IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.

2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.

3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.

4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC’S INTERNET WEB SITE AT WWW.NAIC.ORG.

5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT

Golden Rain Foundation of Walnut Creek

Surplus Lines Notice – California (Cont'd)

STATE'S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC'S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR "SURPLUS LINE" BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

D-2 (Effective July 21, 2011)

Golden Rain Foundation of Walnut Creek

Client Authorization To Bind Coverage

After careful consideration of Gallagher's proposals presented 11/18/15 and 12/14/15, we accepted the following coverages and gave instructions to bind coverages below, as per terms confirmed in this proposal:

| | LINE OF COVERAGE | CARRIER |
|--|---|--|
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Earthquake - Primary Layer TRIA Coverage \$5,000 additional premium | Endurance American Specialty Insurance Company |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Excess Earthquake TRIA Coverage (\$37,500 additional premium) | QBE Specialty Insurance Company |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Excess Earthquake TRIA Coverage \$12,500 additional premium | General Security Indemnity Co. of America |

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance or surety placed pursuant to these binding instructions or not, shall not exceed \$20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.

By: _____
Specify: owner, partner or corporate officer

Print Name

Date: _____

Appendix

Golden Rain Foundation of Walnut Creek

Claims Reporting By Policy

All Claims should be reported to Arthur J. Gallagher & Co. Insurance Brokers of California, Inc.

Reporting Claims

Please contact our office at (415) 546-9300 to immediately report claims on the proposed policies. You may also email or fax an incident report by one of the following methods:

E-mail: claims-sf@ajg.com
Phone (Local): 415-546-9300
Phone: 800-877-9300
Fax: 415-536-4036

Golden Rain Foundation of Walnut Creek

Bindable Quotations & Compensation Disclosure Schedule

| | Carrier Name(s) | Estimated Annual Premium (including Commission) | Comm % or Fee \$ <i>Note 1</i> | Wholesaler, MGA or Intermediary | | |
|--|--|--|-----------------------------------|---------------------------------|------------------|------------------------|
| | | | | Name <i>Note 2</i> | Comm % or Fee \$ | AJG Owned? Yes / No |
| Earthquake \$5,000,000 Primary Limit | Endurance American Specialty Insurance Company | \$100,853 (with Dollar) \$98,453 (without Dollar) | 10% | Risk Placement Services, Inc. | 7.5% | Yes |
| Excess Earthquake \$15,000,000 Part of \$20,000,000 Excess | QBE specialty Insurance Company | \$69,970 (with Dollar) \$62,230 (without Dollar) | 10% | Risk Placement Services, Inc. | 6.5% | Yes |
| Excess Earthquake \$15,000,000 Part of \$20,000,000 Excess | General Security Indemnity Company of Arizona | \$23,323 (with Dollar) \$20,743 (without Dollar) | 10% | Risk Placement Services, Inc. | 6.5% | Yes |

NOTES:

Some insurance carriers pay Gallagher supplemental or contingent commissions in addition to the policy commission. Contingent commissions are typically contingent upon performance factors such as growth, profit, volume or retention, while supplemental commissions are not. These supplemental or contingent commissions may range from less than 1% up to 10 % of the policy premium. Please refer to the Contingent and Supplemental Commission Disclosure or contact your Gallagher representative for additional information.

1. The commission rate is a percentage of annual premium, excluding taxes & fees. Per terms of the Compensation Fee Agreement dated 1/1/11 and the approved Amendment to be effective 1/1/17, the annual compensation for Services payable to Arthur J. Gallagher & Co by Golden Rain Foundation of Walnut Creek is \$285,000 for the period 1/1/17-12/31/18. All commission excess of \$285,000 is refunded to Golden Rain Foundation of Walnut Creek in the month following commission receipt from the insurance carriers.
2. We are able to obtain more advantageous terms and conditions for you through an intermediary/wholesaler.

