

A regular meeting of the Board of Directors of the Golden Rain Foundation of Walnut Creek will be held in Peacock Hall at Gateway Complex, commencing at 9:00 a.m. on Tuesday, March 13, 2018. The agenda for the meeting is listed below. It is sometimes necessary to add agenda items for consideration by the Board after the agenda has been prepared and distributed. These items will be described in the agenda available at the Board meeting. Regular meetings of the Board of Directors are open, and comments from residents are always welcome during the Residents' Forum.

A G E N D A

GOLDEN RAIN FOUNDATION OF WALNUT CREEK

REGULAR MEETING OF THE BOARD OF DIRECTORS TUESDAY, MARCH 13, 2018, AT 9:00 A.M.

MEETING CALLED TO ORDER: Geraldine Pyle, President

2. ROLL CALL: Pyle (G), Roath (F), Kelso (D), Neff (H), Adams (A), Birdsall (I), Brown (B), Fredlund (C), and O'Keefe, ex-officio member

3. RESIDENTS' FORUM

4. UNFINISHED BUSINESS

5. NEW BUSINESS

- a. Accept monetary donation from the Reynolds Family Trust and Friends of the Rossmoor Pickleball Club to cover the cost of adding signage at the entrance to the new Tice Creek Fitness Center as shown in the attached. (Attachment) **Page 1**
- b. Consider approving, as recommended by the President, the appointment of a member to the Ad Hoc Technology Committee to replace Wayne B. Lanier, who resigned.
- c. Discuss Tice Creek Fitness Center loan amount and capital items to refer to the GRF Finance Committee for further analysis. (Attachment) **Page 5**
- d. Discuss risks and options for geologic hazards. (Attachment) **Page 14**

6. ANNOUNCEMENTS

- a. The next end-of-the month regular meeting of the Board will be held on Thursday, March 29, 2018, at 9:00 a.m. in Peacock Hall at Gateway Complex.

7. EXECUTIVE SESSION

- a. If an executive session is necessary, it will be announced during the regular meeting. Executive session topics are restricted to legal, personnel, and third-party contract matters.

8. RECESS OR ADJOURNMENT

Meeting Date: March 13, 2018

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

REPORT PREPARED BY:

Jeff Matheson, Director of Resident Services

REQUESTED ACTION/RECOMMENDATION:

Accept monetary donation from the Reynolds Family Trust and Friends of Rossmoor Pickleball Club to cover the cost of adding signage at the entrance to the new Tice Creek Fitness Center as shown in the attached

BACKGROUND:

Dale Reynolds is a member of the Aquatic Advisory Committee and the president of the Rossmoor Pickleball Club. Mr. Reynolds inquired as to plans for the exterior wall near the entrance to the new Tice Creek Fitness Center. Mr. Reynolds proposed this wall would be perfect to display the facility name in large letters.

Mr. Reynolds is offering, along with the Friends of Rossmoor Pickleball Club, to cover the cost of the proposed sign. Staff obtained a proposal from the same sign company that designed the interior and one exterior corner sign. The proposed design is attached. If accepted the sign would be install over the next few weeks.

ATTACHMENTS:

Proposed sign for entry of the Tice Creek Fitness Center

CRITERIA	Project:
Financial Impact	The cost of the proposed sign would be paid for by the donation.
Operational Efficiencies	NA
Dependencies	Installation of the sign is dependent on available funding. The donation from the Reynolds Family Trust will cover the cost.
Subsequent Actions	If the Board accepts the donation the sign will be ordered and installed in the next few weeks.
Alternatives/Options	Decide not to accept the donation or propose a different design for the sign.

Time-Frame	The sign will take a few weeks to install.
Advantages/Benefits	The wall is currently blank. With the added sign it will help identify the building and add to the presentation of the exterior.
Disadvantages/Risks	None

