

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING
TUESDAY, AUGUST 27, 2019, AT 9:00 AM
BOARD ROOM – GATEWAY COMPLEX

1. MEETING CALLED TO ORDER: Jean A. Autrey, Vice Chair
2. ROLL CALL: Dorband, Autrey, Lau, Moderacki, Neff, Thomas and Yearout
3. APPROVAL OF REPORT OF JULY 23, 2019 (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) (Attachments)
 - c. Director of Mutual and Trust Operations – Trust Facilities and Property Maintenance, Projects, and Machinery/Equipment Acquisition Reports (Attachments)
7. UNFINISHED BUSINESS
 - a. Clarification of recommendation to the Board for \$2 million-dollar Trust Estate targeted year-end minimum balance. (Attachment)
8. NEW BUSINESS
9. ADJOURNMENT
10. NEXT REGULAR MEETING: Tuesday, September 24, 2019, at 9:00 a.m. in the Board Room at Gateway Complex.

cc: GRF Board

FINANCE COMMITTEE REPORT

REGULAR MEETING
TUESDAY, JULY 23, 2019, AT 9:00 A.M.

A regular meeting of the Finance Committee was convened by Jean A. Autrey, Vice Chair, at 9:00 a.m. on Tuesday, July 23, 2019, in the Board Room at Gateway Complex.

Present, in addition to the Vice Chair, were Alice Lau, Paul J. Moderacki, Mary K. Neff, Deborah Thomas, and Gery Yearout. F. William Dorband, Chairman, was excused. Also attending were Robert D. Kelso, President, Leslie Birdsall, Vice President, Barbara Coenen, Secretary, and Kenneth Anderson, Carl W. Brown, Dale J. Harrington, and Kathleen Stumpfel, Directors, GRF; Timothy O'Keefe, CEO; Richard S. Chakoff, CFO; Ann Peterson, Director of Communications; Amanda Davis, Accounting Manager; Deborah Rose, Senior Administrative Assistant, Executive Services; and two residents. Attendance

The report of the Committee's regular meeting of June 25, 2019, was approved as written. Report Approved

The Vice Chair introduced Ms. Lau, the newest member of the Finance Committee, and then commenced with Committee member introductions. Introductions

A motion was made by Ms. Neff, seconded by Ms. Lau, and CARRIED UNANIMOUSLY to reelect Jean Autrey as Vice Chair of the Finance Committee. Vice Chair Reelected

During the Residents' Forum, Carl Brown focused his comments on the capital project expenditures, stating that the expenditures could be used to track the progress of these projects. A brief discussion was held between the Committee and Mr. Brown. Residents' Forum

Mr. O'Keefe provided an update regarding the upcoming Board meeting in which the GRF Mission, Vision, and Values will be discussed. He then provided an update regarding several projects, stating that the solar farm project is estimated for completion at the end of October; the Creek repair permit applications have been submitted; and that Enovity has submitted its energy efficient retrofit plan to PG&E for approval. Lastly, he announced that there will be two staff members retiring; Paulette Jones, Senior Manager of Executive Services, will be retiring in September and Judith Perkins, Senior Manager of Human Resources, will be retiring at the end of September or October. Discussion followed. Staff Reports

Mr. Chakoff reviewed the GRF Statement of Operations for June, provided an overview of the General Fund balance, and reviewed the Trust Estate Fund balance.

Mr. Chakoff then reviewed the Mutual Operations Division income statements for June. Mr. O'Keefe and Mr. Chakoff answered questions from members of the Committee.

Lastly, Mr. Chakoff reviewed the June Trust Facilities and Property Maintenance Report, the Capital Projects Budget and Expenditure Report, and the Machinery & Equipment Budget and Expenditure Report and answered questions from members of the Committee.

During Unfinished Business, the Committee held a discussion regarding the GRF Membership Transfer Fee charts and Rossmoor MLS listing charts to determine continued usefulness and content. Mr. Chakoff provided an overview of the charts listed on pages 8a-1 through 8a-4 of the agenda packet. The Committee agreed to use the MTF charts listed on pages 8a-2 and 8a-4. Ms. Thomas then provided an overview of the MLS chart content on page 8a-5 of the agenda packet. The Committee agreed to discontinue using the MLS chart going forward.

MTF and
MLS Charts

The Vice Chair introduced agenda item 9a, finalize the Trust Estate Fund Projection and make a recommendation to the GRF Board as to how much Funds in Excess of Target are available for the remainder of 2019 and for 2020. A lengthy discussion followed.