7a-27

Agenda Item: 8a
 Subject: 2017 Capital Equipment Expenditures
 Meeting Date: November 29, 2016

**SUMMARY REPORT
 GOLDEN RAIN FOUNDATION FINANCE COMMITTEE**

REPORT PREPARED BY:

Rick Chakoff, CFO

REQUESTED ACTION:

Consider recommending to the GRF Board the proposed 2017 machinery and equipment and capital expenditure budgets totaling \$1,569,500 (Attachment 1) to be paid from the Trust Estate Fund.

BACKGROUND:

Each year staff prepares a capital expenditure list which is first reviewed by the Finance Committee and then submitted to the Golden Rain Board for approval. In order for an item to be considered a capital expenditure, it must cost at least \$5,000.

All items acquired by GRF and used by MOD are subject to a usage fee in an amount equal to depreciation expense, e.g., 5 years for vehicles. The usage fee payments will ultimately reimburse the GRF Trust Estate Fund for the entire cost of the item.

ALTERNATES AND OPTIONS:

Amend the list of capital items to be purchased.

FINANCIAL IMPACT:

The total cost of all items included in the 2015 capital equipment list, as submitted, is \$1,569,500, including \$258,500 for reimbursable MOD items. The following is a Trust Estate Fund Projection excluding the Del Valle renovation project:

| | | |
|-------------------------------------|----|--------------|
| Estimated Fund Balance 12/31/16 | \$ | 3,635 |
| Forecasted Trust revenue | | 4,384 |
| Capital expenditure budget | | (1,003) |
| Machinery and equipment budget | | (567) |
| Debt payments | | (1,615) |
| Drop creek structure | | (530) |
| Del Valle pools ultra-violet system | | (120) |
| Estimated Fund Balance 12/31/17 | \$ | <u>4,184</u> |

ATTACHMENTS:

- 1) Capital Expenditure list, including a brief description of each item and additional back-up information for all items.

**Golden Rain Foundation
Machinery and Equipment Budget
2017**

| Back-up Page | Dept | Description | Cost |
|-----------------------------------|------|--|-------------------|
| <u>GRF Operations</u> | | | |
| <u>Vehicles</u> | | | |
| 1 | | Pickup truck | 52,000 |
| 2 | | Pickup truck | 50,000 |
| 3 | | Utility vehicle | 29,000 |
| 4 | | Utility vehicle | 29,000 |
| <u>Golf/Lawn Bowling</u> | | | |
| 5 | | Fairway mower | 62,000 |
| 6 | | Bunker rake | 19,500 |
| <u>Information Technology</u> | | | |
| 7 | | Fiber switch at Gateway Clubhouse | 12,000 |
| 8 | | Data storage project (50%) | 48,500 |
| <u>Clubhouse & Facilities</u> | | | |
| 9 | | Pool heater replacement at Dollar Clubhouse pool | 6,500 |
| Total GRF Operations | | | 308,500 |
| <u>MOD</u> | | | |
| 10 | | Compact pickup truck | 36,000 |
| 11 | | Box truck | 28,000 |
| 12 | | Van | 35,000 |
| 13 | | Pickup truck | 35,000 |
| 14 | | Pickup truck | 45,000 |
| 15 | | Cushman truckster | 20,000 |
| 16 | | Mail inserter machine | 11,000 |
| 8 | | Data storage project (50%) | 48,500 |
| Total MOD | | | 258,500 |
| Grand Total | | | \$ 567,000 |

**Golden Rain Foundation
Machinery & Equipment Budget
2017**

GRF

Vehicles

1. To replace a 1990 vehicle
2. To replace a 1987 vehicle
3. To replace a 2004 vehicle
4. To replace a 1998 vehicle

Golf/Lawn Bowling

5. To replace a fairway mower that was purchased in 2005
6. To replace a bunker rake that was purchased in 2004.

Information Technology

7. The fiber core switch is the primary switch that splits the incoming fiber optic connection and sends it to all of the main foundation buildings. The fiber optic cable transmits all of our corporate data and voice "Telephone" traffic. This unit is over 15 years old and is need of replacing.
8. This project will convert our current storage of printed document to a digital format. This will enable the staff to search over 500,000 scanned documents to quickly access needed information. This new scanning system would also be the foundation for all digitization of printed documents for all departments allowing us to better serve our customers. Our current system relies on temporary help or current staff to manually scan documents to Micro Fiche. The current volume of documents needing to be scanned is beyond staff's capability to keep up with the demand. Documents are now stored on Micro Fiche or by hard copy in two separate rooms as well as offsite storage. This new system will allow staff to access documents from a computer providing almost instant access to required documents. The implementation of this system will ultimately free up two large rooms currently being used only for storage. The estimated cost of this project would be \$ 97,000 to be shared equally between GRF and MOD.

