

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING
TUESDAY, MARCH 27, 2018, 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 OF FEBRUARY 20, 2018 (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. Discuss Mechanics Bank Loan. (Attachment)
9. ADJOURNMENT
10. NEXT REGULAR MEETING: Tuesday, April 24, 2018, at 9:00 a.m. in the Board Room at Gateway Complex.

cc: GRF Board

FINANCE COMMITTEE REPORT

REGULAR MEETING
TUESDAY, FEBRUARY 20, 2018, AT 9:00 A.M.

A regular meeting of the Finance Committee was convened by David H. Smith, Chairman, at 9:00 a.m. on Tuesday, February 20, 2018, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were Jean A. Autrey, Mary K. Neff, Paul Rosenzweig, Della C. Temple, and Gery Yearout. William Dorband was excused. Also attending were Geraldine Pyle, President, Stephen D. Roath, Vice President, Robert D. Kelso, Secretary, and Leslie Birdsall, Sue DiMaggio Adams and Melvin C. Fredlund, Directors, GRF; Timothy O'Keefe, CEO; Richard S. Chakoff, CFO; Paul J. Donner, Director, Mutual and Trust Operations; Deborah Rose, Senior Administrative Assistant, Executive Services; and three residents. Attendance

The report of the Committee's regular meeting of January 23, 2018, was approved as written. Report Approved

During the Residents' Forum, Mr. Kelso shared his idea regarding agenda item 7a, Trust versus Operating expenditures, and Policy 102.3, Allocation of Revenue and Expenses. He then went on to say that the current GRF Board agenda line item from the Planning Committee, regarding traffic safety improvements, should have been run through the Finance Committee first before being presented to the Board. Residents' Forum

Messrs. Smith and O'Keefe addressed Mr. Kelso's comment regarding the Planning Committee's recommendations. Discussion followed.

Mr. O'Keefe provided an update regarding last week's Tice Creek Fitness Center's Grand Opening. He stated that a couple hundred people were in attendance for the presentation, and he noted that there were several hundred more in attendance that had left prior to the presentation. He shared that there was positive feedback. He also provided updates regarding the upcoming Board agenda items, noting specifically the Traffic Safety Study, Transit Study, Gateway Studio renovation, a new process for service level review, and risks and options for funding a geological hazard. Discussion followed. Staff Reports

Mr. Chakoff reviewed the GRF financial statements for January. Discussion followed.

After discussion, the Chairman stated that the size and terms of the permanent financing to replace the construction loan for the construction of the Tice Creek Fitness Center will be placed on the agenda for discussion at the next meeting of the Committee. Agenda Item for Next Meeting/ Staff Reports

Mr. Donner then reviewed the January Trust Facilities and Property Maintenance Report, the Capital Projects Budget and Expenditure Report, and the Machinery & Equipment Budget and Expenditure Report. Discussion followed. Continued

A memorandum prepared by Ms. Autrey and commented on by Mr. Rosenzweig regarding Policy 102.3 and circulated to members of the Committee was then discussed, as well as the propriety of circulating such a memorandum by email. The Open Meeting Clarification

Chairman stated that Ms. Autrey had asked him if she might circulate the memorandum, and he encouraged her to do so in order to stimulate thought and discussion. It was suggested by Mr. Grafals that while doing so was not improper, a better procedure might be to attach the memorandum to the agenda. A copy of the memo was distributed to those in attendance. (Attachment)

There was then a discussion regarding the history of Policy 102.3.

A motion was made by Ms. Autrey and seconded by Mrs. Temple to recommend to the GRF Board to amend Policy 102.3, Allocation of Revenue and Expenses, based on recommendations contained in the memorandum that Ms. Autrey wrote. Following discussion Ms. Autrey and Mrs. Temple withdrew their motion.

Motion
re.Policy
102.3

A motion was made by Ms. Autrey and seconded by Mrs. Temple to recommend to the GRF Board that Policy 102.3 be amended to provide that the revenue from the RV parking lot be moved to the coupon. The vote on the motion was taken, and the motion CARRIED, with Mr. Rosenzweig voting no.