A motion was made by Ms. Neff, seconded by Ms. Thomas, and CARRIED UNANIMOUSLY to advise the GRF Board that there is \$1,084,000 to spend on capital projects for the remainder of 2019.

Available
Capital Funds
for 2019

The Vice Chair introduced agenda item 9b, consider recommending to the Board that there are funds available for an expenditure of \$96,500 in addition to the estimated expenditure of \$211,500 previously approved to pave the Lower RV Lot. As well as reviewed agenda item 9c, consider recommending to the Board that there are funds available for an expenditure of \$7,750 to purchase a pool cover for the Hillside pool. Discussion followed.

Lower
RV Lot
Paving and
Hillside
Pool Covers

A motion was made by Mr. Moderacki, seconded by Ms. Thomas, and CARRIED UNANIMOUSLY to advise the GRF Board that there are funds available for an expenditure of \$96,500 in addition to the estimated expenditure of \$211,500 previously approved to pave the Lower RV Lot and there are funds available for an expenditure of \$7,750 to purchase a pool cover for the Hillside pool. These amounts will affect the funds that are currently noted as available.

Available
Capital Funds
for 2019
to Pave
Lower RV Lot
& Hillside
Pool Covers

There being no further business to come before the Committee, the meeting was adjourned at 10:18 a.m.

Adjourn-
ment

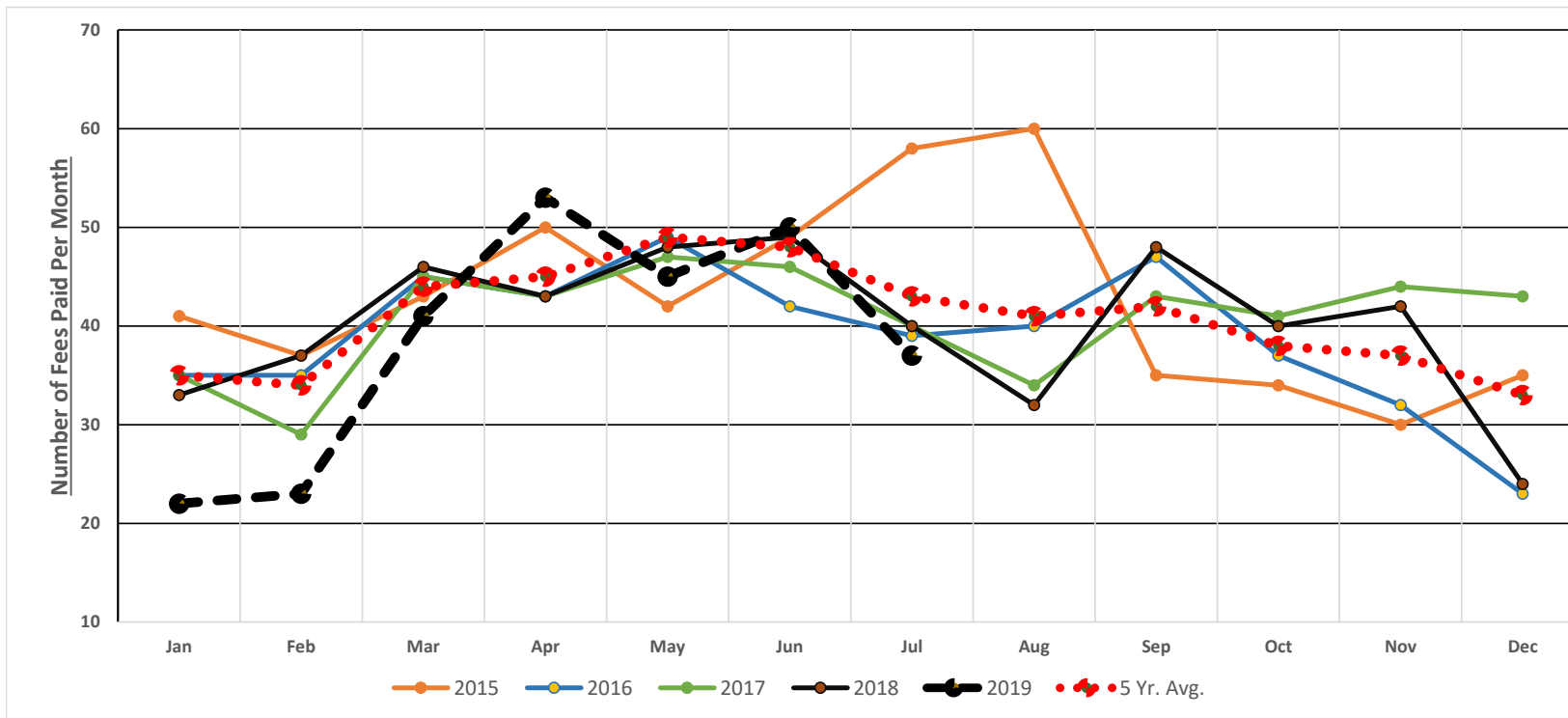
The next regular meeting of the Finance Committee will be held on Tuesday, August 27, 2019, at 9:00 a.m. in the Board Room at Gateway Complex.