Clubhouse and Facilities

9. Historically, one of the 2 pool heaters at Dollar pool gets replaced every year due to complete failure. The pool heaters at Dollar have a shorter lifespan due to the high temperature of the pool.

MOD

10. To replace a 2000 vehicle
11. To replace a 1984 vehicle
12. To replace a 1991 vehicle
13. To replace a 1991vehicle
14. To replace a 1999 vehicle
15. To replace a 2001 vehicle
16. The letter folding inserter machine will fold up to four (4) different sheets of paper into a single envelope and will also insert a return envelope. Currently the Board Office hand folds all letters submitted to homeowners or ask for assistance from the resident volunteers. Unfortunately, the volunteers are not available every day and more often than not, mailings need to go out on short notice to their membership. If the number of letters that need to be submitted are above 300, we generally send it to a Printing Shop. That is approximately a \$500+ fee to the Mutual and they request 1-week notice or they will charge an overtime fee.

**Golden Rain Foundation
Capital Expenditures Budget
2017**

| Back-up Page | Description | Cost |
|-------------------------|--|----------------------------|
| 1 | Valley-wide paving | 510,000 |
| 2 | Re-pave the RV lower lot and employee parking lot at MOD | 211,500 |
| 3 | Finish renovations of the MPR Rooms at Gateway | 50,000 |
| 4 | Hillside Clubhouse improvements | 130,000 |
| 5 | Sportsmans Park pergola | 18,000 |
| 6 | Automatic shades in the Fireside Room | 15,000 |
| 7 | Chain link fence replacement at Rossmoor Gardens | 26,500 |
| 8 | Landscape median renovation | 25,000 |
| 9 | MOD conference room remodel | 16,500 |
| | Grand Total | <u>\$ 1,002,500</u> |

**Golden Rain Foundation
Capital Expenditures Budget
2017**

1. For 2017 the proposal is to repave Tice Creek Drive (between Avenida Sevilla and Ptarmigan Drive), Terra Granada Drive (between Entry 21 and Avenida Sevilla).
2. The pavement is in great disrepair. The repair would coincide with the completion of the solar project.
3. In 2016 the entry doors were replaced for all three rooms and MPR #3 was updated with new flooring, kitchenette, lighting, and paint. In 2017 staff is proposing to complete the renovation for MPR #1 & #2 by renovating the kitchenettes in both rooms.
4. Updates will include replacing the acoustic wall paneling and painting all interior rooms. The acoustic wall paneling that surrounds each room has faded and exceeded its expected useful life. Updates to the Audio Visual system in Las Trampas will also be completed.
5. Over the past several years a fabric covering has been erected at Sportsmans Park to create a covered food service area. The covering needs to be replaced on a regular basis at an average annual cost of \$600. Staff recommends constructing a permanent structure with serving counter.
6. The Fireside Room currently has no shades over the windows. Temporary blackout panels are used on some of the windows anytime filming is done. These panels are time consuming to put up and are in poor condition. Natural light also impacts the showing of any video productions during the day. Automatic shades are proposed to help with control of natural light.
7. The fencing on the south side of the Rossmoor Gardens is in disrepair and needs to be replaced. The scope includes the installation of 6 foot high chain link fence and 3 lockable man doors.
8. Remove turf from the center median just past the entry gate. Replace turf with new landscape emphasizing drought tolerant plantings and color. Landscape will include new water efficient irrigation system, up lighting on trees and native plant material.
9. The large conference room at MOD is heavily used. We propose upgrading the conference room from having to run wires on the floor and putting a projector on the table to installing a new drop ceiling mounted projector and retractable screen as well as adding a conduit under the floor to allow the cables to be safely run under the table and re-carpeting the room.