TICE CREEK
FITNESS CENTER

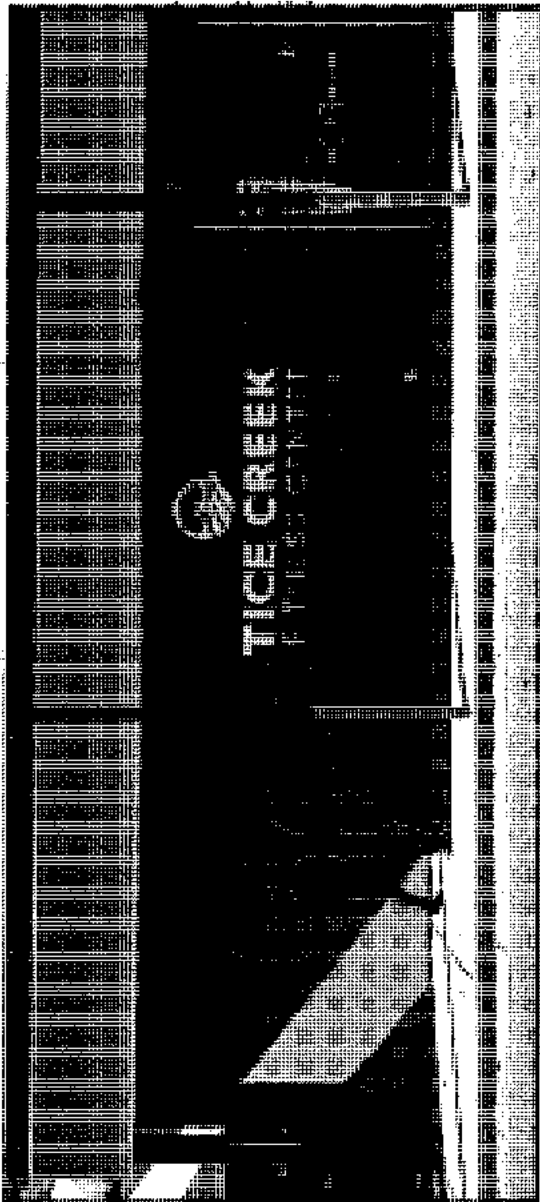
1751 Tice Creek Drive, Walnut Creek, CA 94595

Exterior Branding



Stanworth Signs 2017

116-1/2"



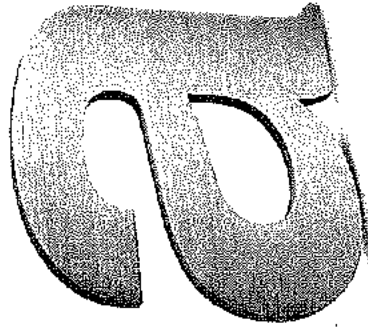
24-3/4" Logo bug

2-1/4"

8"

A Elevation
Scale: 1/4" = 1'-0"

1/2" thick brushed aluminum letters and logo \$2,506.00
1/4" thick brushed aluminum letters and logo \$1,762.00
Install \$425



B Brushed Aluminum Letter
No Scale



STANWORTH SIGNS
3107 Lippizaner Lane, Walnut Creek, CA 94598
925.360.6016 www.stanworthsign.com
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February 13, 2018

TICE CREEK FITNESS CENTER
1751 Tice Creek Drive, Walnut Creek, CA 94595

Sheet

2.0 5a-4

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Meeting Date: March 13, 2018

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

REPORT PREPARED BY:

Mary Neff, Treasurer
Rick Chakoff, CFO

REQUESTED ACTION/RECOMMENDATION:

Discuss Tice Creek Fitness Center loan amount and potential capital items. Create a list of the questions and issues to refer to the GRF Finance Committee for further analysis.

BACKGROUND:

Mechanics bank agreed to loan GRF up to \$8 million dollars to remodel the Tice Creek Fitness Center. It is estimated that GRF will need to borrow about \$5 million to complete the project, rather than the full \$8 million. The questions before the Board are: Are there capital projects in the next 18 months that will require Trust Estate funds? Should GRF borrow more than the minimum needed to finance the Fitness Center to provide a cushion for future anticipated capital projects?

Using the 6 attachments listed below, the Board will review and discuss the current balance in the Trust Estate Fund and the projected expenses. They will record their questions regarding the loan amount and refer them to the GRF Finance Committee for their analysis and advice.

The Board's final decision on the Fitness Center loan amount will be made at the April 26th GRF Meeting.

ATTACHMENTS:

- Decision Making Timeline (Attachment 1)
- Machinery & Equipment Budget – 2018 approved Dec. 7 2017 (Attachment 2)
- Capital Projects Budget – 2018 approved Dec. 7 2017 (Attachment 3)
- GRF Trust Estate Fund Report - Jan. 2018 (Attachment 4)
- Trust Estate Fund Projection (Attachment 5)
- Potential Major Projects (Attachment 6)

CRITERIA	Project:
Financial Impact	None at this time
Operational Efficiencies	N/A
Dependencies	N/A
Subsequent Actions	The Board's questions regarding the loan amount will be referred to the GRF Finance Committee for their analysis and advice
Alternatives/Options	N/A
Time-Frame	Decision needed by the April Board meeting
Advantages/Benefits	N/A
Disadvantages/Risks	N/A

March 13, 2018 - GRF Board begins discussion of Tice Creek Fitness Center loan amount

March 27, 2018 - GRF Finance Committee begins financial analysis of the required amount for the loan

March 29, 2018 - GRF Board meets and may further discuss the amount of the Tice Creek Fitness Center loan

April 24, 2018 - GRF Finance Committee makes recommendation on how much to borrow

April 26, 2018 - GRF Board makes decision on loan amount

May 10, 2018 - Last day GRF can draw down on the loan.