Next Mtg.
8/27/19

dr

Jean A. Autrey, Vice Chair
Finance Committee

GRF Membership Transfer Fees

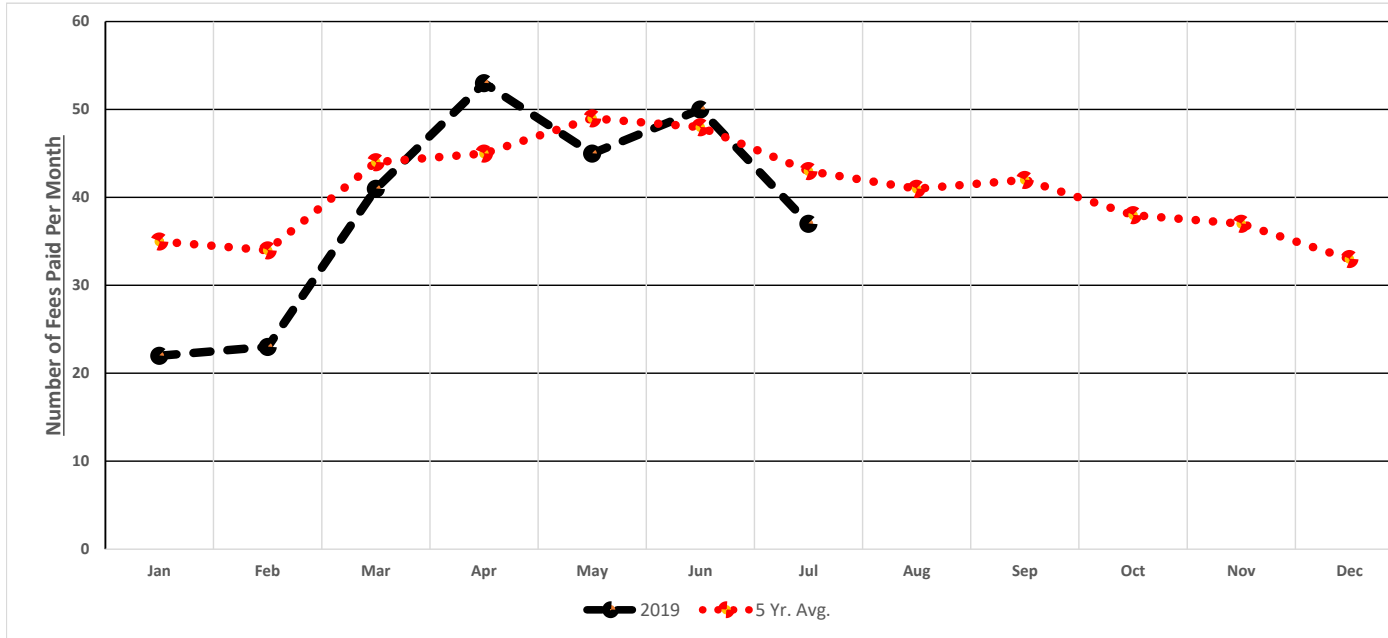


History of Transactions Generating Membership Fees

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 23 | 25 | 33 | 37 | 44 | 33 | 40 | 31 | 33 | 38 | 27 | 34 | 398 |
| 2011 | 15 | 24 | 38 | 45 | 42 | 47 | 39 | 47 | 40 | 52 | 34 | 46 | 469 |
| 2012 | 36 | 33 | 59 | 65 | 50 | 57 | 51 | 48 | 45 | 50 | 50 | 35 | 579 |
| 2013 | 42 | 32 | 46 | 55 | 63 | 40 | 64 | 42 | 46 | 42 | 41 | 30 | 543 |
| 2014 | 32 | 32 | 43 | 44 | 61 | 56 | 36 | 37 | 37 | 36 | 36 | 40 | 490 |
| 2015 | 41 | 37 | 43 | 50 | 42 | 49 | 58 | 60 | 35 | 34 | 30 | 35 | 514 |
| 2016 | 35 | 35 | 45 | 43 | 49 | 42 | 39 | 40 | 47 | 37 | 32 | 23 | 467 |
| 2017 | 35 | 29 | 45 | 43 | 47 | 46 | 40 | 34 | 43 | 41 | 44 | 43 | 490 |
| 2018 | 33 | 37 | 46 | 43 | 48 | 49 | 40 | 32 | 48 | 40 | 42 | 24 | 482 |
| 2019 | 22 | 23 | 41 | 53 | 45 | 50 | 37 | 41 | 42 | 38 | 37 | 33 | 271 |
| 5 Yr. Avg. | 35 | 34 | 44 | 45 | 49 | 48 | 43 | 41 | 42 | 38 | 37 | 33 | 489 |

Note: The 5 year average is for the years 2014 through 2018.

GRF Membership Transfer Fees Current Year vs Prior 5 Year Average



History of Transactions Generating Membership Fees

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2004 | 28 | 43 | 49 | 63 | 45 | 72 | 58 | 62 | 60 | 36 | 58 | 33 | 607 |
