

# A G E N D A

## FINANCE COMMITTEE

REGULAR MEETING  
TUESDAY, JUNE 27, 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, and Yahng
3. APPROVAL OF REPORT: Regular meeting of May 23, 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. Review and discuss 2018 budget calendar. (Attachment)
  - b. Review and discuss 2018 budget principles. (Attachment)
  - c. Review Trust Estate Fund projection. (Attachment)
  - d. Consider recommendation to the GRF Board that the Trust Estate Fund is capable of funding a new overhead piping system in the Hillside Clubhouse in the amount of \$83,677. (Attachment)
9. ADJOURNMENT
10. NEXT MEETING: Tuesday, July 25, 2017, at 9:00 a.m. in the Board Room at Gateway Complex

RSC/kv  
cc: GRF Board

FINANCE COMMITTEE REPORT  
 REGULAR MEETING  
 TUESDAY, MAY 23, 2017, 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, May 23, 2017, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were Jean A. Autrey, Mary K. Neff, Paul Attendance Rosenzweig, and Christopher T. Yahng. F. William Dorband was absent. Also attending were Geraldine Pyle, President, Stephen D. Roath, Vice President, Robert D. Kelso, Secretary, and Leslie Birdsall, Mary Lou Delpech, and Melvin C. Fredlund, Directors, GRF; Richard S. Chakoff, CFO; Christopher Preminger, Business Operations Manager; and two residents.

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


During the Residents' Forum, Mary A. England addressed allocation of the MOD Residents' refund to the Mutuels discussed at the Committee's April meeting. Both the Forum Chairman and Mr. Chakoff commented that the matter is on today's agenda.

Mr. Chakoff reviewed the GRF Financials for April and answered questions from Staff Committee members. In Mr. Donner's absence, he then reviewed the April Trust Reports Facilities and Property Maintenance Report, Capital Projects Report, and Machinery/Equipment Acquisition Report, and answered questions from the Committee.

The Committee then discussed future allocation of refunds from MOD operating Allocation surplus to the Mutuels. At the Committee's request, staff will analyze non-related of MOD party MOD revenue and expenses to be included in the 2018 budget presentation. Refunds Discussed/

There being no further business to come before the Committee, the meeting was Adjourn- adjourned at 10:00 a.m. ment

The next regular meeting of the Finance Committee will be held on Tuesday, June Next Meeting: 27, 2017, at 9:00 a.m. in the Board Room at Gateway Complex. 6/27/17



David H. Smith, Chairman  
 Finance Committee



**CAPITAL PROJECTS  
BUDGET AND EXPENDITURE REPORT**  
Reporting Period JUNE 2017  
**UPDATE INCURRED TO DATE**

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	4,314	1,780,635	7,831,165	9,611,800	0
Drop Creek Structure Construction	550,000		24,349	525,651	550,000	0
Valley-Wide Paving	510,000		406,125	103,875	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
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	22,525	10,875	33,400	0
Gateway Clubhouse Automatic Doors	27,000			27,000	27,000	0
Rossmoor Gardens Chain Link Fence	26,500			26,500	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		2,104	6,296	8,400	0
<b>TOTAL</b>	<b>11,963,600</b>	<b>11,105</b>	<b>2,399,969</b>	<b>9,563,631</b>	<b>11,963,600</b>	<b>0</b>

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

**MACHINERY & EQUIPMENT  
BUDGET AND EXPENDITURE REPORT**

Reporting Period: MAY 2017

<b>Project</b>	<b>Approved Budget</b>	<b>Incurred To-Date</b>	<b>Forecast To-Complete</b>	<b>Est. Final Expenditure</b>	<b>Under/(Over) Budget</b>
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
<b>TOTAL</b>	<b>593,500</b>	<b>431,845</b>	<b>159,733</b>	<b>591,578</b>	<b>1,922</b>

Agenda Item: 8a  
Subject: 2018 Budget Calendar  
Meeting Date: June 29, 2017

***SUMMARY REPORT  
GOLDEN RAIN FOUNDATION BOARD OF DIRECTORS***

**REPORT PREPARED BY:**

Rick Chakoff, CFO

**REQUESTED ACTION/RECOMMENDATION:**

Approve the 2018 budget development calendar.

