

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING
TUESDAY, OCTOBER 24, 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 REPORT: Regular meeting of September 26, 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
9. ADJOURNMENT
10. NEXT MEETING: Tuesday, December 5, 2017, at 9:00 a.m. in the Board Room at Gateway Complex

RSC/dr
cc: GRF Board

FINANCE COMMITTEE REPORT

REGULAR MEETING
THURSDAY, SEPTEMBER 26, 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, September 26, 2017, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were F. William Dorband, Vice Chairman, Jean A. Autrey, Mary K. Neff, Paul Rosenzweig, Della Temple, and Gery Yearout. Also attending were Geraldine Pyle, 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, Mutual and Trust Operations; Anthony W. Grafals, General Counsel; Jeffrey P. Matheson, Director, Resident Services; Mark K. Heptig, Director, Golf; Maureen A. O'Rourke, Director, Communications; Paulette L. Jones, Senior Manager, Executive Services; Judith A. Perkins, Senior Manager, Human Resources; Dennis Bell, Public Safety Manager; Tess Haskett, Assistant Controller; Amanda Davis, Senior Accountant; and several residents.

Attendance

The reports of the regular meetings of the Committee held on August 29 and September 12 and September 13, 2017, were approved as written.

Reports
Approved

During the Residents' Forum, Sherry S. Smith, Virginia L. Rapp, Barbara Leonard, and Brian K. Stack spoke in support of increasing front desk staffing at the Fitness Center.

Residents'
Forum

Mr. O'Keefe gave an update on the Del Valle pool renovation project.

Staff
Reports

Mr. Chakoff reviewed the monthly GRF financial reports, and both he and Mr. Grafals answered questions from Committee members.

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

The Chairman explained the purpose of today's meeting is to make recommendations to the GRF Board regarding the 2018 Operations Budget for its meeting on Thursday, September 28th.

Purpose of
Meeting

The Committee then discussed the proposed 2018 GRF Operations Budget and made the following recommendations:

Recommen-
dations re.
2018 GRF
Operating
Budget**Item 8a-1 (Main Motion)**

A motion was made by Ms. Neff and seconded by Mr. Rosenzweig to

recommend 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.

Mr. Smith then opened the floor for amendments to the main motion.

Item 8a-2-i (New Programs/Augmentation)

Item 8a-2-i-1 (Landscape Technician)

A motion was made by Mr. Dorband and seconded by Ms. Yearout to amend the main motion to approve the 2018 GRF Operations Budget, and recommend approval of a Landscape Technician at a cost of \$81,000. Following discussion, the vote on the motion was taken and the motion CARRIED, with Mesdames Autrey, Neff, and Temple voting “no”.

Item 8a-2-i-2 (Recycle Consultant)

A motion was made by Ms. Neff and seconded by Mr. Dorband to amend the main motion to approve the 2018 GRF Operations Budget, and recommend to the GRF Board that \$60,000 be included in the budget for a recycle consultant. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Mr. Matheson gave a PowerPoint presentation on the Del Valle Complex Renovation Project, current staffing levels and future staffing level needs, and answered questions from Committee members. Discussion followed.

Item 8a-2-i-3 (Front Desk Staff – Fitness Center)

A motion was made by Mr. Dorband and seconded by Mr. Smith to amend the main motion to approve the 2018 GRF Operations Budget, and recommend approval of 1.5 staff positions for the Fitness Center front desk at a cost of \$70,000. Following additional discussion, the vote on the motion was taken, and the motion CARRIED, with Ms. Autrey, Ms. Temple, and Mr. Rosenzweig voting “no”.

Item 8a-2-i-4 (New Fitness Specialist – Fitness Center)

A motion was made by Mr. Dorband to amend the main motion to approve the 2018 GRF Operations Budget, and recommend approval of a new Fitness Specialist at the Fitness Center at a cost of \$60,000. The motion DIED for lack of a second.

Item 8a-2-i-5 (One Golf Course Staff Position)

A motion was made by Ms. Autrey and seconded by Ms. Temple to amend the main motion to approve the 2018 GRF Operations Budget, and recommend approval of one golf course staff position at a cost of \$85,000. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Item 8a-2-ii (New and Increased Revenue and Program Cost Recovery)**Item 8a-2-ii-1 (Facilities Usage Fee)**

Mr. O'Keefe opened discussion on the Facilities Usage Fee, provided background information, and answered questions from Committee members.

