

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING

TUESDAY, SEPTEMBER 24, 2019, AT 9:00 AM
BOARD ROOM – GATEWAY COMPLEX

1. MEETING CALLED TO ORDER: F. William Dorband, Chairman
2. ROLL CALL: Dorband, Autrey, Lau, Moderacki, Neff, Thomas and Yearout
3. APPROVAL OF REPORT: Regular meeting of August 27, 2019 (Attachment)
Joint meeting of September 10, 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) Review current Trust Estate financial activity and modify for any new categories and recommend to the Board any updates to the level of budgeted expenditures for the remainder of 2019 and for 2020.
8. NEW BUSINESS
 - a) Review and recommend the 2020 GRF Operations Budget presented at the September 10 Joint Meeting. Then review the following potential modifications to the 2020 GRF Operating Budget:
 - 1) Decrease GRF Professional Service expense by \$5,000 to reflect a reduction in audit fees.
 - 2) Add revenue of \$1,440 to Aquatics for swim lesson program.
 - 3) Add additional income of \$8,000 to Golf Operations due to proposed guest fees increases.
 - 4) Add additional revenue of \$51,480 to Bus Transportation in anticipation of funds from the Bus Grant Program.
 - 5) Consider revising the allocation of \$250,000 for 2020 slurry seal expenditures. (Attachment)

9. ADJOURNMENT

10. NEXT REGULAR MEETING: Tuesday, October 29, 2019, at 9:00 a.m. in the Board Room at Gateway Complex.

cc: GRF Board

FINANCE COMMITTEE REPORT

REGULAR MEETING
TUESDAY, AUGUST 27, 2019, AT 9:01 A.M.

A regular meeting of the Finance Committee was convened by Jean A. Autrey, Vice Chair, at 9:01 a.m. on Tuesday, August 27, 2019, in the Board Room at Gateway Complex.

Present, in addition to the Vice Chair, were Paul J. Moderacki, Mary K. Neff, Deborah Thomas, and Gery Yearout. F. William Dorband, Chairman, and Alice Lau were 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 Stumpf, Directors, GRF; Timothy O'Keefe, CEO; Richard S. Chakoff, CFO; Paul J. Donner, Director, Mutual and Trust Operations; Jeffrey P. Matheson, Director of Resident Services; Amanda Davis, Accounting Manager; Deborah Rose, Senior Administrative Assistant, Executive Services; and one resident.

Attendance

The report of the Committee's regular meeting of July 23, 2019, was approved as written.

Report
Approved

There were no Resident Forum speakers.

Residents'
Forum/
Staff
Reports

Mr. O'Keefe provided an update regarding several projects, stating that the solar farm, which is estimated for completion by the end of October, still has an additional pending approval from PG&E; the Stanley Dollar Clubhouse access ramp has been completed and that new front doors will be and are scheduled to be replaced; and the Guard Shack repairs have almost been completed. Lastly, he reported that the creek repair has received an informal approval by the regulatory agency and answered questions from members of the Committee.

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

Mr. Donner reviewed the July 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.

The Vice Chair introduced agenda item 7a, clarification of recommendation to the Board for \$2 million-dollar Trust Estate targeted year-end minimum balance. Ms. Neff provided an overview of this line item. Discussion followed.

Recomm-
endation to
GRF Board
for Targeted
Year-End \$2
Million Dollar
Minimum
Balance

A motion was made by Ms. Thomas, seconded by Ms. Yearout, and CARRIED UNANIMOUSLY to recommend to the Board that they establish a \$2 million targeted year end Trust Estate Fund balance net of any committed funds for the year ending 12/31/19.

There being no further business to come before the Committee, the meeting was Adjournment adjourned at 9:53 a.m.

