

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING

TUESDAY, SEPTEMBER 26, 2017, AT 9:00 AM
BOARD ROOM – GATEWAY COMPLEX

1. MEETING CALLED TO ORDER: David H. Smith, Chairman
2. ROLL CALL: Smith, Autrey, Dorband, Neff, Rosenzweig, Temple, and Yearout
3. APPROVAL OF REPORTS OF AUGUST 29, AND SEPTEMBER 12 AND SEPTEMBER 13, 2017 (Attachments)
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

None
8. NEW BUSINESS
 - a. Matters related to the 2018 GRF Operations Budget:
 - 1) Consider recommending to the GRF Board the approval of the proposed 2018 GRF Operations Budget in the aggregate amount of \$21,998,407, a coupon amount of \$274.60 per manor, per month, including cable TV.
 - 2) Consider recommendations to the GRF Board to amend the proposed FY 2018 GRF Operations Budget as presented by staff to incorporate any other changes that may be recommended by the Committee.

	Possible 2018 Budget Impact
i. New Programs and Program Augmentation (Tab 2)	
1. Landscape Technician	+ \$81,000
2. Recycle Consultant	+ \$60,000
3. Front Desk Staff – Fitness Center	+ \$70,000
4. New Fitness Specialist at Fitness Center	+ \$60,000
5. One Golf Course Staff Position	+ \$85,000
ii. New and Increased Revenue and Program Cost Recovery (Tab 4) N/A	
1. Facilities Usage Fee	+ \$27,000
2. Guest Fees for the Fitness Center and Del Valle Pools	+ \$10,000
3. Increase in Golf Fees (already included in Operations Budget)	+ \$40,000
iii. Trust Facility/Property Maintenance Projects and Purchase of Tangible Property (Tab 6)	
1. Items totaling \$504,000. (No recommendation needed unless the amount is changed)	\$_____
iv. Department Budgets (Tab 8)	
1. Recommend approval of Operating Departments as presented except for decreases in health insurance expense of \$49,000.	\$_____
v. Defined Benefit Pension Plan Contribution (Tab 5)	
1. 2018 contribution of \$707,250. (No recommendation needed unless the amount is changed)	\$_____
vi. Recommend to the GRF Board a budget reduction in Cable TV/Internet from amount previously projected. (depends on notification from Comcast)	\$_____
vii. Consider any other recommendations from the Finance Committee.	

9. ADJOURNMENT

10. NEXT REGULAR MEETING: Tuesday, October 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, AUGUST 29, 2017, AT 8:59 A.M.

A regular meeting of the Finance Committee was convened by the Chairman, David H. Smith, at 8:59 a.m. on Tuesday, August 29, 2017, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were Jean A. Autrey, F. William Dorband, Mary K. Neff, Paul Rosenzweig, Della Temple, and Gery Yearout. Also attending were Geraldine Pyle, President, Stephen D. Roath, Vice President, Robert D. Kelso, Secretary, and Sue DiMaggio Adams, Leslie Birdsall, Carl W. Brown, Mary Lou Delpech, 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; John Tastor, Area Executive Vice President, Arthur J. Gallagher & Company; and four residents. Attendance

The report of the Committee's regular meeting of July 25, 2017, was approved as written. Report Approved

The Chairman asked for nominations for Vice Chairman. Ms. Neff nominated Mr. Dorband, who accepted the nomination. As no other nominations were offered, Mr. Dorband was elected Vice Chairman of the Finance Committee by unanimous consent. Vice Chairman Elected

During Residents' Forum, Mary A. England said she was interested in the selection process for the contractor recommended by staff to provide the software for the access control system matter on today's agenda. Richard M. Locke expressed his objection to Operations lending money to the Trust. Resident's Forum

The Chairman passed out the Conflict of Interest forms, GRF Policy 201.2, and asked the Committee to complete them. Conflict of Interest Forms/

The Chairman then introduced Mr. Tastor from Arthur J. Gallagher & Company, and as a courtesy to Mr. Tastor, announced that he is moving part of item 9a up on the agenda: the presentation on earthquake insurance. Following introductory remarks, Mr. Tastor, gave a presentation on earthquake insurance for buildings owned by the Golden Rain Foundation. Discussion followed, with Mr. Tastor answering questions posed by Committee members and residents. Earthquake Insurance Presentation

Mr. Tastor left the meeting. The Chairman announced that the Committee would discuss the earthquake insurance matter later on in the meeting.