A motion was made by Mr. Dorband and seconded by Ms. Yearout to amend the main motion to approve the 2018 GRF Operations Budget, and recommend approval of an annual Facility Usage Fee for renters with estimated revenue of \$27,000. Discussion followed.

An amendment to the motion was made by Mr. Rosenzweig and seconded to recommend to the GRF Board that for budgeting purposes, the Facilities Usage Fee not be included in the 2018 GRF Operations Budget. Mr. Dorband, and Ms. Yearout, the makers of the original motion and second, accepted the amendment. Following additional discussion, the vote on the amended motion was taken, and the amended motion CARRIED, with Ms. Neff voting "no".

Item 8a-2-ii-2 (Guest Fees for the Fitness Center and Del Valle Pool)

Mr. O'Keefe opened discussion on the Guest Fees for the Fitness Center and Del Valle Pool and provided background information. Discussion followed. It was the consensus of the Committee that guest fees be charged for the Fitness Center and Del Valle Pool, but that this item not be included in the 2018 GRF Operations Budget.

Item 8a-2-ii-3 (Increase in Golf Fees)

A motion was made by Ms. Temple and seconded by Mr. Dorband to amend the main motion to approve the 2018 GRF Operations Budget, and recommend approval of an increase in golf fees. It was noted that this item is already in the Operations Budget. Following discussion, Ms. Temple and Mr. Dorband withdrew their motion and second,

respectively.

Item 8a-2-iii (Trust Facility/Property Maintenance Projects and Purchase of Tangible Property)

Ms. Autrey raised the question of including revenue savings for the solar power project in the 2018 Operations Budget. Messrs. O'Keefe and Matheson provided background information and the current status of the project. During discussion, Messrs. O'Keefe, Matheson, Chakoff, and Grafals answered questions posed by Committee members.

Item 8a-2-iii-1 (Items Totaling \$504,000)

A motion was made by Mr. Dorband and seconded by Ms. Temple to amend the main motion to approve the proposed 2018 GRF Operations Budget, and recommend approval of Trust facility/property maintenance projects and the purchase of tangible property for a total cost of \$504,000.

Mr. Dorband left the meeting briefly.

Following discussion, an amendment to the motion was made by Ms. Neff and seconded by Ms. Temple to remove Item #13, trash and recycle receptacles, at a cost of \$50,000. The vote on the amended motion was taken and the amended motion CARRIED UNANIMOUSLY (Mr. Dorband was not present for the vote).

Mr. Dorband rejoined the meeting.

Item 8a-2-iv (Department Budgets)

A motion was made by Mr. Dorband and seconded by Ms. Autrey to amend the main motion to approve the proposed 2018 GRF Operations Budget, and recommend approval of budgets for the Operating Departments except for decreases in health insurance expenses of \$49,000. A vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

A motion was made by Ms. Temple and seconded by Ms. Autrey to amend the main motion to approve the proposed 2018 GRF Operations Budget, and recommend approval of Department 800 Unallocated/General Services, and remove line 6704, Gas & Electricity, for a decrease of \$40,000, which is related to the solar project. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Following discussion, a motion was made by Mr. Rosenzweig to amend the main motion to approve the proposed 2018 GRF Operations Budget and recommend to the GRF Board that the budget for Department 475, Custodial Services, be decreased by \$15,000. The motion FAILED for lack of a second.

A motion was made by Ms. Autrey and seconded by Ms. Temple to amend the main motion to approve the proposed 2018 GRF Operations Budget and recommend to the GRF Board that the budget for Department 105, Legal/Human Resources, be reduced by \$5,000. During discussion, Ms. Perkins answered questions from Committee members. Following additional discussion, the vote on the motion was taken, and the motion FAILED, with Ms. Autrey, Mr. Rosenzweig and Ms. Temple voting "yes", and Mesdames Neff and Yearout, and Messrs. Dorband and Smith voting "no".