The next regular meeting of the Finance Committee will be held on Tuesday, Next Mtg. 9/24/19 September 24, 2019, at 9:00 a.m. in the Board Room at Gateway Complex.

dr

Jean A. Autrey, Vice Chair
Finance Committee

DRAFT

MINUTESJOINT MEETING OF THE FINANCE COMMITTEE AND
THE GOLDEN RAIN BOARD OF DIRECTORSTUESDAY, SEPTEMBER 10, 2019, AT 9:00 A.M.
FIRESIDE ROOM – GATEWAY COMPLEX

A joint meeting of the Finance Committee and the Board of Directors of the Golden Rain Foundation (GRF) of Walnut Creek was convened by the President, Robert D. Kelso, at 9:00 a.m. on Tuesday, September 10, 2019, in the Fireside Room at Gateway Complex.

ROLL CALL: Present: Finance Committee members, F. William Dorband, Jean A. Autrey, Alice Lau, Paul Moderacki, who attended a portion of the meeting, Mary K. Neff and Gery Yearout

Attendance

Absent: None

Present: GRB members Robert D. Kelso, Leslie Birdsall, Barbara Coenen, Mary K. Neff, Sue DiMaggio Adams, Kenneth Anderson, Carl W. Brown, Dale J. Harrington, Kathleen Stumpfel, and Timothy O'Keefe, Chief Executive Officer, ex-officio member of the Board

Excused: None

The President welcomed the audience to the beginning of the 2020 GRF Operations Budget process and then thanked staff for keeping the Golden Rain Foundation running smoothly, for continued excellence in service, and for putting into place cost saving measures. He went on to encourage GRF staff to focus on improving efficiencies and to come up with a bonus program which would substantially reward employees who come up with significant money saving ideas.

President's
Opening
Remarks

During the Residents' Forum, Steve Roath expressed that this was the most important meeting of the year. He reminded the Board to be open about hearing resident feedback as he explained there are residents with differing opinions on how funds are dispersed; and to tell the story of how the Board is dealing with issues, how it arrived at its decisions, and not to leave out the details.

Residents'
Forum

Mary England echoed Mr. Roath's statement, saying this was the most important meeting of the year, and encouraged the Board to keep in mind, with regards to coupon increases, that there are residents with a range of income budgets. She then reminded the Board that the GRF Trust Agreement focuses on managing, maintaining, and improving facilities, not on entertainment.

Joint Meeting of the
Finance Committee and
the GRF Board

-2-

September 10, 2019

Following opening remarks by the CEO and then the CFO, the Board and the Finance Committee reviewed the draft FY 2020 GRF Operations Budget with staff (Section 8), which included departmental presentations by management staff (copy on file).

Draft FY
2020 GRF
Operations
Budget
Reviewed

Mr. Moderacki, Finance Committee, joined the meeting.

During Chief Financial Officer Rick Chakoff's budget presentation, he noted a reduction proposal of professional services in the Accounting Department for \$5,000, which should have been included in the proposed 2020 budget.

Continued
Review of
Draft FY
2020 GRF
Operations
Budget/
Results of
Straw Votes

The Board and the Finance Committee then continued their review of the draft FY 2020 GRF Operations Budget with staff (Sections 2 through 7). This was an informational meeting, and no final actions were taken; however, straw votes of the members of the Board and the members of the Finance Committee were taken on the following items:

Anticipated revenue from Measure J Bus Grant for \$51,480 – 11 out of 15 Yes

Swim Lessons for \$1,440 – 15 out of 15 Yes

Median Island Improvement for \$50,000 – 13 out of 15 Yes

During Director of Golf Mark Heptig's budget presentation he noted that there is an additional revenue increase of \$8,000 from the resident sponsored guest program, which should have been included in the proposed 2020 budget.

Following a discussion regarding the valley wide slurry seal proposal in Section 6 of the budget binder, the Board asked that Martijn Lemmens, Trust Maintenance Manager, present his proposal for valley wide slurry seal in Rossmoor at its next end-of-month meeting on September 26. After further discussion, the Board agreed to invite Mr. Lemmens to the September 24 Finance Committee meeting to present the financial aspect of his proposal in advance of the Board meeting.

