

MINUTES

GOLDEN RAIN FOUNDATION OF WALNUT CREEK

REGULAR MEETING OF THE BOARD OF DIRECTORS THURSDAY, JULY 28, 2016, AT 9:00 A.M.

A regular meeting of the Board of Directors of the Golden Rain Foundation (GRF) of Walnut Creek was convened by the President, Leslie Birdsall, at 9:00 a.m. on Thursday, July 28, 2016, in Peacock Hall at Gateway Complex, 1001 Golden Rain Road, Walnut Creek, California.

ROLL CALL: Present: Leslie Birdsall, Melvin C. Fredlund, Mary Lou Delpesch, Kenneth W. Haley, Sue DiMaggio Adams, Carl W. Brown, Robert D. Kelso, Geraldine Pyle, Stephen D. Roath, and Timothy O'Keefe, Chief Executive Officer (CEO), ex-officio member of the Board

Attendance

Absent: None

There being no corrections, the minutes of the regular meetings of the Board held on June 30, 2016, and July 12, 2016, were approved, as written, by unanimous consent.

Minutes
Approved

Mr. Haley gave the Treasurer's report for the period ending June 30, 2016.

Treasurer's
Report/
CEO's
Report/
Residents'
Forum

The CEO reviewed his written report dated July 21, 2016.

During the Residents' Forum, Derek Liecty asked for transparency from the Board with respect to the inclusion of Internet service in the contract for cable TV service, which will require all residents to pay for even if they do not use the Internet.

Robert Dickson, President of the Friends of the Historic Dollar House Society, again spoke in support of installing an elevator in the Stanley Dollar Clubhouse to make the second floor accessible to residents with mobility issues and then mentioned other needed improvements to the Dollar Clubhouse.

Mary Ann Clarke read comments from resident Carmine Giuliano regarding installing an elevator in the Dollar Clubhouse and supporting the installation.

Carol Keating, Director of Project 45 of Third Walnut Creek Mutual, thanked the Board for listening, for its careful assessment of the mulch problem and the turf reduction program, and for understanding the concerns of the residents of Entries 2 and 5 on Rossmoor Parkway as well as the concerns of the staff who manage the golf course.

Mary Neff echoed Ms. Keating's comments and also thanked the Board for its patience and for listening to the issues. She also thanked the many others who have helped with this matter.

Karen Larkin, speaking on behalf of the residents of Entries 2 and 5 on Rossmoor Parkway, told about their experience in getting over 300 signatures from residents on petitions in the past few weeks petitioning the Board to work with the residents directly affected by the Phase 2 Turf Reduction/Mulch Plan and not mulch the areas directly in front of their homes. She shared what they learned during this process and then presented the petitions to the Assistant Secretary for the record.

Earl Ansley expressed his concerns regarding the flammability of mulch and its use in Rossmoor.

Heather Huxley also expressed her concerns regarding the use of mulch in Rossmoor and asked several questions regarding its use and the process for preparing the ground for the mulch. She concluded by asking why gas-powered landscaping equipment is used by Rossmoor staff and its contractors on Spare-the-Air days.

Mary England thanked the Board for its diligence and planning for its 2016-2017 goals. She then mentioned the projects/actions/achievements she supports and recommended that the Board focus on these, which are all oriented toward GRF financial planning.

John H. Nutley suggested checking with the National Trust for Historical Preservation before planning for an elevator at Dollar Clubhouse. He then asked what the residents adjacent to Fairways 7 and 8 are doing to improve their view.

In the absence of Brian Stack, Chairman, Aquatics Advisory Committee, Judy Morton, Vice Chairman, reporting on the Committee's July meeting, reported that the Committee formed a subcommittee to review and clarify some of the pool rules to define the role of the lifeguards and make it clear that they are the enforcers of the pool rules.

AAC
Report

David H. Smith, Chairman, Finance Committee, reported on the Committee's July meeting at which the Committee recommended to the Board that it authorize Arthur J. Gallagher & Company to provide estimates of earthquake insurance costs, including estimates for roads, including and excluding estimates for the Dollar Clubhouse, and incorporating this information in the draft 2017 GRF Operations Budget for future discussion. The Committee also recommended to the Board that it approve the purchase of a \$140,000 phone system from Maverick, payable from the Trust Estate Fund; and that \$400,000 be applied to the draft 2017 Operations Budget to offset expenses. Discussion followed.

Finance
Committee
Report

Claudia Tierney, Chairman, Fitness Center Advisory Committee, reported on the Committee's July meeting, noting that the Committee is not recommending any changes in levels of service for programs and staffing that will impact the 2017 GRF Operations Budget. Discussion followed.

