

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING
TUESDAY, JULY 25, 2017, AT 9:00 AM
BOARD ROOM – GATEWAY COMPLEX

1. MEETING CALLED TO ORDER: Jean A. Autrey, Member
2. ROLL CALL: Smith, Autrey, Dorband, Neff, Rosenzweig, Temple, and Yearout
3. APPROVAL OF REPORT: Regular meeting of June 27, 2017 (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
8. NEW BUSINESS
 - a. Discussion of Membership Transfer Fee Report. (Attachment)
 - b. Discussion of December 31, 2017 operating cash forecast. (Attachment)
9. ADJOURNMENT
10. NEXT MEETING: Tuesday, August 29, 2017, at 9:00 a.m. in the Board Room at Gateway Complex

RSC/kv
cc: GRF Board

FINANCE COMMITTEE REPORT

REGULAR MEETING
TUESDAY, JUNE 27, 2017, AT 9:01 A.M.

A regular meeting of the Finance Committee was convened by the Chairman, David H. Smith, at 9:01 a.m. on Tuesday, June 27, 2017, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were Jean A. Autrey, F. William Dorband, Mary K. Neff, and Christopher T. Yahng. Paul Rosenzweig was excused. Also attending were Geraldine Pyle, President, Stephen D. Roath, Vice President, Robert D. Kelso, Secretary, and Leslie Birdsall and Melvin C. Fredlund, 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; and two residents. Attendance

The report of the Committee's regular meeting of May 23, 2017, was approved as written. Report Approved

Mr. O'Keefe commented on several matters and answered questions from the Committee, along with Messrs. Matheson and Donner. Staff Reports

Mr. Chakoff reviewed the GRF Financials for May and answered questions from Committee members.

Mr. Donner reviewed the May Trust Facilities and Property Maintenance Report, Capital Projects Report, and Machinery/Equipment Acquisition Report.

The Chairman called on Mr. Chakoff, who opened discussion on the proposed draft 2018 Budget Calendar. 2018 Budget Calendar and Recommendation to GRF Board

A motion was made by Mr. Dorband, seconded by Ms. Autrey, and CARRIED UNANIMOUSLY to recommend to the GRF Board that it approve the draft 2018 Budget Calendar.

The Chairman then called on Mr. Chakoff, who opened discussion on the proposed draft FY 2018 Operations Budget Principles and answered questions from the Committee. Regarding Budget Principle #13.1, the Committee asked staff to include the CPI-U percentage of 3.8% as of April 30th, which figure was not available to the GRF Board when it approved the Compensation Committee's recommendations to establish a new budget principle for the 2018 budget at its regular meeting in May. 2018 Operations Budget Principles and Recommendation to GRF Board

Following further discussion, a motion was made by Ms. Autrey, seconded by Mr. Dorband, and CARRIED UNANIMOUSLY to recommend to the GRF Board that it approve the draft FY 2018 Operations Budget Principles, with the addition of the 3.8% CPI-U percentage.

The Committee then discussed the Trust Estate Fund Projection. It was the Trust Estate Fund Projection Discussion consensus of the Committee members that the Trust Fund is approaching its limit on the ability to borrow additional funds. Currently there is the capacity in the current line of credit to borrow an additional amount of about \$2.4 million, but without raising the Membership Transfer Fee or gaining a new source of revenue, the Trust will not be in a position to pay for additional major capital projects in the near term. The Chairman was directed to communicate this to the Board of Directors at its next meeting.

The Chairman called on Mr. Donner, who provided information on the Hillside Hillside Clubhouse Overhead Piping System and Recommendation to GRF Board Clubhouse overhead piping system project. Messrs. Donner and Matheson answered questions from the Committee.

A motion was made by Ms. Autrey and seconded by Ms. Neff to recommend to the GRF Board that the Trust Estate Fund is capable of funding a new overhead piping system in the Hillside Clubhouse up to \$90,000. Following further discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Mr. Yahng announced that this was his last meeting as a member of the Finance Thank You to C. Yahng Committee and he has enjoyed serving on the Committee for the past six years. On behalf of the Committee, the Chairman thanked Mr. Yahng for his dedicated service.

Before adjourning, the Chairman announced that the next regular meeting of the Next Meeting: 7/25/17 Finance Committee will be held on Tuesday, July 25, 2017, at 9:00 a.m. in the Board Room at Gateway Complex.