Mr. O'Keefe commented on several matters and answered questions from Committee members. Staff Reports

Mr. Chakoff reviewed the monthly GRF financial reports and answered questions posed by Committee members.

Mr. Donner reviewed the Trust Facilities and Property Maintenance, Capital Projects, and Machinery/Equipment Acquisition Reports, and Messrs. Donner, Chakoff, and Matheson answered questions from Committee members.

Mr. Donner left the meeting.

The Committee continued its discussion of earthquake insurance and agreed that a thorough discussion involving this matter would take place in September during the Finance Committee's joint budget meetings with the GRF Board.

Discussion of EQ Insurance Deferred to

The Chairman then called on Mr. Chakoff, who opened discussion on agenda item 9b: GRF loaning money to the Trust while the Del Valle Complex is under construction. Messrs. Chakoff and Matheson answered questions from the Committee. Following discussion, the Chairman asked for a motion on this matter and none was offered.

September/ GRF Loans To Trust

The Chairman called on Mr. Matheson, who provided background information on the status of the renovation of the Del Valle pools. He said that the additional funding staff is asking the Committee to recommend to the GRF Board is in addition to the funds already approved for this project. Mr. Matheson then answered questions from Committee members.

Additional Funding for DV Pools Project

Following discussion, a motion was made by Ms. Neff and seconded by Ms. Autrey that the Finance Committee recommend to the GRF Board that it approve additional funding in the amount of \$52,500 for the Del Valle pool plastering and pump equipment upgrade project to be paid from the Trust Estate Fund.

Recommendation to GRF Board for Additional Funding for DV Pools Project

A motion was made by Mr. Rosenzweig to amend the main motion as follows: that the Finance Committee recommend to the GRF Board that it approve additional funding in the amount of \$52,500 for the Del Valle pool plastering and pump equipment upgrade project to be paid from the Operating Fund. The motion DIED for lack of a second.

After additional discussion, the vote on the motion was taken and the motion CARRIED, with Mr. Rosenzweig voting "no".

The Chairman then called on Mr. Matheson, who provided an overview of the access control system software package as described in the staff report included in the agenda packet. Discussion followed, with Messrs. Matheson and O'Keefe answering questions from Committee members.

Discussion of Access Control System Software Package

A motion was made by Ms. Neff and seconded by Mr. Dorband that the Finance Committee recommend to the GRF Board that it authorize the CEO to execute an agreement with Siemens for the purchase of an access control software package in an amount not to exceed \$38,000, which includes a 10% contingency to be paid from the Trust Estate

Fund.

A motion was made by Mr. Rosenzweig to amend the main motion to recommend to the GRF Board that it authorize the CEO to execute an agreement with Siemens for the purchase of an access control software package in an amount not to exceed \$38,000, which includes a 10% contingency, \$16,000 for the cost of 10,000 access cards to be paid from the Operating Fund and the remaining \$22,000 to be paid from the Trust Estate Fund. Ms. Neff and Mr. Dorband agreed to the amended motion which then replaced the original motion.

Amendment
to Motion
Accepted

The vote on the amended motion was then taken and the motion CARRIED, with Ms. Autrey abstaining.

Recom-
mendation
to GRF
Board re.
Purchase
of Access
Control
Software/

Mr. Dorband asked the Committee to address a matter that was discussed during Mutual 68's Board of Directors meeting on August 28th. During yesterday's meeting, a resolution was passed by the Mutual's Board requesting that because of the permanent deconstruction of two manors located on Grey Eagle Drive, the Golden Rain Foundation recognize that the number of manors in Mutual 68 has been permanently reduced from 235 manors to 233 manors, and that as of November 1, 2017, any fees, costs, or other obligations owed to the Golden Rain Foundation on the number of manors be reduced accordingly. Mr. Dorband made this request of the Committee in light of the fact that the 2018 budget discussions will be held next month.

Mutual 68
Board of
Directors
Resolution
to Request
GRF
Recognition
of Reduced
Number of
Manors

Following discussion, a motion was made by Mr. Dorband and seconded by Ms. Yearout that the Finance Committee recommend to the GRF Board that the Resolution passed by the Mutual 68 Board of Directors on August 28, 2017, be recognized and approved, reducing the number of manors from 235 to 233, as of the time of deconstruction, and that any fees, costs, or other obligations owed to the Golden Rain Foundation on the number of manors be reduced accordingly as of November 1, 2017. The vote on the motion was taken and the motion CARRIED, with Ms. Temple voting "no" and Mr. Dorband abstaining.