In closing, Mr. Moderacki, Finance Committee, asked if all of the Golf related items discussed at today's meeting, including the additional \$8,000 Golf Department revenue increase will be included in the proposed budget? The President confirmed that all budgetary items discussed at today's meeting will be included in the proposed budget. Ms. Stumpf, GRF Board, requested the history of the slurry seal on Ptarmigan be included in Mr. Lemmen's report. Mr. Brown, GRF Board, lastly noted that the roads included in the slurry seal proposal have deterioration and that deterioration can easily be seen when the roads are wet.

Closing
Remarks

Before concluding, the President announced that the Finance Committee will meet on Tuesday, September 24, 2019, at 9:00 a.m. in the Board Room at Gateway Complex to further consider the draft FY 2020 GRF Operations Budget and make recommendations to the Board about it; and that the next end-of-the-month regular meeting of the Board will be held on Thursday, September 26, 2019, at 9:00 a.m. in Peacock Hall at Gateway Complex, at which time the Board will consider the Finance Committee's recommendations regarding the draft FY 2020 GRF Operations Budget and other matters.

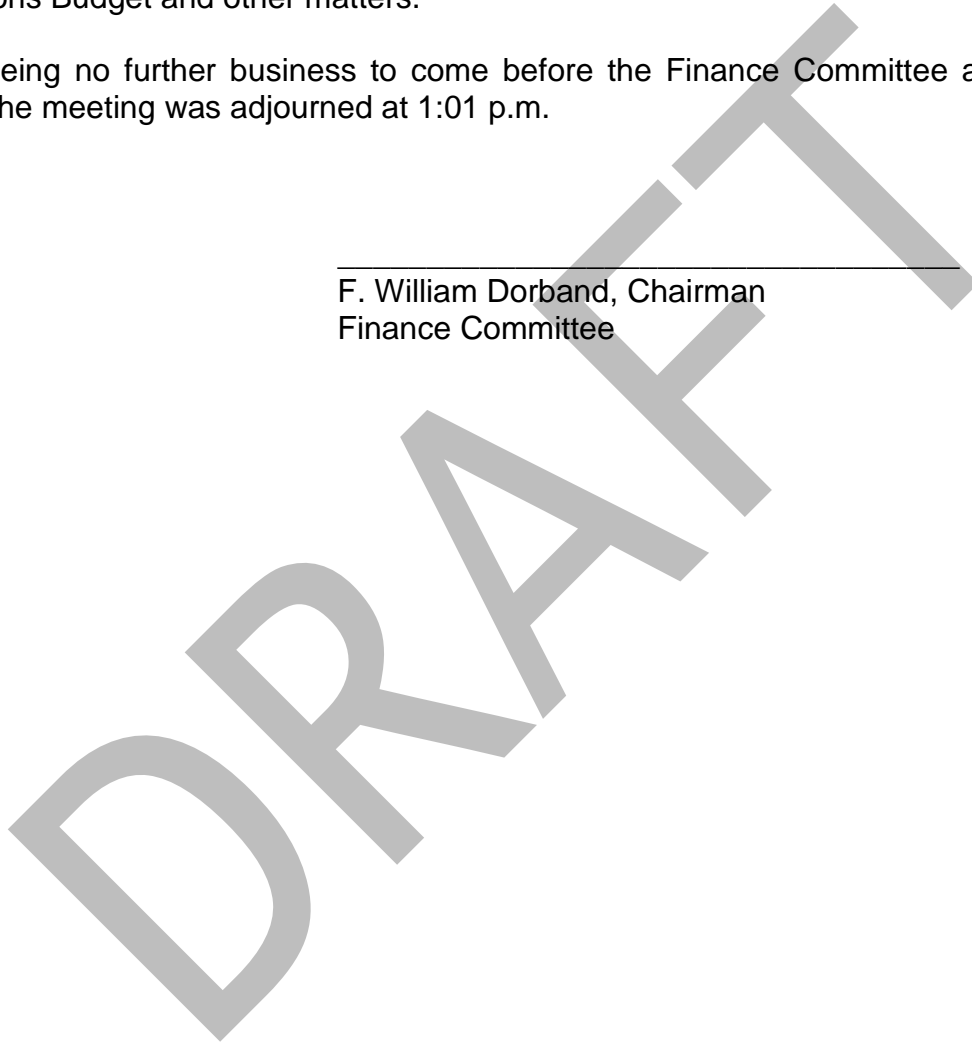
Announcements

There being no further business to come before the Finance Committee and the Board, the meeting was adjourned at 1:01 p.m.