FCAC

John McDonnell, Chairman, Golf Advisory Committee, made some preliminary remarks regarding matters related to the condition of the golf course and staff's efforts to preserve and enhance its look and then referred to the options regarding the "Turf Reduction and Irrigation on the Golf Course for Water Conservation Project-Phase 2 Plan" along the 7th and 8th holes on the Dollar Ranch Golf Course. He went on to report that the Golf Advisory Committee recommended to the Board at its July meeting that the current Turf Reduction-Water Conservation Phase 2 Plan continue as planned.

GAC
Report

Mark Heptig then gave an update on the golf course conditions, saying this is always a difficult time of year because of the continuous high temperatures and the clay soil. He said that despite the four-year drought, the two golf courses are in the best condition ever for this time of year. He gave examples of this and then presented a PowerPoint presentation that included pictures of the condition of the Rossmoor golf course and other golf courses in the area. He then reviewed the options for modifying the "Turf Reduction and Irrigation Modification on the Golf Course for Water Conservation Project-Phase 2 Plan" along the 7th and 8th holes on the Dollar Ranch Golf Course.

A motion was made by Mr. Brown, seconded by Mr. Roath, and CARRIED UNANIMOUSLY to approve changing the "Turf Reduction and Irrigation Modification on the Golf Course for Water Conservation Project-Phase 2 Plan" along the 7th and 8th holes on the Dollar Ranch Golf Course and restoring the irrigation system on the 7th and 8th holes.

Approved
Restoring
Irrigation
System on
7th & 8th Holes

Following introductory remarks, the President proposed that staff be directed to prepare a Request for Proposal (RFP) to solicit the services of a landscape design company to create a landscape plan for the high visibility areas along Rossmoor Parkway and selected areas on the golf course for consideration of the Board at a future meeting. The plan's goal should be to provide a pleasing, unified, aesthetic resulting in reduced water use due to the inclusion of drought tolerant materials. There were no objections from the members of the Board to the President's proposal.

Staff
Directed to
Prepare RFP
for Land-
scape Plan

Mr. Birdsall, Chairman of the Compensation Committee, reported on the Committee's July meeting at which the Committee made several recommendations relative to staff benefits and wages for 2017.

Compensation
Committee
Report

Following introductory remarks by Mr. Birdsall, a motion was made by Ms. Adams and seconded by Ms. Delpech to approve, as recommended by the Compensation Committee, increasing the employee benefits program budget for 2017 by \$135,000. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Approved
Increasing
Employee
Benefits
Program
Budget for
2017

Following introductory remarks by Mr. Birdsall, a motion was made by Mr. Brown and seconded by Ms. Adams to approve, as recommended by the Compensation Committee, increasing the budget for wages in 2017 by \$140,000 (3%) to allow for staff wage increases as approved by the CEO. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Following remarks by Mr. Birdsall, a motion was made by Ms. Delpech and seconded by Mr. Haley to approve, as recommended by the Compensation Committee, including in the 2017 budget an additional \$150,000 for estimated increases in contractual costs for the GRF operations budget-funded union employees in 2017. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Following remarks by Mr. Birdsall, a motion was made by Ms. Adams, seconded by Mr. Haley, and CARRIED UNANIMOUSLY to approve, as recommended by the Compensation Committee, allocating \$27,600 in the 2017 budget to allow for a 2017 performance bonus and/or salary increase for the CEO.

Mr. Kelso, Chairman of the Policy Committee, reported on the Committee's July meeting, noting that the Committee is still discussing Policy 502.0, Bulletin Boards and Display Cases, and will have a recommendation for consideration of the Board at its' meeting on September 29th.

Recess: 11:05 a.m.

Reconvened: 11:15 a.m.

Under Unfinished Business, the CEO introduced and led discussion regarding the agenda item to list, discuss, and prioritize Board goals for the 2016-2017 Board year and reviewed a PowerPoint presentation (copy on file with the minutes), which included an overview of What is Board Governance?; What is a Mission Statement?; What is a Vision Statement?; What is a Values Statement?; What are Core Values?; and the individual Board member Goal ideas for a Successful Board Year, following which he reviewed the Master List of Suggestions – Specific Projects, Actions, or Achievements That Would Make This a Successful 2016-2017 Board Year (agenda attachment 9a-3). The members of the Board were given the opportunity to comment on each goal idea, revise goal ideas, and articulate any possible additional goal ideas. Some of the goal ideas were revised and two of them were deleted. No new goal ideas were added. Each of the members of the Board were then given seven (7) colored stickers (dots) to place by the goals they believed are of the highest priority (one dot per goal).