Recom-
mendation
to GRF
Board re.
Mutual 68
BOD
Resolution

The Chairman announced that the Committee's budget meetings with the GRF Board are scheduled for September 12th and 13th, and confirmed that the draft 2018 budget will be available for review on September 5th. The Committee's next regular meeting will be held on September 26th at 9:00 a.m. in the Board Room at Gateway Complex.

Next
Meetings:
9/12/17,
9/13/17 and
9/26/17

There being no further business to come before the Committee, the meeting was adjourned at 11:20 a.m.

Adjourn-
ment

David H. Smith, Chairman
Finance Committee

FINANCE COMMITTEE REPORT

JOINT MEETING OF THE FINANCE COMMITTEE AND
THE GOLDEN RAIN BOARD OF DIRECTORSTUESDAY, SEPTEMBER 12, AND
WEDNESDAY, SEPTEMBER 13, 2017, AT 9:00 A.M.
FIRESIDE ROOM – GATEWAY COMPLEX

A joint meeting of the Finance Committee and the Golden Rain Board of Directors was convened by the President, Geraldine Pyle, at 9:00 a.m. on Tuesday, September 12, 2017, in the Fireside Room at Gateway Complex.

ROLL CALL: Present: Finance Committee members F. William Dorband, Jean A. Autrey, Mary K. Neff, Paul Rosenzweig, Della C. Temple, and Gery Yearout

Attendance

Excused: David H. Smith

Present: GRB members Geraldine Pyle, Stephen D. Roath, Robert D. Kelso, Mary K. Neff, Sue DiMaggio Adams, Leslie Birdsall, Carl W. Brown, Mary Lou Delpech, and Timothy O'Keefe, Chief Executive Officer, ex-officio member of the Board

Excused: Melvin C. Fredlund

The President welcomed the audience to the beginning of the 2018 GRF Operations Budget process and then thanked staff for preparing all of the material the Board and the Finance Committee will be reviewing today and tomorrow. She noted that there will be no decisions made at today's or tomorrow's meeting. She then made some remarks regarding fiduciary responsibility.

President's
Opening
Remarks

During the Residents' Forum, Marcia McLean, President of the Sustainable Rossmoor Club, thanked the Board and staff for their support, adding that the Club is looking forward to working with them.

Residents'
Forum

John H. Nutley reminded the Board that Hillside Clubhouse is due for repairs and maintenance and hoped that funds will be included for these items in this year's or, if not this year's, next year's budget.

Draft FY
2018 GRF
Operations
Budget
Reviewed

Following opening remarks by the CEO and then the CFO, the Board and the Finance Committee reviewed the draft FY 2018 GRF Operations Budget with staff, which included departmental presentations by management staff.

The meeting was recessed at 12:12 p.m.

Recess

The meeting was reconvened at 9:00 a.m. on Wednesday, September 13, 2017, in the Fireside Room at Gateway Complex.

Meeting
Reconvened
9/13/17

Joint Meeting of the
Finance Committee and
the GRF Board

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September 12 & 13, 2017

All of the members of the Finance Committee were present except David H. Smith, who was excused. All of the members of the Board were present except Melvin C. Fredlund, who was excused.

Attendance

During the Residents' Forum, Mary A. England referred to the proposed 2018 budget and encouraged the Board and staff to improve operational efficiencies in the various departments.

Residents'
Forum

Carol Weed thanked the Board and staff for the long-range planning being considered for the sustainability of Rossmoor and their interest in recycling.

John H. Nutley talked about what residents got for their coupon, noting that the GRF coupon in 2012 was \$735 and that the current coupon is \$824.

Karen Perkins thanked the Board and the Finance Committee for being interested in sustainable living in Rossmoor. She then expressed some concerns about the contract with Green Earthology to develop a comprehensive recycle plan for Rossmoor.