Recom-
mendation
re. Revenue
from RV
Parking Lot

It was moved by Ms. Autrey and seconded by Mrs. Temple to recommend to the GRF Board that Policy 102.3, Allocation of Revenue and Expenses, Section I, Trust Revenue, be amended as follows (additions in italics):

Recom-
mendation
re.Policy
102.3,
Section I

“membership transfer fees;

earnings on Trust assets held for investment, including interest and Medical Center rent;

fees for capital equipment purchased for MOD Reimbursement by MOD for capital equipment purchased by the trust on their behalf;

gifts to the Trust (either for construction of a specific Trust asset or for general Trust activities).

Resale Community Facilities Fee (policy 102.1.2)”

The motion was CARRIED, with Mr. Rosenzweig voting no.

It was moved by Ms. Autrey and seconded by Mrs. Temple to recommend to the GRF Board that Policy 102.3, Allocation of Revenue and Expenses, Section II, be amended as follows (additions in italics):

Recom-
mendation
re.Policy
102.3,
Section II

“construction of new facilities or capitalized major renovations to existing facilities;

1. fees for work done by non-GRF employees in anticipation of a capital project, including architect fees, engineering studies and consultant fees. Abandoned projects are an expense of the

Trust.

2. any cost of temporary facilities required due to construction;
and repair of changes that occurred due to construction;

acquisition or replacement of capitalized assets, including but not limited to, vehicles, landscape and Golf Course maintenance equipment, large computer systems, major software purchases, and major equipment items such as Fitness Center machines and video projector systems and roadways; and

bank charges, loan fees and debt service (principal and interest) for loans associated with Trust operations.

Tangible property costing \$5,000 or less per item comprising a set or system, with an aggregate cost of \$80,000 or greater and a useful life in excess of one year, at the discretion of the GRF Board of Directors upon approval of the annual GRF budget. Pooled Assets - tangible property costing \$5,000 or less per item but capitalized when part of a set."

A motion was made by Mr. Rosenzweig to amend the main motion as follows: take valley wide paving out of Trust expenses and bring back to the coupon. The motion DIED for lack of a second.

The vote was then taken on the main motion, and the motion CARRIED, with Mr. Rosenzweig voting no.

A motion was made by Ms. Autrey to recommend to the GRF Board to eliminate the entire paragraph in Policy 102.3, Allocation of Revenue and Expenses, Section IV. The motion DIED for lack of a second.

Recom-
mendation
re.Policy
102.3,
Section IV

A motion was made by Mrs. Temple and seconded by Ms. Autrey to recommend to the GRF Board that Policy 102.3, Allocation of Revenue and Expenses, Section III, be amended as follows (additions in italics):

Recom-
mendation
re.Policy
102.3,
Section III

"monthly fees collected from each manor for the operation of Rossmoor;

fees collected for normal operation of Trust properties, including but not limited to, all golf course related revenue; room rental charges; sales of advertising; Creekside restaurant, catering and bar rents and revenues; and sales of Vehicle Access Devices.

charges for programs and activities sponsored by GRF, e.g., Recreation Department concerts or excursions.

earnings on operating fund assets held for investment, including interest; and

miscellaneous items including but not limited to facilities usage fee,

guest fees, handyman income, personal training income, RV rental fees and contractual business income from the Waterford and from vehicle maintenance.”