June 10, 2018 - The amount borrowed as of May 10, 2018 converts to a fixed loan

**Golden Rain Foundation
Machinery and Equipment Budget
2018
Attachment 2**

Back-up Page	Dept	Description	Cost
<u>GRF Operations</u>			
<u>Vehicles</u>			
1		Pickup truck	28,000
2		Utility vehicle-Golf	14,500
3		Trailer	13,000
4		Vehicle diagnostic unit upgrade	8,000
<u>Golf/Lawn Bowling</u>			
5		Traction mower	54,000
6		Sprayer	45,000
7		Tractor/Loader	30,000
8		Greens Mower-Lawn Bowling	23,000
9		Sod cutter	5,500
<u>Information Technology-General</u>			
10		Barracuda cloud backup system	20,000
<u>Information Technology-Business Resumption</u>			
11		Backup generators for servers and phone system	93,000
12		Nimble data storage system addition	58,600
13		Controlling backup network server	11,100
14		Secondary phone system controller	10,350
15		Battery back-up at Gateway	9,000
<u>Clubhouse & Facilities</u>			
16		Windscreens replacement at Buckeye tennis courts	30,000
17		Heater replacement at Hillside Clubhouse pool	28,000
18		Commercial 80" flat screen television replacement at the Event Center	8,000
19		Scrubber for floor cleaning at Hillside Clubhouse	7,900
20		Heater replacement at Dollar Clubhouse pool	7,000
<u>Rossmoor Channel 28</u>			
21		Rossmoor website redesign	49,000
22		NewTek TriCaster 8000 streaming system and recorder	45,000
Total GRF Operations			597,950
<u>MOD</u>			
23		Box truck	42,000
24		Service body truck	42,000
25		Service body truck	42,000
26		Service body truck	42,000
27		Pickup truck	28,000
28		Pickup truck	28,000
29		Pickup truck	28,000
30		Pickup truck	28,000
31		Pickup truck	28,000
Total MOD			308,000
Grand Total			\$ 905,950

**Golden Rain Foundation
Capital Projects Budget
2018
Attachment 3**

Back-up Page	Description	Cost
1	Valley-Wide Paving	460,000
2	Corporation Yard Fire and Domestic Water Lines Replacement	120,000
3	Dollar Clubhouse Accessibility Improvements	80,000
4	Storm Water Filtration System	70,000
5	Rossmoor and Cactus Gardens Perimeter Fencing Replacement	65,000
6	Dollar Ranch Ninth Green Reconstruction Project	60,000
Grand Total		<u>\$ 855,000</u>

**Golden Rain Foundation
Trust Estate Fund
Jan-18
Attachment 4**

	Current Month	YTD
Beginning Cash Balance	226,327	226,327
Additions		
Membership fee	297,000	297,000
Less amount financed	-	-
Payment on financed resale fee	25,438	25,438
Community facility resale fee	90	90
RV Space Rental	27,977	27,977
Corporation yard rental	525	525
JMMD rental	54,454	54,454
MOD use fee	13,793	13,793
Increase (Decrease) in Accounts Payable	(40,630)	(40,630)
Loan Proceeds	-	-
Total Income	<u>378,647</u>	<u>378,647</u>
Expenditures		
Gateway Clubhouse Electrical Imprvmnt		-
Gateway Studio Space Study		-
Del Valle Renovation Project	44,873	44,873
Del Valle Pools Project		-
Hillside Clubhouse Improvements		-
Hillside Plumbing Project		-
Creek Drop Structure	(400)	(400)
Valleywide Street Paving		-
Garden Fence		-
Garden Restroom Project		-
Dollar Access Improvements		-
MOD Conference Room		-
Machinery & equipment	74,303	74,303
Bank Interest	57,355	57,355
Loan principal payment-Mechanics (2)	45,000	45,000
Loan principal payment-Mechanics (1)	39,120	39,120
Total Expenditures	<u>260,251</u>	<u>260,251</u>
Ending Cash Balance	344,723	344,723