**BACKGROUND:**

Staff prepared a calendar that includes various milestones and meeting dates for the development of the 2018 GRF budget. The calendar will be submitted to the GRF Finance Committee for their review and recommendation to the Board.

**ALTERNATIVES AND OPTIONS:**

The Board may approve the calendar as submitted or make modifications as needed.

**SUBSEQUENT ACTIONS:**

Once approved, staff will proceed with the preparation of the 2018 GRF budget.

**ATTACHMENTS:**

A draft copy the 2018 budget calendar

## 2018 Budget Calendar

<u>Date</u>	<u>Task</u>
June 23	Distribute draft budget principles to Finance Committee and GRF Board
June 27	Discussion of budget principles with Finance Committee
June 29	Finance Committee recommends budget principles to GRF Board
June 29	GRF Board adopts budget principles
September 5	Staff delivers draft budget package to Finance Committee and GRF Board
September 5	Post draft budget info to the Rossmoor web site and provide hard copy to library
September 12	Draft budget presentation workshop with GRF Board and Finance Committee
September 13	Second Workshop
September 26	Regular Finance Committee meeting - final budget recommendations
September 28	Regular GRF Board meeting - budget approved

Agenda Item: 8b  
Subject: FY 2018 Operations Budget  
Principles  
Meeting Date: June 29, 2017

***SUMMARY REPORT  
GOLDEN RAIN FOUNDATION BOARD OF DIRECTORS***

**REPORT PREPARED BY:**

Rick Chakoff, CFO

**REQUESTED ACTION:**

Approve the FY 2018 Operations Budget Principles.

**RECOMMENDATION:**

The Finance Committee should complete its review of the Draft Budget Principles on June 27<sup>th</sup>. The Committee will then forward to the Board its final recommendations for FY 2018 Budget Principles for the Board's consideration at its June 29<sup>th</sup> meeting.

**BACKGROUND:**

As the process to prepare the FY 2018 GRF operations budget begins staff prepares a set of budget principles. The principles will provide guidance to the staff as the detailed budget package is prepared for consideration and approval by the Finance Committee and the GRF Board in September.

**SUBSEQUENT ACTIONS:**

Staff will proceed to prepare the draft budget consistent with the adopted principles.

**ATTACHMENT:**

Draft FY 2018 Budget Principles



**FISCAL YEAR 2018 GOLDEN RAIN FOUNDATION BOARD OF DIRECTORS'****OPERATIONS BUDGET PRINCIPLES**

In order to provide direction to the Chief Executive Officer, the Chief Financial Officer, and GRF staff as they prepare the draft 2018 budget, the Board of Directors has adopted the following Budget Principles:

1. The budget will be prepared as a “base line” budget reflecting a program service package identical to the fiscal year 2017 program. This “base line” budget may be subject to adjustments but only after any proposed change has been evaluated by the Board and taking into consideration all of the information developed as a result of the following principles.
2. The budget will include a line item expenditure summary for each operating department.
3. The budget will utilize price projections prepared by the CFO for common commodities; e.g., fuel, utilities, and postage, for use by all operating departments and divisions as they prepare their individual budgets.
4. For any proposed new program or program augmentation, including programs initiated by Board action, the responsible department or division must prepare a memorandum to describe and justify the new program and quantify the cost. In addition, this process will be used to justify/document one time or limited duration increases in program; e.g., undertaking a study, preparing a report or a plan, or conducting a special event.
5. The budget will include sufficient funds for facility/property maintenance programs as identified in the Long-Range Comprehensive Capital Improvement plan.
6. To the extent such opportunities are identified by staff, the Finance Committee, or the GRF Board, the budget process will explore opportunities for increasing revenue or developing new sources of revenue which could accrue to the operations budget and, in turn, reduce the annual GRF coupon amount.
7. To the extent such opportunities are identified by staff, the Finance Committee, or the GRF Board, the budget process will explore opportunities to more fully recover program activity costs, implementation of which would increase revenue and thereby reduce the annual GRF coupon amount.