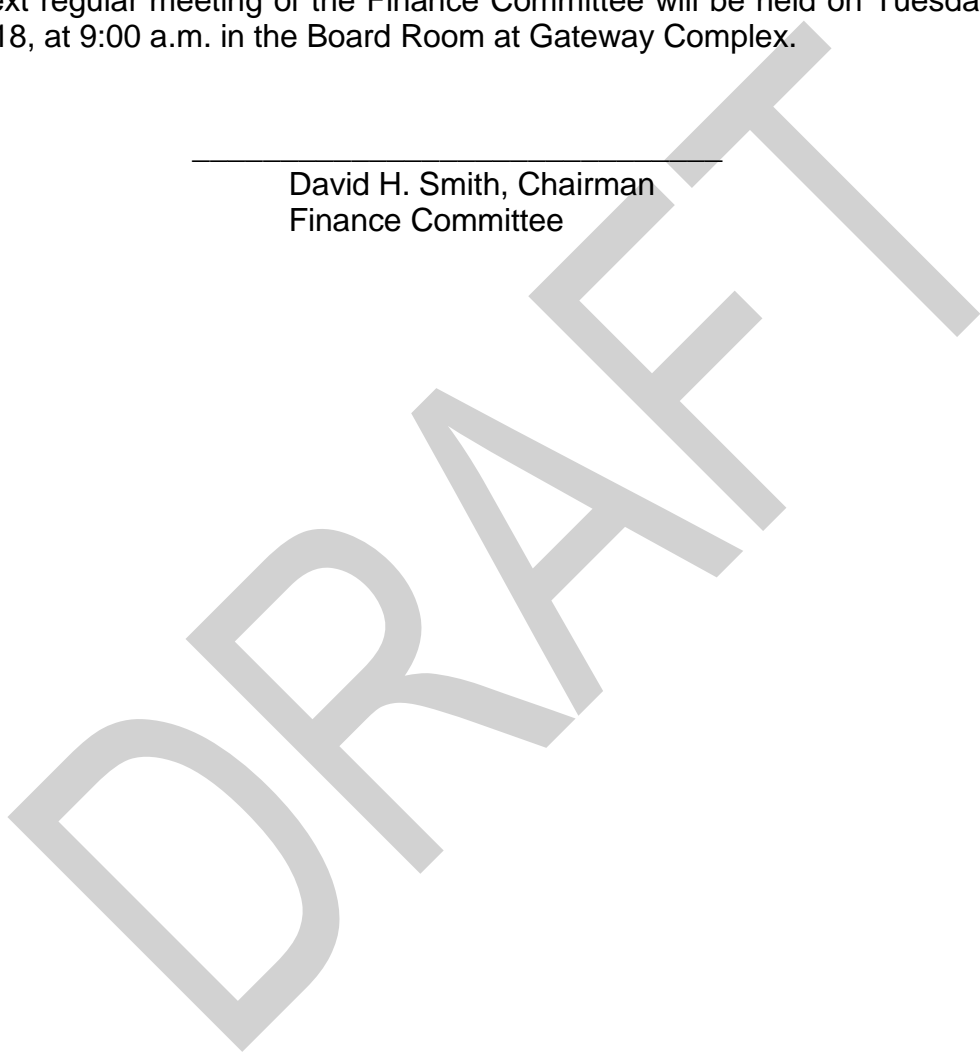
The vote on the motion was taken, and the motion CARRIED, with Mr. Rosenzweig voting no.

There being no further business to come before the Committee, the meeting was Adjournment adjourned at 11:07 a.m.

The next regular meeting of the Finance Committee will be held on Tuesday, March Next Mtg. 3/27/18 27, 2018, at 9:00 a.m. in the Board Room at Gateway Complex.

David H. Smith, Chairman
Finance Committee

dr



**YR2018 TRUST FACILITY / PROPERTY MAINTENANCE
COST & COMMITMENT REPORT**
Reporting Period: February 2018

Project	Approved Budget	Reporting Period Expenditures	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget	Status
Dollar							
Pool Deck Repairs	20,000	0	0	20,000	20,000	0	
Patio Lights Replacement	8,000	0	0	8,000	8,000	0	
Restroom Casualty Loss	0	0	56,702	0	56,702	(56,702)	
Gateway							
Painting	75,000	0	0	75,000	75,000	0	
Public Works							
Street Maintenance	50,000	9,300	16,500	33,500	50,000	0	
Sidewalk Maintenance	65,000	0	0	65,000	65,000	0	
Water, Drainage, Sewer Maintenance	16,000	1,315	1,315	14,685	16,000	0	
Open Space							
Open Space Maintenance	25,000	0	0	25,000	25,000	0	
Defensible Space Fire Abatement	15,000	0	0	15,000	15,000	0	
Trails Maintenance	10,000	310	331	9,669	10,000	0	
Valleywide							
Equipment Replacements	38,000	0	0	38,000	38,000	0	
Fence Painting (Dollar & Hillside Pools)	22,000	0	0	22,000	22,000	0	
Facilities Wood Staining	50,000	0	0	50,000	50,000	0	
Flooring Repairs	15,000	0	0	15,000	15,000	0	
Golf Course							
Cart Path Repair Program	45,000	0	0	45,000	45,000	0	
TOTAL	454,000	10,925	74,848	435,854	510,702	(56,702)	