Mechanics Bank Loan (1)

Beginning Balance 06/19/2012		8,000,000
Payments:		<u>(2,348,251)</u>
Balance at:	01/31/18	<u><u>5,651,749</u></u>

Loan #1 (Matures 6/7/2027)

5,651,749	Principal Balance
<u>1,389,335</u>	Interest Balance
<u><u>7,041,084</u></u>	Total *

Mechanics Bank Loan (2)

Beginning Balance 06/30/2014		8,100,000
Payments:		<u>(1,935,000)</u>
Balance at:	01/31/18	<u><u>6,165,000</u></u>

Loan #2 (Matures 6/10/2029)

6,165,000	Principal Balance
<u>1,775,998</u>	Interest Balance
<u><u>7,940,998</u></u>	Total *

Mechanics Bank Loan (3)

Beginning Balance 10/31/2017		2,400,000
Loan Draws:		
Payments:		
Balance at:	01/31/18	<u><u>2,400,000</u></u>

* Total remaining principal and interest payments to maturity.

Golden Rain Foundation
Trust Estate Fund Projection
in thousands (000's)
Attachment 5

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028 - 2034	Total
Beginning Balance 10/31/17	192	109	483	1,057	2,086	3,139	3,625	4,995	5,777	6,783	7,870		192
<u>Estimated Revenues:</u>													
Membership transfer fees	495	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	25,200	61,695
Medical Center rent	109	660	677	694	711	729	747	766	785	804	825	6,378	13,885
Credit line	2,700	1,500										-	4,200
Total	3,304	5,760	4,277	4,294	4,311	4,329	4,347	4,366	4,385	4,404	4,425	31,578	79,780
<u>Estimated Expenditures</u>													
Approved Expenditures	994											-	994
Total per Long Range Plan			1,696	1,285	1,306	1,918	1,081	1,715	1,537	1,502	1,660	10,897	24,597
Del Valle Renovation	2,100	2,000										-	4,100
Draft Capital Budget (1)		1,453										-	1,453
												-	
Debt Service:												-	
Mechanics Bank loan-Creekside- Loan #1	125	749	749	749	749	749	749	749	749	749	378	-	7,244
Mechanics Bank loan-Event Ctr- Loan #2	143	839	812	785	757	730	701	674	647	620	593	794	8,095
Mechanics Bank loan-Fitness-Loan #3		260	446	446	446	446	446	446	446	446	446	2,416	6,690
Credit line interest	25	85										-	110
Total Estimated Expenditures	3,387	5,386	3,703	3,265	3,258	3,843	2,977	3,584	3,379	3,317	3,077	14,107	53,283
Revenue minus expense	(83)	374	574	1,029	1,053	486	1,370	782	1,006	1,087	1,348	17,471	26,497
Ending Fund Balance	109	483	1,057	2,086	3,139	3,625	4,995	5,777	6,783	7,870	9,218	17,471	26,689

Mechanics Bank Credit Line Activity

Beginning Credit Line Balance	500	3,200
Borrowing	2,700	1,500
Convert to fixed loan		(4,700)
Ending Credit Line Balance	3,200	-

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

Note - This forecast does not include projected expenditure for Gateway remodel included in the GRF Board goals

In addition, an IT expenditure for projected for 2019 in the amount of \$260,000 may be recommended to be completed in 2018

**Golden Rain Foundation
Potential Major Projects**

Project	Estimated Cost	
	Low	High
Hillside Clubhouse Renovation	\$ 2,000,000	\$ 15,000,000
Dollar Clubhouse Renovation	\$ 500,000	\$ 5,000,000
Pedestrian/traffic safety projects	\$ 52,000	\$ 1,300,000
Renovate Fireside Kitchen	\$ 100,000	\$ 500,000
MOD Office Renovation	\$ 1,000,000	\$ 10,000,000
Alternative Energy Conservation Projects	\$ 100,000	\$ 500,000
Gateway Studios Improvements	\$ 250,000	\$ 1,500,000
Outdoor Pickleball Court Complex	\$ 400,000	\$ 1,000,000
Creek Restoration	\$ 1,000,000	\$ 10,000,000
Water Reclamation Facility	\$ 8,000,000	\$ 15,000,000
Drought tolerant design - golf & parks	\$ 500,000	\$ 2,000,000
Garden Club Improvements	\$ 100,000	\$ 150,000
Electric Vehicle Charging Stations	\$ 61,000	\$ 77,000
Entry Monument at Rossmoor Pkwy and Golden Rain Rd	\$ 50,000	\$ 250,000
Replace two Restrooms (Buckeye, Dollar Ranch)	\$ 200,000	\$ 400,000
Add spa at Hillside	\$ 100,000	\$ 200,000
Database Synchronization Project	\$ 100,000	\$ 300,000
	\$ 14,513,000	\$ 63,177,000