| 2005 | 38 | 26 | 42 | 41 | 36 | 34 | 27 | 34 | 32 | 29 | 32 | 28 | 399 |
| 2006 | 13 | 13 | 41 | 24 | 32 | 42 | 12 | 38 | 32 | 24 | 37 | 21 | 329 |
| 2007 | 33 | 23 | 33 | 30 | 38 | 28 | 36 | 32 | 35 | 36 | 23 | 18 | 365 |
| 2008 | 15 | 14 | 32 | 32 | 38 | 35 | 42 | 30 | 33 | 23 | 17 | 31 | 342 |
| 2009 | 17 | 23 | 24 | 26 | 28 | 27 | 35 | 43 | 42 | 49 | 39 | 38 | 391 |
| 2010 | 23 | 25 | 33 | 37 | 44 | 33 | 40 | 31 | 33 | 38 | 27 | 34 | 398 |
| 2011 | 15 | 24 | 38 | 45 | 42 | 47 | 39 | 47 | 40 | 52 | 34 | 46 | 469 |
| 2012 | 36 | 33 | 59 | 65 | 50 | 57 | 51 | 48 | 45 | 50 | 50 | 35 | 579 |
| 2013 | 42 | 32 | 46 | 55 | 63 | 40 | 64 | 42 | 46 | 42 | 41 | 30 | 543 |
| 2014 | 32 | 32 | 43 | 44 | 61 | 56 | 36 | 37 | 37 | 36 | 36 | 40 | 490 |
| 2015 | 41 | 37 | 43 | 50 | 42 | 49 | 58 | 60 | 35 | 34 | 30 | 35 | 514 |
| 2016 | 35 | 35 | 45 | 43 | 49 | 42 | 39 | 40 | 47 | 37 | 32 | 23 | 467 |
| 2017 | 35 | 29 | 45 | 43 | 47 | 46 | 40 | 34 | 43 | 41 | 44 | 43 | 490 |
| 2018 | 33 | 37 | 46 | 43 | 48 | 49 | 40 | 32 | 48 | 40 | 42 | 24 | 482 |
| 2019 | 22 | 23 | 41 | 53 | 45 | 50 | 37 | | | | | | 271 |
| 5 Yr. Avg. | 35 | 34 | 44 | 45 | 49 | 48 | 43 | 41 | 42 | 38 | 37 | 33 | 489 |

Note: The 5 year average is for the years 2014 through 2018.

**Golden Rain Foundation
Trust Estate Fund Projection**

in thousands (000's)