There being no further business to come before the Committee, the meeting was Adjournment adjourned at 10:02 a.m.

David H. Smith, Chairman
Finance Committee

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**YR2017 TRUST FACILITY / PROPERTY MAINTENANCE
COST & COMMITMENT REPORT**
Reporting Period: June 2017

Project	Approved Budget	Reporting Period Expenditures	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget	Status
Gateway							
Coffee Bar Remodel	6,500	0	0	6,500	6,500	0	
Dollar							
Trellises Rebuild	10,500	0	0	10,500	10,500	0	
Interior Paint And Wall Coverings	40,000	0	5,437	34,563	40,000	0	
Restroom Casualty Loss	0	22,973	43,544	0	43,544	(43,544)	
Event Center							
Trellis Repair	10,000	0	0	10,000	10,000	0	
Valleywide							
Facilities Window Replacements	10,000	0	0	10,000	10,000	0	
Pool Depth Markers Replacement	6,500	0	0	6,500	6,500	0	
Equipment Replacements	37,000	2,551	21,971	15,029	37,000	0	
Open Space							
Open Space Maintenance	21,000	36,171	36,896	0	36,896	(15,896)	
Defensible Space Fire Abatement	15,000	0	0	15,000	15,000	0	
Trails Maintenance	10,000	0	628	9,372	10,000	0	
Public Works							
Street Maintenance	30,000	0	21,300	8,700	30,000	0	
Sidewalk Maintenance	63,000	4,846	11,384	51,616	63,000	0	
Water, Drainage, Sewer Maintenance	16,000	0	5,210	10,791	16,000	0	
Golf Course							
Storm Drain Buildup Removal	45,000	0	0	45,000	45,000	0	
Cart Path Repair Program	43,200	0	0	43,200	43,200	0	
TOTAL	363,700	66,541	146,369	276,771	423,140	(59,440)	

**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period JUNE 2017

Project	Approved Budget	Reporting Period Expenditures	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget
Del Valle Renovation Project	9,611,800	71,870	1,852,505	7,759,295	9,611,800	0
Drop Creek Structure Construction	550,000	5,038	29,387	520,613	550,000	0
Valley-Wide Paving	510,000	28,890	435,015	74,985	510,000	0
Del Valle Pools Ultra-Violet System	302,500			302,500	302,500	0
Repave MOD Parking Lot	211,500			211,500	211,500	0
Replaster Del Valle Pools and Spa	165,000			165,000	165,000	0
Digital Phone System	140,000		140,000	0	140,000	0
Hillside Clubhouse Improvements	130,000		935	129,065	130,000	0
Hillside Overhead Piping Project	90,000			90,000	90,000	0
Rossmoor Gardens Restroom	88,000			88,000	88,000	0
Gateway Multi-Purpose Rooms Improvements	50,000			50,000	50,000	0
Traffic and Pedestrian Safety Study	33,400	6,791	29,316	4,084	33,400	0
Gateway Clubhouse Automatic Doors	27,000			27,000	27,000	0
Rossmoor Gardens Chain Link Fence	26,500	25,994	25,994	506	26,500	0
Gateway Clubhouse Electrical Improvements	25,000		5,131	19,869	25,000	0
Gateway Studios Space Study	25,000		18,165	6,835	25,000	0
Landscape Median Renovation	25,000			25,000	25,000	0
Sportsman's Park Pergola	18,000			18,000	18,000	0
MOD Conference Room Remodel	16,500			16,500	16,500	0
Dollar Clubhouse Ramp	8,400	553	2,657	5,743	8,400	0
TOTAL	12,053,600	139,136	2,539,105	9,514,495	12,053,600	0

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

**MACHINERY & EQUIPMENT
BUDGET AND EXPENDITURE REPORT**

Reporting Period: JUN 2017

Project	Approved Budget	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget
MOD Vehicles (6)	199,000	181,622	17,378	199,000	0
GRF Vehicles (4)	160,000	99,924	60,076	160,000	0
Data Storage Project	97,000	47,721	49,279	97,000	0
Fairway Mower	62,000	61,080	0	61,080	920
Fireside Audio/Visual Equipment	26,500		26,500	26,500	0
Bunker Rake	19,500	19,374	(0)	19,374	126
Gateway Clubhouse Fiber Switch	12,000	10,958	0	10,958	1,042
Mail Inserter Machine	11,000	11,166	0	11,166	(166)
Dollar Clubhouse Pool Heater	6,500		6,500	6,500	0
			0		0
			0		0
TOTAL	593,500	431,845	159,733	591,578	1,922