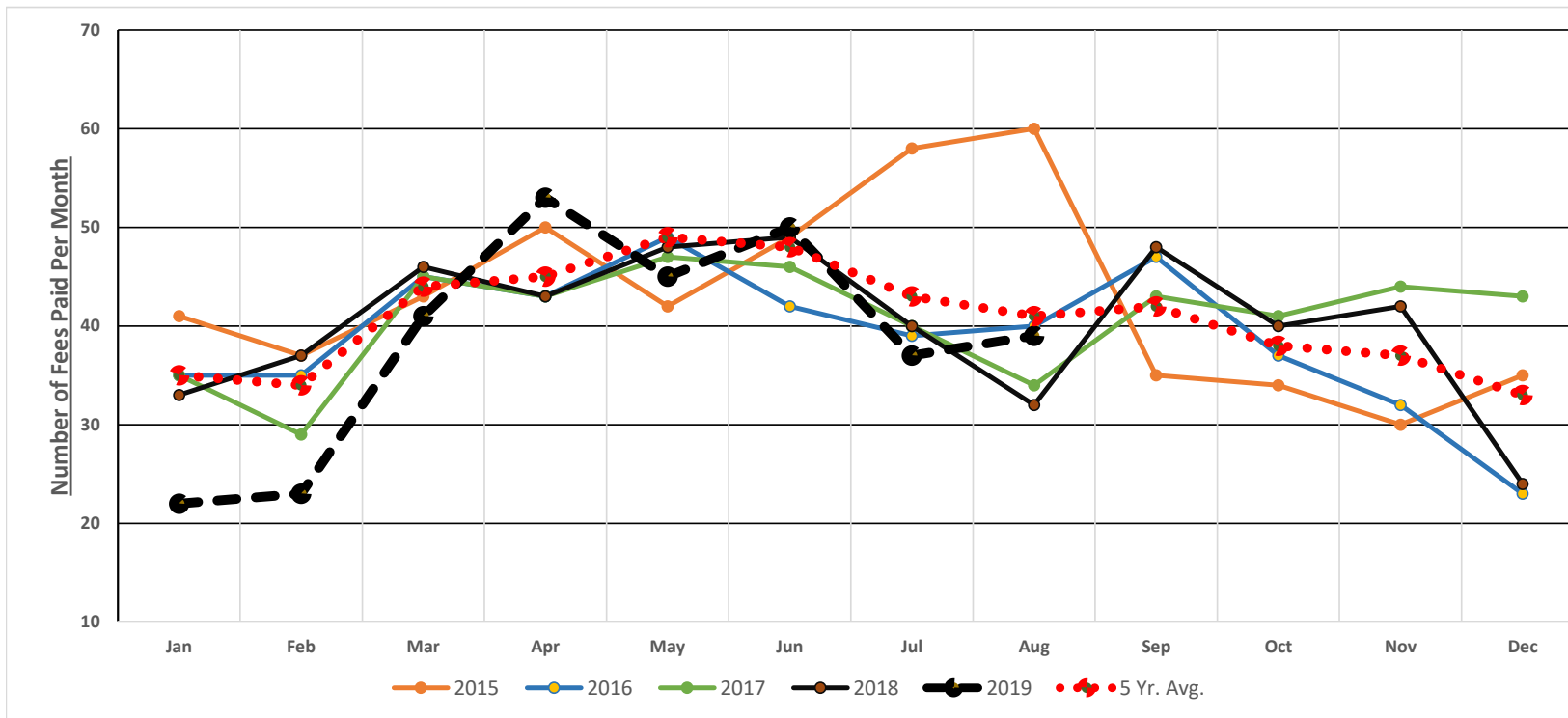
Adjournment

F. William Dorband, Chairman
Finance Committee

dr



GRF Membership Transfer Fees

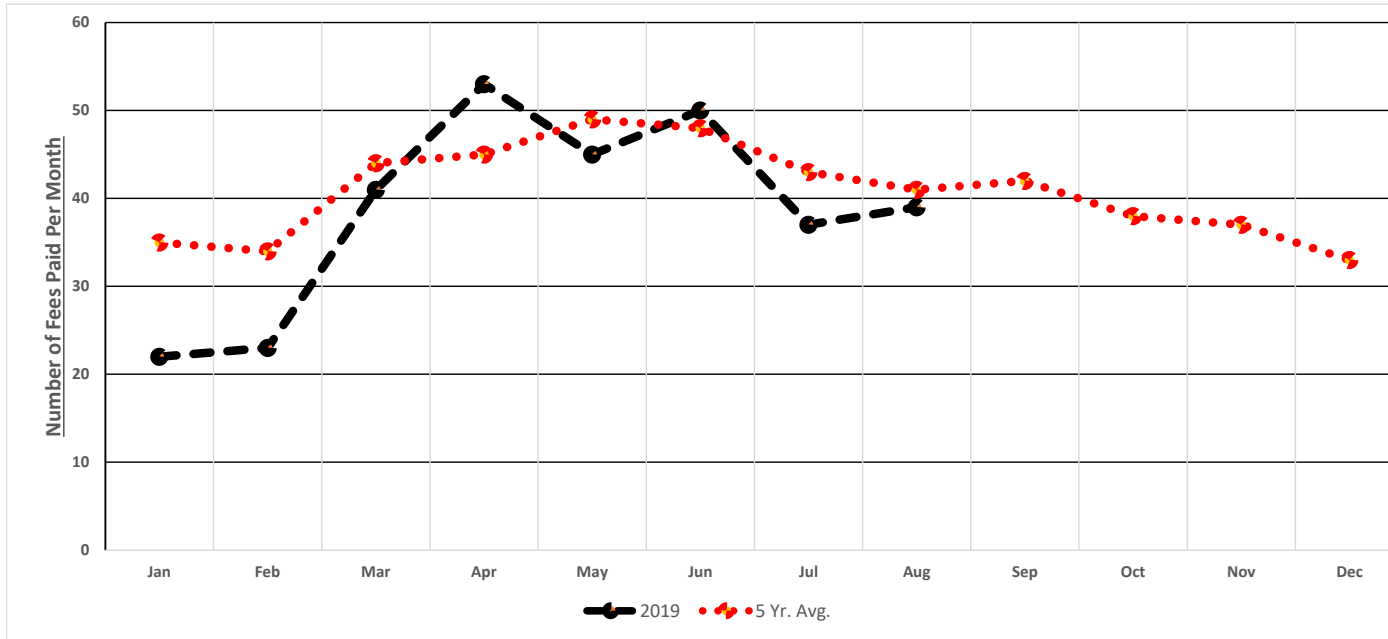


History of Transactions Generating Membership Fees

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	39					310
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
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2019	22	23	41	53	45	50	37	39					310
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 (4 Months)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 - 2038	Total
Beginning Balance 8/31/2019	3,741	2,965	3,582	5,330	6,931	8,648	9,951	11,440	12,505	14,043	15,548	3,741
<u>Estimated Revenues:</u>												
Membership Transfer Fees	1,334	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700	47,000	90,634
Medical Center Rent	228	694	711	729	747	766	785	804	825	845	9,706	16,840
Total	1,562	5,394	5,411	5,429	5,447	5,466	5,485	5,504	5,525	5,545	56,706	107,474
<u>Debt Service:</u>												
Mechanics Bank Loan #1-Creekside	250	749	749	749	749	749	749	749	378			5,871
Mechanics Bank Loan #2-Event	268	785	757	730	703	676	649	622	595	568	228	6,581
Mechanics Bank Loan #3-Fitness	195	586	586	586	586	586	586	586	586	586	2,637	8,106
<u>Estimated Expenditures</u>												
Machinery & Equipment	46											46
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)	1,730											1,730
Other Projects (3)	-	100	100	100	100	100	100	100	100	100	1,000	1,900
<u>Encumbered Funds</u>												
Creek Repair		1,000										1,000