Approved
Increasing
Budget for
Wages in
2017/
Approved
Including
in 2017
Budget
Funds for
Estimated
Increases
in Contractual
Costs/
Approved
Allocating
Funds in
2017 Budget
for Bonus
and/or
Salary
Increase
for CEO/
Policy
Committee
Report/
Recess

Board
Goals for
2016-2017
Discussed &
Prioritized

The members of the Board then prioritized the following list of goal ideas, which are listed in descending order of Board support:

7 Dots

1. Complete long-term 20 year capital needs analysis to have a better idea of future needs for projects, infrastructure, buildings, etc.
2. Evaluate different disaster scenarios and the impacts on our finances. Make sure GRF has a path to stay solvent. Earthquake insurance and Trust reserve – evaluate.

6 Dots

3. Possible change over with broadband provider will create problems of not understanding and helping residents. PR opportunities.

5 Dots

4. Finalize renovation plans for the Fitness Center, commence construction and keep residents informed as to the progress.
5. Agreement on process for how projects get on GRF agenda.
6. Create an online account system for residents that will enable them to pay online, check work orders, etc.
7. Identify a solution for pickleball.
8. Create a Technology Innovation Ad Hoc Committee.

3 Dots

9. Water strategy. Decide if we should continue to reduce water consumption, or hold where we are for higher base load for next drought.

2 Dots

10. Remodel Hillside kitchen.
11. Create linkages for residents to services available to senior citizens through county social services and nonprofit organizations.
12. Install an elevator in Dollar Clubhouse.

13. Create an umbrella, emergency planning organization to coordinate CERT, EPO, GRF and other groups in an emergency, including creating a text notification system.

1 Dot

14. Finalize Power Purchase Agreement and commence installation of GRF solar farm.
15. Set up defibrillator training.
16. Find some ways to begin to deal with one or more mutuals as a "customer" at their request.
17. Implement traffic and pedestrian safety improvements.
18. More complete discussion of items in the operating budget. Not more department detail, but more calling out of key issues.

O Dots

19. Complete drop creek structure.
20. Complete Gateway Studios renovation.
21. Decision on the old Creekside tennis courts: creek on its way to be redone.
22. Upload Board meetings to YouTube so people can watch on their schedule.

Note: No items received 4 Dots

It was noted that the following goal ideas with at least five dots, a majority of the Board, will represent the Board's priority list of items for 2016-2017, although goal ideas with less support may still receive attention:

- #1 Complete long-term 20 year capital needs analysis to have a better idea of future needs for projects, infrastructure, buildings, etc. – 7 dots
- #2 Evaluate different disaster scenarios and the impacts on our finances. Make sure GRF has a path to stay solvent. Earthquake insurance and Trust reserve – evaluate. 7 dots
- #3 Possible change over with broadband provider will create problems of not understanding and helping residents. PR opportunities. 6 dots

- #4 Finalize renovation plans for the Fitness Center, commence construction and keep residents informed as to the progress. 5 dots
- #5 Agreement on process for how projects get on GRF agenda. 5 dots
- #6 Create an online account system for residents that will enable them to pay online, check work orders, etc. 5 dots
- #7 Identify a solution for pickleball. 5 dots
- #8 Create a Technology Innovation Ad Hoc Committee. 5 dots

A motion was made by Ms. Delpech and seconded by Ms. Adams to approve the replacement of the outdated failing analog phone system with a new feature rich digital system in the amount of \$140,000, which includes a 10% contingency, to be funded from the Trust Estate Fund. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Approved
New Digital
Phone
System

John Tastor, Area Executive Vice President, Arthur J. Gallagher & Company, GRF's insurance broker, was introduced and then reviewed a PowerPoint presentation (copy on file) on Rossmoor's insurance coverage and the cost of earthquake insurance for GRF's common facilities. Discussion followed during which Mr. Tastor answered questions from members of the Board.

Present-
ation on
Insurance
Coverage
& Cost of
Earthquake
Insurance/
Announce-
ments

Before concluding, the President announced that the next mid-month regular meeting of the Board will be held on Tuesday, August 9, 2016, at 9:00 a.m. in Peacock Hall at Gateway Complex; that the next end-of-the month regular meeting of the Board will be held on Thursday, August 25, 2016, 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 contract, legal and personnel matters and any other appropriate business.

There being no further business to come before the Board, the meeting was recessed at 12:47 p.m. and reconvened in executive session at 1:20 p.m. in the Board Room.

Recess


Mary Lou Delpech, Secretary
Golden Rain Foundation of Walnut Creek