Continued
Review of
Draft FY
2018 GRF
Operations
Budget/
Results of
Straw Votes

The Finance Committee and the Board then continued their review of the draft FY 2018 GRF Operations Budget with staff (Sections 2 through 7). This was an informational meeting, and no final actions were taken; however, straw votes of the members of the Board and the members of the Finance Committee were taken on the following items:

Landscape Technician – 10 out of 13 Yes

Recycle Consultant – 9 out of 13 Yes

Front Desk Staff - Fitness Center – 7 out of 13 Yes

New Fitness Specialist at Fitness Center – 4 out of 13 Yes

One Golf Course Staff Position – 13 out of 13 Yes

Facilities Usage Fee – 1 out of 13 Yes

Guest Fees for the Fitness Center and Del Valle Pools – 10 out of 13 Yes

Proposed Rate Changes for the Golf Course – 13 out of 13 Yes

Including an amount to be determined in reduction of PG&E costs in electricity expenses in the 2018 Operations Budget as a result of GRF using solar energy – 10 out of 13 Yes

There were no closing questions/remarks by the Finance Committee or the Board.

Joint Meeting of the
Finance Committee and
the GRF Board

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September 12 & 13, 2017

Before concluding, the President announced that the Finance Committee will meet on Tuesday, September 26, 2017, at 9:00 a.m. in the Board Room at Gateway Complex to further consider the draft FY 2018 GRF Operations Budget and make recommendations to the Board about it; and that the next end-of-the-month regular meeting of the Board will be held on Thursday, September 28, 2017, at 9:00 a.m. in Peacock Hall at Gateway Complex, at which time the Board will consider the Finance Committee's recommendations regarding the draft FY 2018 GRF Operations Budget and other matters.

Announce-
ments

There being no further business to come before the Finance Committee and the Board, the meeting was adjourned at 12:00 p.m.

Adjournment

F. William Dorband, Vice Chairman
Finance Committee

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**YR2017 TRUST FACILITY / PROPERTY MAINTENANCE
 COST & COMMITMENT REPORT**
 Reporting Period: August 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	0	0	6,500	
Dollar							
Trellises Rebuild	10,500	0	10,496	0	10,496	4	
Interior Paint And Wall Coverings	40,000	0	5,437	34,563	40,000	0	
Restroom Casualty Loss	0	4,009	48,468	0	48,468	(48,468)	
Event Center							
Trellis Repair	10,000	0	3,860	0	3,860	6,140	
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	0	21,971	15,029	37,000	0	
Open Space							
Open Space Maintenance	21,000	0	39,496	0	39,496	(18,496)	
Defensible Space Fire Abatement	15,000	0	0	15,000	15,000	0	
Trails Maintenance	10,000	0	872	9,128	10,000	0	
Public Works							
Street Maintenance	30,000	0	23,300	6,700	30,000	0	
Sidewalk Maintenance	63,000	9,387	20,772	42,228	63,000	0	
Water, Drainage, Sewer Maintenance	16,000	0	14,386	1,614	16,000	0	
Golf Course							
Storm Drain Buildup Removal	45,000	0	34,000	0	34,000	11,000	
Cart Path Repair Program	43,200	0	0	43,200	43,200	0	
TOTAL	363,700	13,397	223,058	183,962	407,020	(43,320)	

**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period AUGUST 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	2,010,244	4,427,400	5,184,400	9,611,800	0
Drop Creek Structure Construction	950,000		72,016	877,984	950,000	0
Valley-Wide Paving	510,000		483,350	26,650	510,000	0
Del Valle Pools Project	520,000	152,013	340,782	179,218	520,000	0
Repave MOD Parking Lot	211,500			211,500	211,500	0
Hillside Clubhouse Improvements	130,000	2,000	7,753	122,247	130,000	0
Hillside Overhead Piping Project	90,000			90,000	90,000	0
Rossmoor Gardens Restroom	88,000	1,560	1,560	86,440	88,000	0
Gateway Multi-Purpose Rooms Improvements	50,000			50,000	50,000	0
Gateway Clubhouse Automatic Doors	27,000	27,000	27,000	0	27,000	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		2,657	5,743	8,400	0
TOTAL	12,306,200	2,192,817	5,385,815	6,920,385	12,306,200	0

Major Projects	Total Contingency	Contingency Reserved	Contingency Expended
Del Valle Renovation Project	805,000	330,390	474,610
Drop Creek Structure	70,000	5,500	64,500

**MACHINERY & EQUIPMENT
BUDGET AND EXPENDITURE REPORT**

Reporting Period: AUGUST 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	104,413	55,587	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)
Fleet Maintenance Software	10,000		10,000	10,000	0
Dollar Clubhouse Pool Heater	6,500		6,500	6,500	0
			0		0
			0		0
TOTAL	603,500	436,334	165,244	601,578	1,922