Meeting Date: March 13, 2018

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

REPORT PREPARED BY:
Anthony Grafals, General Counsel

REQUESTED ACTION/RECOMMENDATION:
Consider Establishment of Reserves for Geologic Hazards in Rossmoor

BACKGROUND:

In May of 2016, GRF was notified by counsel for Mutual 68 of ongoing earth subsidence occurring in Mutual 68 at two addresses on Grey Eagle Drive. Counsel for Mutual 68 suggested that the subsidence within Mutual 68 may have been related to subsidence on GRF Trust property adjacent to the imperiled Mutual 68 property. If that assertion could have been proven, GRF may have borne some of the liability for any damages to the property in Mutual 68. Over the course of the next twenty months, the situation deteriorated and resulted in the total destruction of the two homes in Mutual 68 and a \$17,000 assessment imposed on each residence in Mutual 68. Fortunately, the property insurance policy covering GRF and the Mutuels in place at the time of the event causing the destruction of the two homes included coverage for land subsidence, and the carrier honored the claim for loss, thereby relieving both Mutual 68 and GRF of any direct liability and avoiding costly litigation.

As a result of this multi-million dollar loss, it is probably not unreasonable to anticipate that insurance policies negotiated in the future may either exclude earth subsidence, or provide coverage at a much greater cost. Therefore, the Board may want to consider some alternatives to third party insurance, to protect against losses due to earth subsidence in the future. Staff has investigated some of the most likely options, including self-insurance through a separately established reserve within the GRF Trust, self-insurance through a separately established trust reserve, establishment of a Geologic Hazard Abatement District within Rossmoor; or annexation into an existing Geologic Hazard Abatement District. Each of these options is discussed in more detail below.

I. Self-Insurance through a Segregated Fund within the GRF Trust. The GRF Trust allows for establishment of reserves for annual operational costs as well as repair and replacement of Trust property. Since insurance is an operational cost, and remediation of earth subsidence on GRF property would meet the definition of repair to Trust property, it should be permissible under the terms of the GRF Trust, to establish a reserve within the GRF Trust to protect against future damages due to earth subsidence on Trust property. The Board could accomplish this by resolution at a Board meeting. Funding of the reserve would be accomplished annually by inclusion of an amount in each annual

budget thereafter, until the fund is deemed fully funded by the standards established by the Board.

The primary advantages of this method are:

- Least costly set-up, since no additional financial or legal obligations would trigger;
- Least costly build-up, since coupon payments could be the funding mechanism;
- GRF would retain control over funds;
- Funds would remain on GRF's balance sheet and could be considered as assets when borrowing from lenders in the future;
- Funds could be reallocated to cover other emergencies if needed;

The primary disadvantages of this method are:

- 100% of the funds would come from payments by the Mutuals, who would in turn pass their costs along to residents;
- The appropriate amount of the reserve might be difficult to determine since future losses are indeterminable;
- GRF, and in turn the Mutuals, would bear all investment risks of the fund amount;
- It may take many years to build up an adequate reserve, during which time the Trust may be exposed to risk;
- Subsequent Boards could, by resolution, discontinue funding the reserve or perhaps even reallocate reserve funds to other non-emergency projects;

II. Self-Insurance through a Separately Established Trust. GRF is a distinct legal entity. In its capacity as Trustee for the GRF Trust, GRF has the power to spend money or donate property, or otherwise use Trust assets in any manner that it reasonably believes to be in the best interests of the GRF Trust. Protecting the Trust against unforeseen losses through the purchase of insurance, or establishment of reserves may be prudent, and taking steps to protect such reserves from future misappropriation may also be prudent. Therefore, the Board could create a separate reserve through the establishment of a segregated trust, expressly limited to use to cover losses due to earth subsidence, or expanded to cover other unforeseen catastrophic losses to the extent not covered by insurance. The costs of establishing the separate trust would be minimal and could largely be borne through normal operating costs. Other advantages would be the same as those listed in option I. (above). The disadvantages would be the same as those listed in option I. (above); except that unlike option I, the funds would not be exposed to the risk that subsequent Boards could reallocate funds for other non-emergency projects.