Total Estimated Expenditures	2,489	4,777	3,663	3,828	3,730	4,163	3,996	4,439	3,987	4,040	24,659	63,771
Revenue Minus Expense	(927)	617	1,748	1,601	1,717	1,303	1,489	1,065	1,538	1,505	32,047	43,703
Amount due from GRF Operating Fund (4)	151											
Ending Fund Balance	2,965	3,582	5,330	6,931	8,648	9,951	11,440	12,505	14,043	15,548	47,595	47,444
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	965	1,582	3,330	4,931	6,648	7,951	9,440	10,505	12,043	13,548	45,595	45,444

(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

(4) Membership fees recorded at the end of the month not yet deposited in the Trust account

**YR2019 TRUST FACILITY / PROPERTY MAINTENANCE
COST & COMMITMENT REPORT**

Reporting Period: August 2019

Project	Approved Budget	Reporting Period Expenditures	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget	Status
Corporation Yard							
Commodity Bins Repairs	15,000	0	15,000	0	15,000	0	<i>completed</i>
Creekside							
Social Building Interior Painting and Stain	15,000	0	14,905	0	14,905	95	<i>completed</i>
Dollar							
Garden Room Upgrades	10,000	0	7,317	2,683	10,000	0	
Open Space							
Open Space Maintenance	25,000	0	17,635	7,365	25,000	0	
Defensible Space Fire Abatement	35,000	0	0	35,000	35,000	0	
Trails Maintenance	10,000	0	237	9,763	10,000	0	
Public Works							
Street Maintenance	170,000	10,048	123,963	46,037	170,000	0	
Sidewalk Maintenance	66,000	704	48,534	17,466	66,000	0	
Water, Drainage, Sewer Maintenance	17,000	0	4,524	12,476	17,000	0	
Street Striping	24,000	0	21,600	2,400	24,000	0	
Valleywide							