8. To the extent such opportunities are identified by staff, the Finance Committee, or the GRF Board, the budget process will explore opportunities to improve productivity or modify or eliminate program activities, implementation of which would reduce operation costs which, in turn, could reduce the amount of the annual GRF coupon. The budget process will also review any prior year's program changes, to evaluate the effectiveness of those changes.
9. Insurance premium costs will be based on estimates provided by our broker, Arthur J. Gallagher, including workers compensation insurance projections.
10. The budget will include background information to explain any major factors driving significant year over year change in personnel costs.
11. The budget will discuss, in the line item budget narrative, any significant anticipated 2017 year end (over or under) differences.
12. There can be an increase in the GRF staffing level in 2018: 1) if the Board approves new or expanded programs or additional staff, or 2) an emergency arises.
13. The budget will include the following wage adjustment pools for non-union employees:
  1. A wage increase amount equivalent to the CPI-U published by the Federal Bureau of Labor Statistics for the San Francisco Bay Area for the most recent 12 month period ending April 30.
  2. A \$70,000 pool to be used by the CEO to recognize and reward eligible employees not subject to discipline or performance improvement plans who demonstrated exemplary performance during the budget year, as evidenced by an objective performance evaluation, subject to applicable wage caps established by the Compensation Management Structure.
  3. A \$15,000 pool to be used to bring current employees to at least the floor of their band, to be distributed at the discretion of the CEO.
14. The budget will include any possible bonus or compensation adjustment for the CEO.
15. The budget will include any wage or benefit adjustments to comply with union contract provisions.
16. The year-end operating fund operating cash balance will be targeted at \$1.5 million.
17. Projected operating cash in excess of the amount targeted in Principle 16 may be used as a source of funds to offset operation costs.
18. The budget will include sufficient funds to make the defined benefit pension plan contribution in 2018 as recommended by the plan actuary.
19. The budget shall include TV and broadband services.

**Golden Rain Foundation**  
**Trust Estate Fund Projection**  
in thousands (000's)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
<b>Beginning Balance 05/31/16</b>	3,467	491	1,742	2,727	3,658	4,721	4,903	6,169	6,839	7,725	8,649	9,901	10,853	13,554	16,068	18,646	20,143	32,018	3,467
<b><u>Estimated Revenues:</u></b>																			
Membership transfer fees	1,809	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	10,800	59,409
Medical Center rent	378	660	677	694	711	729	747	766	785	804	825	845	866	888	910	933	956	2,627	13,174
Credit line	5,600																		5,600
Total	<b>7,787</b>	<b>4,260</b>	<b>4,277</b>	<b>4,294</b>	<b>4,311</b>	<b>4,329</b>	<b>4,347</b>	<b>4,366</b>	<b>4,385</b>	<b>4,404</b>	<b>4,425</b>	<b>4,445</b>	<b>4,466</b>	<b>4,488</b>	<b>4,510</b>	<b>4,533</b>	<b>4,556</b>	<b>13,427</b>	<b>78,183</b>
<b><u>Estimated Expenditures</u></b>																			
<b>Approved Expenditures</b>	1,893																		1,893
<b>Total per Long Range Plan</b>		890	1,200	1,298	1,211	2,137	1,100	1,742	1,572	1,580	1,671	2,396	1,006	1,443	1,401	2,505	873	912	24,937
<b>Del Valle Renovation</b>	7,831																		7,831
<b>Debt Service:</b>																			
Mechanics Bank loan-Creekside- Loan #1	437	749	749	749	749	749	749	749	749	749	378								7,556
Mechanics Bank loan-Event Ctr- Loan #2	502	839	812	785	757	730	701	674	647	620	593	566	228						8,454
Mechanics Bank loan-Fitness-Loan #3		531	531	531	531	531	531	531	531	531	531	531	531	531	531	531			7,965
Credit line interest	100																		100
Total Estimated Expenditures	<b>10,763</b>	<b>3,009</b>	<b>3,292</b>	<b>3,363</b>	<b>3,248</b>	<b>4,147</b>	<b>3,081</b>	<b>3,696</b>	<b>3,499</b>	<b>3,480</b>	<b>3,173</b>	<b>3,493</b>	<b>1,765</b>	<b>1,974</b>	<b>1,932</b>	<b>3,036</b>	<b>873</b>	<b>912</b>	<b>58,736</b>
Revenue minus expense	<b>(2,976)</b>	<b>1,251</b>	<b>985</b>	<b>931</b>	<b>1,063</b>	<b>182</b>	<b>1,266</b>	<b>670</b>	<b>886</b>	<b>924</b>	<b>1,252</b>	<b>952</b>	<b>2,701</b>	<b>2,514</b>	<b>2,578</b>	<b>1,497</b>	<b>3,683</b>	<b>12,515</b>	<b>19,447</b>
Ending Fund Balance	<b>491</b>	<b>1,742</b>	<b>2,727</b>	<b>3,658</b>	<b>4,721</b>	<b>4,903</b>	<b>6,169</b>	<b>6,839</b>	<b>7,725</b>	<b>8,649</b>	<b>9,901</b>	<b>10,853</b>	<b>13,554</b>	<b>16,068</b>	<b>18,646</b>	<b>20,143</b>	<b>23,826</b>	<b>44,533</b>	<b>22,914</b>