III. Establishment of a Rossmoor GHAD. The acronym GHAD stands for Geologic Hazard and Abatement District. These are state-level independent public agencies established to oversee hazards due to earth movement within a defined geographic area. The GHAD oversees hazard prevention, mitigation, abatement and control. Geologic hazards include actual or threatened landslides, land subsidence, soil erosion, earthquake, fault movement, or any other natural or unnatural movement of land or earth. There are presently more than 35 GHADs in California. The Beverly Act of 1979 provided

the framework for the establishment of GHADs in California. GRF would not own/control a GHAD since a GHAD is a separate entity unto itself. However, GRF could initiate the planning and creation of the GHAD.

In order to establish a GHAD, there must be an affirmative vote of the residents in the affected area(s) and a team of experts must be assembled to prepare a plan addressing the areas of:

- Engineering
- Geology
- Legal
- Management

There are presently many firms in California experienced in each of these fields with expertise in creating a GHAD. The process involves 3 steps:

Step 1: Planning

- Define GHAD boundaries
- Establish GHAD responsibilities and limitations
- Assess whether to create a new GHAD or annex to an existing GHAD

Step 2: Formation

- Create a plan of Control – what will the GHAD do?
- Determine the structure of the Board of Directors of the GHAD

Step 3: Financing

- Typically funded by property tax assessments based on number of units in the GHAD boundaries
- Engineer's report provides the basis for a budget
- Revenue stream is divided into operations and reserve accumulation

According to the California Association of GHADs, the primary advantages of GHADs include:

- Ability to focus resources on prevention;
- Rapid response capabilities;
- Alternative to costly, time-consuming litigation;
- Covers absence of insurance for earth movement;
- Broader range of remedial measures;
- Locally autonomous;
- Exempt from local permitting requirements;
- Increases public safety;

In addition to the foregoing general benefits of a GHAD, advantages to Rossmoor may include:

- Once established, operates completely independently from GRF;
- Funds protected from reallocation by future Boards;
- Self-funding through property tax assessments, not included in GRF coupon;
- Management and oversight responsibilities fall on an independent Board;
- Reduces or eliminates the need for insurance against many geologic risks;
- Investment risk falls on GHAD, not GRF;
- GHADs may raise additional funds through issuance of bonds;
- GHAD can span larger area and/or non-contiguous areas;
- It may be possible to recoup the costs of establishment from the GHAD;

The primary disadvantages of establishing a GHAD include:

- Costs of establishment are high, potentially six figures;
- Complexity of establishment requires reliance on many outside professionals;
- Time required to establish may be many months or even more than a year;
- No ability to recoup investment costs and not an asset of GRF

IV. Annexation of Rossmoor into an existing GHAD

Because there are so many GHAD's already in existence throughout California, many existing GHADs not only welcome but encourage additional areas to annex into or join the existing GHAD. The principal advantage of this is that the initial costs can be greatly reduced, and the homeowners benefit from an existing experienced Board and already established processes and procedures. This avoids many of the mistakes of a learning curve for a newly created GHAD. Additionally, an established GHAD already has a reserve built up, so the benefits of the GHAD may be realized immediately.

The Canyon Lakes GHAD located primarily in the Alamo/Blackhawk area is said to be open to considering additional areas for possible annexation. Since the covered area need not be contiguous, Rossmoor could be annexed into this nearby already existing GHAD.

A vote of the residents in the area to be annexed would still be required.

V. Establishment of a Community Facilities District

The Mello-Roos Community Facilities Act of 1982 permits the California Statewide Communities Development Authority (CSCDA) to establish a Mello-Roos Community Facilities Districts (a “CFD”) which allows for financing of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities.

CFDs can be established to create a reserve for contingencies such as earth subsidence through assessments added to property taxes. However, this is merely a financing vehicle. All funds are held by the State and administration is handled through state agencies.

To obtain funding, an application and need must be provided to the CSCDA, and if approved, a public vote is required through a ballot measure.

ATTACHMENTS: None

CRITERIA	Project:
Financial Impact	Depends upon course of action selected
Operational Efficiencies	Depends upon course of action selected
Dependencies	Depends upon course of action selected
Subsequent Actions	Depends upon course of action selected
Alternatives/Options	<ul style="list-style-type: none"> • Take no action • Pursue one of the courses of actions recommended • Pursue some other course of action
Time-Frame	Depends upon course of action selected
Advantages/Benefits	Depends upon the course of action selected
Disadvantages/Risks	Depends upon the course of action selected