

## FINANCE COMMITTEE REPORT

REGULAR MEETING  
THURSDAY, SEPTEMBER 27, 2016, 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, September 27, 2016, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, Mary K. Neff, Vice Chairman, Jean A. Autrey, F. William Dorband, Kenneth W. Haley, Paul Rosenzweig, and Christopher T. Yahng. Also attending were Leslie Birdsall, President, Melvin C. Fredlund, Vice President, Mary Lou Delpech, Secretary, and Sue DiMaggio Adams, Robert D. Kelso, Geraldine Pyle, and Stephen D. Roath, 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; Paulette L. Jones, Senior Manager, Executive Services; Judith A. Perkins, Senior Manager, Human Resources; Dennis Bell, Public Safety Manager; Tess Haskett, Assistant Controller; and several residents.

Attendance

The reports of the regular meetings of the Committee held on August 25 and September 13 and September 14, 2016, were approved as written.

Reports  
Approved

During Residents' Forum, Richard M. Locke spoke in favor of funding an independent pension plan analysis. William L. Northlich advocated for payment of specific capital expenses such as road replacement from the Trust Estate Fund, while ongoing roadway maintenance issues (potholes, etc.) continue to be paid through the coupon. Messrs. Rosenzweig and Donner addressed Mr. Northlich's comments to the Committee. Discussion followed.

Residents'  
Forum

The Chairman explained the purpose of today's meeting is to make recommendations to the GRF Board regarding the 2017 Operations Budget for its meeting on Thursday, September 29<sup>th</sup>.

Purpose of  
Meeting

Mr. O'Keefe commented on several matters and answered questions from the Committee.

Staff  
Reports

Mr. Chakoff reviewed the monthly GRF financial reports, answered questions from Committee members, and raised the subject of putting the financing in place for the Del Valle Renovation Project. He said the Committee will have to discuss the financing for the renovation project in the near future. Discussion followed. Mr. Chakoff agreed to prepare an analysis of different funding scenarios for the Committee to review at a future meeting.

Mr. Donner reviewed the Trust Facilities and Property Maintenance, Projects, and Machinery/Equipment Acquisition Reports. Discussion followed.

Mr. Chakoff introduced discussion of the Broadband Phase 2 expenses and charges. At its August 23<sup>rd</sup> meeting, the Committee asked if some or all of the Phase 2 expenses in the Capital Projects report should be charged to Operations instead of to the Trust, and asked Mr. Chakoff to report back to the Committee on this at its September meeting. He reported that the invoices he reviewed were for consulting services and no capital expenditures were associated with those expenses. Discussion followed. Mr. Chakoff also stated that if the Committee decides to reimburse the Trust, an adjustment will have to be made to the 2017 budget.

Recommendation re. Broadband Phase 2 Expenses and Charges

A motion was made by Ms. Autrey and seconded by Mr. Haley to recommend to the GRF Board that the Trust be reimbursed \$91,875 from Operations for the actual cost of the Broadband Phase 2 Study. Following additional discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

Prior to opening discussion of the proposed 2017 GRF Operations Budget, Mr. O'Keefe requested that a new item, New Staffing for Recreation Services, be added to New Programs and Program Augmentation (Item 8-2-i) as Item 8-2-i-3 at a cost of \$26,000, and that the remaining items in the section be renumbered as follows: Short Range Transit Plan is now Item 8-2-i-4 and Purchase of Earthquake Insurance for GRF property is now Item 8-2-i-5. The Committee approved the request and the agenda was revised accordingly.

Request to Add New Item to New Programs and Program Augmentation

The Committee then discussed the proposed 2017 GRF Operations Budget and made the following recommendations:

Recommendations re. 2017 GRF Operating Budget

**Item 8-1 (Main Motion)**

A motion was made by Mr. Haley and seconded by Mr. Dorband to recommend approval of the proposed 2017 GRF Operations Budget in the aggregate amount of \$21,069,841, a coupon amount of \$262.92 per manor, per month, including cable TV. The vote was deferred until after all motions to amend were considered.

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

**Item 8-2-i-1 (Administrative Assistant for Confidential Services)**

A motion was made by Mr. Haley and seconded by Mr. Dorband to amend the main motion to approve the 2017 GRF Operations Budget, and recommend approval of an Administrative Assistant for Confidential Services at a cost of \$73,000. Following discussion, the vote on the motion was taken and the motion CARRIED, with Ms. Autrey abstaining.