| | 2019 (5 Months) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 - 2038 | Total |
|--------------------------------------|--------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Beginning Balance 7/31/2019 | 3,713 | 3,039 | 4,656 | 6,404 | 8,005 | 9,722 | 11,025 | 12,514 | 13,579 | 15,117 | 16,622 | 3,713 |
| <u>Estimated Revenues:</u> | | | | | | | | | | | | |
| Membership Transfer Fees | 1,724 | 4,700 | 4,700 | 4,700 | 4,700 | 4,700 | 4,700 | 4,700 | 4,700 | 4,700 | 47,000 | 91,024 |
| Medical Center Rent | 286 | 694 | 711 | 729 | 747 | 766 | 785 | 804 | 825 | 845 | 9,706 | 16,898 |
| Total | 2,010 | 5,394 | 5,411 | 5,429 | 5,447 | 5,466 | 5,485 | 5,504 | 5,525 | 5,545 | 56,706 | 107,922 |
| <u>Debt Service:</u> | | | | | | | | | | | | |
| Mechanics Bank Loan #1-Creekside | 312 | 749 | 749 | 749 | 749 | 749 | 749 | 749 | 378 | | | 5,933 |
| Mechanics Bank Loan #2-Event | 335 | 785 | 757 | 730 | 703 | 676 | 649 | 622 | 595 | 568 | 228 | 6,648 |
| Mechanics Bank Loan #3-Fitness | 244 | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 2,637 | 8,155 |
| <u>Estimated Expenditures</u> | | | | | | | | | | | | |
| Machinery & Equipment | 48 | | | | | | | | | | | 48 |
| Total per Long Range Plan(1) | | 1,557 | 1,471 | 1,663 | 1,592 | 2,052 | 1,912 | 2,382 | 2,328 | 2,786 | 20,794 | 38,537 |
| Approved Projects (2) | 1,745 | | | | | | | | | | | 1,745 |
| Other Projects (3) | - | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,000 | 1,900 |
| Total Estimated Expenditures | 2,684 | 3,777 | 3,663 | 3,828 | 3,730 | 4,163 | 3,996 | 4,439 | 3,987 | 4,040 | 24,659 | 62,966 |
| Revenue Minus Expense | (674) | 1,617 | 1,748 | 1,601 | 1,717 | 1,303 | 1,489 | 1,065 | 1,538 | 1,505 | 32,047 | 44,956 |
| Ending Fund Balance | 3,039 | 4,656 | 6,404 | 8,005 | 9,722 | 11,025 | 12,514 | 13,579 | 15,117 | 16,622 | 48,669 | 48,669 |
| Target Minimum Fund Balance | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Funds in Excess of Target | 1,039 | 2,656 | 4,404 | 6,005 | 7,722 | 9,025 | 10,514 | 11,579 | 13,117 | 14,622 | 46,669 | 46,669 |

(1) Includes expenditures from long-range capital plan excluding water reclamation, Gateway studios and creek restoration

(2) Forecast to complete capital projects previously approved in process

(3) To account for various projects not currently planned that occur during the year

**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period JULY 2019

| Project | Approved Budget | Reporting Period Expenditures | Incurred To-Date | Forecast To-Complete | Est. Final Expenditure | Under/(Over) Budget | Status |
|---|------------------|-------------------------------|------------------|----------------------|------------------------|---------------------|-------------|
| Gateway HVAC Replacement | 615,000 | | | 615,000 | 615,000 | 0 | Not started |
| Valley Wide Street Construction | 520,000 | | 417,548 | 102,452 | 520,000 | 0 | In process |
| Creek Restoration Design & Project Management | 222,177 | 1,300 | 58,802 | 163,375 | 222,177 | 0 | In process |
| Fiber Optic Cable Phase I | 60,000 | 44,948 | 44,948 | 0 | 44,948 | 15,052 | Complete |
| Fiber Optic Cable Phase II | 160,000 | | | 160,000 | 160,000 | 0 | In process |
| Repave MOD Parking Lot | 308,000 | | | 308,000 | 308,000 | 0 | Not started |
| Water Reclamation Facility Study | 170,000 | 10,452 | 160,581 | 9,419 | 170,000 | 0 | In process |
| Corp Yard Fire & Domestic Water Lines Replacement | 120,000 | | | 120,000 | 120,000 | 0 | Not started |
| Gateway Workshops Renovation Design NOTE 1 | 83,000 | 26,276 | 107,319 | 0 | 107,319 | (24,319) | Completed |
| Dollar Clubhouse Accessibility Improvements | 105,000 | 18,738 | 78,046 | 26,954 | 105,000 | 0 | In process |
| Dollar Pool Plaster Replacement | 85,000 | | | 85,000 | 85,000 | 0 | Not started |
| Database Integration | 55,000 | | 10,784 | 44,216 | 55,000 | 0 | In process |
| Rossmoor Web Portal | 50,000 | | | 50,000 | 50,000 | 0 | Not started |
| Stanley Dollar Drive Parking | 26,021 | | 24,864 | 1,157 | 26,021 | 0 | In process |
| Event Center Trash and Recycling Containers | 25,000 | | | 25,000 | 25,000 | 0 | Not started |
| Golf Course Irrigation Pump Replacement | 18,000 | | 7,088 | 10,912 | 18,000 | 0 | In process |
| MOD Corporation Electrical Upgrade | 16,000 | | | 16,000 | 16,000 | 0 | Not started |
| Hillside Pool Covers | 7,750 | | | 7,750 | 7,750 | 0 | Completed |
| | | | | | | | |
| | | | | | | | |
| TOTAL | 2,645,948 | 101,713 | 909,980 | 1,745,235 | 2,655,215 | (9,267) | |