Sales/Transfers and GRF Membership Transfer Fees Collected
June 2017

2017	Sales Fees %			Transfers Fees %			Other*	Fees Total	Fees \$
January	38	33	86.8%	5	0	0.0%	2	35	\$ 315,000
February	34	29	85.3%	9	0	0.0%	0	29	\$ 261,000
March	49	43	87.8%	11	2	18.2%	0	45	\$ 405,000
April	53	42	79.2%	7	1	14.3%	0	43	\$ 387,000
May	49	42	85.7%	10	4	40.0%	1	47	\$ 423,000
June	61	46	75.4%	13	0	0.0%	0	46	\$ 414,000
July									
August									
September									
October									
November									
December									
YTD	284	235	82.7%	55	7	12.7%	3	245	\$ 2,205,000

2016	Sales Fees %			Transfers Fees %			Other*	Fees Total	Fees \$
January	38	34	89.5%	10	1	10.0%	0	35	\$ 315,000
February	41	35	85.4%	12	0	0.0%	0	35	\$ 315,000
March	53	43	81.1%	13	2	15.4%	0	45	\$ 405,000
April	52	43	82.7%	7	0	0.0%	0	43	\$ 387,000
May	57	48	84.2%	18	1	5.6%	0	49	\$ 441,000
June	48	42	87.5%	14	0	0.0%	0	42	\$ 378,000
July									
August									
September									
October									
November									
December									
YTD	289	245	84.8%	74	4	5.4%	0	249	\$ 2,241,000

CHANGE	Sales Fees %			Transfers Fees %			Other*	Fees Total	Fees \$
January	0	-1	-2.6%	-5	-1	-10.0%	2	0	\$ -
February	-7	-6	-0.1%	-3	0	0.0%	0	-6	\$ (54,000)
March	-4	0	6.6%	-2	0	2.8%	0	0	\$ -
April	1	-1	-3.4%	0	1	14.3%	0	0	\$ -
May	-8	-6	1.5%	-8	3	34.4%	1	-2	\$ (18,000)
June	13	4	-12.1%	-1	0	0.0%	0	4	\$ 36,000
July									
August									
September									
October									
November									
December									
YTD	-5	-10	-2.0%	-19	3	7.3%	3	-4	\$ (36,000)

GRF Membership Transfer Fee Exemptions per Policy 102.1.4					
1 (CMR): 15				6 (TST): 13	
New	Previously Paid	New	Previously Paid		
01-003-066	01-004-230	58-058-1303	03-037-039		
01-003-288	02-002-285	58-058-1311	01-005-011		
02-002-086	01-004-174	58-058-1404	01-001-329		
02-002-406	01-001-417	58-058-1414	70-070-131		
03-044-087	03-037-074	58-058-1441	01-001-528		
04-018-030	01-001-196	58-058-2347	04-019-053		
04-019-047	04-021-028	58-058-2445	01-004-148		
28-028-038	02-002-163				

*Fees generated by membership transfers due to occupancy change only.

Golden Rain Foundation
Operating Cash Forecast
Prepared as of June 30, 2017

Cash balance 6/30/2017	1,539,000	
Remaining 2016 operating budget	(329,000)	Note 1
Amortization of prepaid expenses	345,000	Note 2
Forecasted surplus July through December 2017	100,000	Note 3
Prepaid golf cards	100,000	Note 4
Total cash forecasted at 12/31/17	<u>1,755,000</u>	
Less: maintenance reserve	<u>(250,000)</u>	
Forecasted operating cash at year-end	<u><u>1,505,000</u></u>	

Notes:

- (1) Total year budgeted operating revenue minus expenses (310,000)
Less: YTD budget at 8/31/2016 19,000
Budget Aug - Dec (329,000)
- (2) Certain expenses, including insurance and pension are prepaid during the year and the expense is recognized through the entire year. Since the cash has already been expended, there is no ongoing cash effect.
- (3) Forecast is based on YTD June 2017 results
- (4) A significant number of golf cards for unlimited play beginning in January are purchased in December. The revenue is deferred until January.