**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period FEBRUARY 2018

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	143,146	8,635,290	976,510	9,611,800	0
Valley-Wide Paving	460,000			460,000	460,000	0
Drop Creek Structure Construction	950,000	1,425	817,214	132,786	950,000	0
Del Valle Pools Project	520,000		523,740	0	523,740	(3,740)
Repave MOD Parking Lot	211,500			211,500	211,500	0
Hillside Clubhouse Improvements	130,000		21,355	108,645	130,000	0
Corp Yard Fire & Domestic Water Lines Replacement	120,000			120,000	120,000	0
Hillside Overhead Piping Project	90,000		83,637	6,363	90,000	0
Rossmoor Gardens Restroom	88,000		4,093	83,907	88,000	0
Dollar Clubhouse Accessibility Improvements	80,000			80,000	80,000	0
Storm Water Filtration System	70,000			70,000	70,000	0
Rossmoor & Cactus Gardens Fencing Replacement	65,000			65,000	65,000	0
Dollar Ranch Ninth Green Reconstruction	60,000			60,000	60,000	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		2,815	13,685	16,500	0
TOTAL	12,515,800	144,571	10,088,145	2,431,395	12,519,540	(3,740)

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: FEBRUARY 2018

Project	Approved Budget	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget
MOD Vehicles (9)	308,000		308,000	308,000	0
Backup Generators-Business Resumption	93,000		93,000	93,000	0
Mowers (2)	77,000		77,000	77,000	0
GRF Vehicles (2)	63,500	7,994	55,506	63,500	0
Nimble Data Storage System-Business Resumption	58,600	58,491	(0)	58,491	109
Rossmoor Website Redesign	49,000	19,600	29,400	49,000	0
Sprayer	45,000		45,000	45,000	0
NewTek TriCaster Streaming System	45,000		45,000	45,000	0
Windscreens Replacement Buckeye Tennis	30,000		30,000	30,000	0
Tractor	30,000		30,000	30,000	0
Heater Replacement Hillside Clubhouse Pool	28,000		28,000	28,000	0
Barracuda Cloud Backup System	20,000		20,000	20,000	0
Backup Network Server-Business Resumption	11,100		11,100	11,100	0
Phone System Controller-Business Resumption	10,350	7,817	2,533	10,350	0
Battery Backup Gateway-Business Resumption	9,000		9,000	9,000	0
Flat Screen TV Replacement Event Center	8,000		8,000	8,000	0
Scrubber for Hillside Clubhouse	7,900		7,900	7,900	0
Heater Replacement Dollar Clubhouse Pool	7,000		7,000	7,000	0
Sod Cutter	5,500		5,500	5,500	0
TOTAL	905,950	93,903	811,938	905,841	109

Golden Rain Foundation
Trust Estate Fund Projection - Base Case
in thousands (000's)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 - 2034	Total
Beginning Balance 02/28/2018	210	1,028	1,568	2,563	3,582	4,034	5,370	6,118	7,090	8,143	9,457	10,366	210
<u>Estimated Revenues:</u>													
Membership transfer fees	3,000	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	21,600	60,600
Medical Center rent	551	677	694	711	729	747	766	785	804	825	845	5,533	13,667
Credit line	1,940												1,940
Total	5,491	4,277	4,294	4,311	4,329	4,347	4,366	4,385	4,404	4,425	4,445	27,133	76,207
<u>Estimated Expenditures</u>													
Approved Expenditures	2,050												2,050
Total per Long Range Plan		1,696	1,285	1,306	1,918	1,081	1,715	1,537	1,502	1,660	2,490	8,407	24,597
Del Valle Renovation	977												977
Debt Service:													
Mechanics Bank loan-Creekside- Loan #1	624	749	749	749	749	749	749	749	749	378			6,994
Mechanics Bank loan-Event Ctr- Loan #2	697	812	785	757	730	701	674	647	620	593	566	228	7,810
Mechanics Bank loan-Fitness-Loan #3	240	480	480	480	480	480	480	480	480	480	480	2,160	7,200
Credit line interest	85												85
Total Estimated Expenditures	4,673	3,737	3,299	3,292	3,877	3,011	3,618	3,413	3,351	3,111	3,536	10,795	49,713
Revenue minus expense	818	540	995	1,019	452	1,336	748	972	1,053	1,314	909	16,338	26,494
Ending Fund Balance	1,028	1,568	2,563	3,582	4,034	5,370	6,118	7,090	8,143	9,457	10,366	26,704	26,704