**Item 8-2-i-2 (IT Support Specialist)**

A motion was made by Ms. Neff and seconded to amend the main motion to approve the 2017 GRF Operations Budget, and recommend approval of an IT Support Specialist at a cost of \$82,000, with \$41,000 of that cost to be paid by the Golden Rain Foundation and \$41,000 to be paid by MOD. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

**Item 8-2-i-3 (New Staffing for Recreation Services)**

A motion was made by Mr. Haley and seconded by Ms. Neff to amend the main motion to approve the 2017 GRF Operations Budget, and recommend approval of New Staffing for Recreation Services at a cost of \$26,000, the cost of which is to be offset by increases in Recreation Department revenue. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

**Item 8-2-i-4 (Short Range Transit Plan)**

A motion was made by Mr. Haley and seconded by Ms. Neff to amend the main motion to approve the 2017 GRF Operations Budget, and recommend approval of a Short Range Transit Plan at a cost of \$50,000. Following discussion, the vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

**Item 8-2-i-5 (Purchase of Earthquake Insurance for GRF Property)**

Mr. Chakoff opened the discussion, provided background information on earthquake insurance information previously provided to the Committee, and circulated copies of a Risk Placement Services report prepared for the Golden Rain Foundation earlier this year. Discussion followed.

A motion was made by Mr. Rosenzweig and seconded by Ms. Autrey to amend the main motion to approve the 2017 GRF Operations Budget, and recommend to the GRF Board that it include a provision in the 2017 budget for the purchase of earthquake insurance up to \$193,000. Following additional discussion, the vote on the motion was taken and the motion CARRIED UNANIMOUSLY.

**Item 8-2-ii (Program Modifications) N/A**

**Item 8-2-iii (New and Increased Revenue) N/A**

**Item 8-2-iv-1 (Trust Maintenance)**

After discussion, a motion was made by Ms. Autrey and seconded by Mr. Dorband to amend the main motion to approve the proposed 2017 GRF Operations Budget, and recommend approval of Trust facility/property maintenance projects and purchases of tangible property, and reducing the total cost of \$873,700 to \$363,700 by deleting \$510,000 in road replacement expenditures (line 1), and charging the deleted expenditures to the Trust Estate Fund. Following additional discussion, the vote on the motion was taken, and the motion CARRIED, with Ms. Autrey, Ms. Neff, and Messrs. Dorband and Yahng voting "yes", and Messrs. Haley, Rosenzweig, and Smith voting "no".

**Item 8-2-v-1 (Operating Departments)**

A motion was made by Ms. Autrey to amend the main motion to approve the proposed 2017 GRF Operations Budget, and recommend approval of Departments 100 Executive through 502 Rossmoor Channel, and remove line 6240(B), replacement of Fitness Center equipment, for a decrease of \$16,000. The motion DIED for lack of a second.

After discussion, a motion was made by Mr. Smith and seconded to amend the main motion to approve the proposed 2017 GRF Operations Budget, and recommend approval of Departments 100 Executive through 502 Rossmoor Channel, decreasing the non-union health insurance expense by \$93,068 and the union pension expense by \$52,208 for a total decrease of \$145,276. The vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

**Item 8-2-vi-1 (Defined Benefit Pension Plan Distribution)**

The Chairman asked if the Committee would like to amend this item to recommend to the GRF Board that an independent pension plan study be considered at a cost of approximately \$25,000. No motion was offered.

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

**Item 8-2-vii-1 (Operating Cash)**

After discussion, a motion was made by Mr. Smith and seconded by Mr. Haley to amend the main motion to approve the proposed 2017 GRF Operations Budget, and recommend decreasing the use of operating cash by \$90,000 to a total of \$310,000. The vote on the motion was taken, and the motion CARRIED UNANIMOUSLY.

**Item 8-2-viii-1 (Other Recommendations)**

There were no other recommendations by the Committee.

**Item 8-1 (Main Motion)**

The vote was then taken on the motion to recommend approval of the proposed 2017 GRF Operations Budget, as amended, in the amount of \$20,861,565, and the motion CARRIED UNANIMOUSLY.

**Summary**

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

**Net Decrease \$208,276**


The result of the recommendations would be a 2017 GRF coupon of \$260.33 per manor, per month, reducing the draft budget's increase (over 2016) from \$22.84 to \$20.25.

The Chairman announced that the next meeting of the Committee will be on Tuesday, October 27, 2016, at 9:00 a.m. in the Board Room at Gateway Complex.

Next Mtg.  
10/27/16

There being no further business to come before the Committee, the meeting was adjourned at 11:26 a.m.

Adjournment

  
David H. Smith, Chairman  
Finance Committee