**Mechanics Bank Credit Line Activity**

Beginning Credit Line Balance	-	5,600
Borrowing	5,600	-
Convert to fixed loan		(5,600)
Ending Credit Line Balance	<u>5,600</u>	<u>-</u>

**SUMMARY REPORT  
 GOLDEN RAIN FOUNDATION BOARD OF DIRECTORS**

**REPORT PREPARED BY:**

Paul Donner  
 Director of Mutual Operations

**REQUESTED ACTION/RECOMMENDATION:**

Approve a contract with Oak Park Construction in the amount of \$83,677 to install a new overhead piping system in the Hillside Clubhouse to replace the original installation.

**BACKGROUND:**

This project was first proposed in 2016 to correct plumbing issues discovered during a water loss in the HSCH kitchen. In June 2015 a water line ruptured and flooded the kitchen requiring the dry out and ceiling removal of the kitchen. During repair efforts it was discovered that the existing plumbing was in poor condition and in need of replacement. Many areas showed signs of stressed pipe and some areas had been wrapped with tape to prevent leaking. The hot water heater located in the attic was not in accordance with building code requirements posing additional potential for failure. Due to the possibility of a water loss damaging the HSCH Diablo Room wood parquet floor and asbestos ceiling and walls the GRF approved a study and design for replacement of the system.

The new design involves removing the existing piping in the ceiling and rerouting to the outside of the build. The exterior piping will be housed in a decorative molding under the eaves of the building. The water heater will be brought up to code to prevent possible leaks and early failure.

Architectural Networks completed the drawings and Davis Home Pros pulled the permit to ensure no surprise costs would be encountered in the bidding. Staff solicited bids from 5 contractors with two contractors responding. Summary of the bid is as follows:

Davis Home Pros:	\$99,124
Oak Park Construction	\$83,677
Hagenbach Const	Did not return phone call
Mark Scott Const	Decline to bid
BCD Company	Declined to bid

**ALTERNATE AND OPTIONS:**

The Board could defer the project. It should be noted that deferral of the project could result in major water damage to the clubhouse.

**SUBSEQUENT ACTIONS:**

If approved by the Board work would begin on the project as soon as it could be scheduled.

**FINANCIAL IMPACT:**

This project is similar to the Gateway Clubhouse Overhead Piping project originally presented as part of the 2012 Trust Facilities/Property Maintenance projects budget for 2012. As part of that budget process the Golden Rain Board decided to move the project to the Trust Estate projects. It is recommended that the Hillside project be funded from the Trust Estate Fund based on past Board practice.

The financial impact for the project if approved in total is \$83,677. If approval is granted the total amount spent would reflect the approval amount. Funding would come from the Trust Estate Fund.