A motion was made by Mr. Rosenzweig and seconded by Ms. Autrey to amend the main motion to approve the proposed 2018 GRF Operations Budget, and recommend to the GRF Board that all revenue and expenses for Department 150, Handyman, be included in GRF 's books and not in MOD's books with no effect on the budget. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

A motion was made by Ms. Temple and seconded by Ms. Autrey to amend the main motion to approve the proposed 2018 GRF Operations Budget, and recommend to the GRF Board that the budget for Department 500, Rossmoor News, be increased by \$5,000 for bus advertising. During discussion, Ms. O'Rourke and Mr. Matheson answered questions from Committee members. The vote on the motion was taken, and the motion FAILED, with Mesdames Autrey and Temple voting "yes", and Mesdames Neff and Yearout, and Messrs. Dorband, Rosenzweig, and Smith voting "no".

Item 8a-2-v-1 (Defined Benefit Pension Plan Distribution)

The Committee did not need to take action on this matter, and no action was taken.

Item 8a-2-vi (Cable TV and Internet)

The Committee asked Mr. Grafals to provide background information on rate increase negotiations with Comcast for 2018. He then answered questions from Committee members. Discussion followed.

A motion was made by Ms. Neff and seconded by Ms. Temple to amend the main motion to approve the proposed 2018 GRF Operations Budget and recommend to the GRF Board that the projected 2018 rate increase for Cable TV and Internet be calculated at 2.6% for a decrease in the budget of \$17, 600. The vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Item 8a-2-vii (Other Recommendations)

A motion was made by Ms. Autrey and seconded by Ms. Temple to to amend the main motion to approve the proposed 2018 GRF Operations Budget and recommend to the GRF Board that \$10,000 be added to the overall budget for “data mining”. During discussion, Mr. Kelso provided an explanation of data mining and the ways it could be used by the Golden Rain Foundation.

Ms. Neff left the meeting briefly.

Following additional discussion, the vote on the motion was taken, and the motion CARRIED, with Ms. Yearout and Mr. Rosenzweig voting “no” (Ms. Neff was not present for the vote).

Item 8-1 (Main Motion)

The vote was then taken on the motion to recommend approval of the proposed 2018 GRF Operations Budget, as amended, in the amount of \$22,147,807, and the motion CARRIED UNANIMOUSLY (Ms. Neff was not present for the vote).

Ms. Neff rejoined the meeting.

Summary

The Committee recommendations itemized above combined to the following total change:

Net Increase \$149,400

The result of the recommendations would be a 2018 GRF coupon of \$276.46 per manor, per month including cable TV, increasing the draft budget’s increase (over 2017) from \$14.27 to \$16.13.

Finance Committee
Regular Meeting

-7-

September 26, 2017

There being no further business to come before the Committee, the meeting was adjourned at 11:35 a.m. Adjournment

The next meeting of the Finance Committee will be on Tuesday, October 24, 2017, at 9:00 a.m. in the Board Room at Gateway Complex. Next Mtg.
10/24/17

David H. Smith, Chairman
Finance Committee

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**YR2017 TRUST FACILITY / PROPERTY MAINTENANCE
COST & COMMITMENT REPORT**

Reporting Period: September 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	997	49,465	0	49,465	(49,465)	
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	0	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	997	224,055	183,962	408,017	(44,317)	

**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period SEPTEMBER 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	91,972	4,519,372	5,092,428	9,611,800	0
Drop Creek Structure Construction	950,000	313,655	385,671	564,329	950,000	0
Valley-Wide Paving	510,000		483,350	26,650	510,000	0
Del Valle Pools Project	520,000	48,896	389,678	130,322	520,000	0
Repave MOD Parking Lot	211,500			211,500	211,500	0
Hillside Clubhouse Improvements	130,000	2,483	10,236	119,764	130,000	0
Hillside Overhead Piping Project	90,000			90,000	90,000	0
Rossmoor Gardens Restroom	88,000	1,473	3,033	84,967	88,000	0
Gateway Multi-Purpose Rooms Improvements	50,000			50,000	50,000	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	12,279,200	458,478	5,817,294	6,461,907	12,279,200	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: SEPTEMBER 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