Golden Rain Foundation
Trust Estate Fund Projection - Potential Projects
in thousands (000's)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 - 2034	Total
Beginning Balance 02/28/2018	210	1,796	1,323	2,155	3,011	3,300	4,473	5,058	5,867	6,757	7,908	8,654	210
<u>Estimated Revenues:</u>													
Membership transfer fees	3,000	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	21,600	60,600
Medical Center rent	551	677	694	711	729	747	766	785	804	825	845	5,533	13,667
Credit line	3,640											-	3,640
Total	7,191	4,277	4,294	4,311	4,329	4,347	4,366	4,385	4,404	4,425	4,445	27,133	77,907
<u>Estimated Expenditures</u>													
Approved Expenditures	2,050											-	2,050
Total per Long Range Plan		1,696	1,285	1,306	1,918	1,081	1,715	1,537	1,502	1,660	2,490	8,407	24,597
Del Valle Renovation	977											-	977
Potential projects	850	850										-	1,700
												-	-
												-	-
Debt Service:													
Mechanics Bank loan-Creekside- Loan #1	624	749	749	749	749	749	749	749	749	378		-	6,994
Mechanics Bank loan-Event Ctr- Loan #2	697	812	785	757	730	701	674	647	620	593	566	228	7,810
Mechanics Bank loan-Fitness-Loan #3	322	643	643	643	643	643	643	643	643	643	643	2,894	9,646
Credit line interest	85											-	85
Total Estimated Expenditures	5,605	4,750	3,462	3,455	4,040	3,174	3,781	3,576	3,514	3,274	3,699	11,529	53,859
Revenue minus expense	1,586	(473)	832	856	289	1,173	585	809	890	1,151	746	15,604	24,048
Ending Fund Balance	1,796	1,323	2,155	3,011	3,300	4,473	5,058	5,867	6,757	7,908	8,654	24,258	24,258

Mechanics Bank Credit Line Activity

Beginning Credit Line Balance	3,060
Borrowing	3,640
Convert to fixed loan	(6,700)
Ending Credit Line Balance	-

(1) Excludes MOD expenditures reimbursed to the Trust via a use fee = to depreciation expense on the assets purchased

Golden Rain Foundation
Trust Estate Fund Projection - \$8 Million Loan
in thousands (000's)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 - 2034	Total
Beginning Balance 02/28/2018	210	3,034	2,436	3,143	3,874	4,038	5,086	5,546	6,230	6,995	8,021	8,642	210
<u>Estimated Revenues:</u>													
Membership transfer fees	3,000	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	21,600	60,600
Medical Center rent	551	677	694	711	729	747	766	785	804	825	845	5,533	13,667
Credit line	4,940											-	4,940
Total	8,491	4,277	4,294	4,311	4,329	4,347	4,366	4,385	4,404	4,425	4,445	27,133	79,207
<u>Estimated Expenditures</u>													
Approved Expenditures	2,050												2,050
Total per Long Range Plan		1,696	1,285	1,306	1,918	1,081	1,715	1,537	1,502	1,660	2,490	8,407	24,597
Del Valle Renovation	977												977
Potential projects	850	850											1,700
<u>Debt Service:</u>													
Mechanics Bank loan-Creekside- Loan #1	624	749	749	749	749	749	749	749	749	378			6,994
Mechanics Bank loan-Event Ctr- Loan #2	697	812	785	757	730	701	674	647	620	593	566	228	7,810
Mechanics Bank loan-Fitness-Loan #3	384	768	768	768	768	768	768	768	768	768	768	3,456	11,520
Credit line interest	85												85
Total Estimated Expenditures	5,667	4,875	3,587	3,580	4,165	3,299	3,906	3,701	3,639	3,399	3,824	12,091	55,733
Revenue minus expense	2,824	(598)	707	731	164	1,048	460	684	765	1,026	621	15,042	23,474
Ending Fund Balance	3,034	2,436	3,143	3,874	4,038	5,086	5,546	6,230	6,995	8,021	8,642	23,684	23,684

Mechanics Bank Credit Line Activity

Beginning Credit Line Balance	3,060
Borrowing	4,940
Convert to fixed loan	(8,000)
Ending Credit Line Balance	-

(1) Excludes MOD expenditures reimbursed to the Trust via a use fee = to depreciation expense on the assets purchased

Debt Capacity

The following schedule provides the additional debt capacity based on three different loan take-out scenarios:

Take-out Amount	Additional Debt Capacity
5,000,000	4,865,000
6,700,000	3,265,000
8,000,000	2,070,000