NOTE 1: The plan check/permit process for this project was initiated in anticipation of the renovation construction phase going out to bid in Fall 2019. Related incurred fees of \$26K were not included in the budget. This amount would typically go to the construction phase budget which has not been approved as of yet.

| Project | Unapproved Budget |
|---|-------------------|
| Gateway Generator | 225,000 |
| Vista & Las Trampas Rooms Renovation-Hillside | 100,000 |
| Dollar Clubhouse Restroom Renovation-1st Floor | 80,000 |
| Oak Room Flooring Replacement | 45,000 |
| Recreation Office Partition Replacements | 30,000 |
| Gateway Large Conference Room Upgrade | 20,000 |
| Dollar Ranch Course Design Plans-Green/Fairway 14 | 10,000 |
| Buckeye Tennis Complex Ball Wall | 6,000 |
| | |
| TOTAL | 516,000 |

**MACHINERY & EQUIPMENT
BUDGET AND EXPENDITURE REPORT**
Reporting Period: JULY 2019

| Project | Approved Budget | Incurred To-Date | Forecast To-Complete | Est. Final Expenditure | Under/(Over) Budget |
|--|------------------------|-------------------------|-----------------------------|-------------------------------|----------------------------|
| MOD Vehicles | 198,000 | 63,443 | 134,557 | 198,000 | 0 |
| GRF Vehicles | 114,000 | 100,445 | 13,555 | 114,000 | 0 |
| Skid Loader | 46,000 | 45,389 | (0) | 45,389 | 611 |
| Tee Mower | 38,000 | 37,433 | 567 | 38,000 | 0 |
| Security Camera System | 35,000 | 35,005 | 0 | 35,005 | (5) |
| Utility Vehicle-Golf | 32,000 | 31,906 | 0 | 31,906 | 94 |
| Rossmoor Website Improvements | 25,000 | 3,372 | 21,628 | 25,000 | 0 |
| Vehicle Maintenance Software | 16,000 | 15,945 | 0 | 15,945 | 55 |
| Fuel Management System Upgrade NOTE 1 | 10,190 | 10,190 | 0 | 10,190 | 0 |
| Heater Replacement-Dollar Clubhouse Pool | 7,500 | | 7,500 | 7,500 | 0 |
| Ball Picker | 5,000 | | 5,000 | 5,000 | 0 |
| TOTAL | 526,690 | 343,128 | 182,807 | 525,935 | 755 |

NOTE 1: Cost for a MOD fuel island repair.

| | | | | | |
|------------------|----------------|----------------|----------------|----------------|------------|
| MOD Expenditures | 198,000 | 63,443 | 134,557 | 198,000 | 0 |
| GRF Expenditures | 328,690 | 279,685 | 48,250 | 327,935 | 755 |
| TOTAL | 526,690 | 343,128 | 182,807 | 525,935 | 755 |

Meeting Date: August 27, 2019

**SUMMARY REPORT
GOLDEN RAIN FOUNDATION FINANCE COMMITTEE**

REPORT PREPARED BY:

Rick Chakoff, CFO

REQUESTED ACTION:

Approve the recommendation from the Finance Committee to establish a \$2 million targeted year end Trust Estate Fund balance net of any committed funds.

RECOMMENDATION:

The Finance Committee should finalize its recommendation to the Board at the August 27th meeting.

BACKGROUND:

Staff maintains a Trust Estate Fund projection that includes estimated membership transfer fees, medical center rent and estimated expenditures. The expenditures include debt service for the loans with Mechanics Bank, approved machinery and equipment expenditures and other approved projects. The recommendation is that the Trust Estate maintain a minimum targeted year-end balance of \$2 million.

ATTACHMENT:

July 2019 Trust Estate Forecast (listed in the packet as attachment 6b-3)