Equipment Replacements	39,000	6,500	15,853	23,147	39,000	0	
TOTAL	426,000	17,252	269,567	156,338	425,905	95	

**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period AUGUST 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	1,225	60,027	162,150	222,177	0	In process
Fiber Optic Cable Phase I	60,000	2,940	47,888	(2,940)	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		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		107,319	0	107,319	(24,319)	Completed
Dollar Clubhouse Accessibility Improvements	105,000		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		13,724	41,276	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	7,465	7,465	0	7,465	285	Completed
TOTAL	2,645,948	11,629	924,549	1,730,380	2,654,930	(8,982)	

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: AUGUST 2019

Project	Approved Budget	Incurred To-Date	Forecast To-Complete	Est. Final Expenditure	Under/(Over) Budget
MOD Vehicles	198,000	154,632	43,368	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	5,772	19,228	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	436,717	89,218	525,935	755

NOTE 1: Cost for a MOD fuel island repair.

MOD Expenditures	198,000	154,632	43,368	198,000	0
GRF Expenditures	328,690	282,085	45,850	327,935	755
TOTAL	526,690	436,717	89,218	525,935	755

Preventive Maintenance

Under normal circumstances, the rate of deterioration of new pavement in the first 8 to 10 years is very slow. After that time it will happen at an increasingly faster pace if no preventive maintenance is done. The main culprits are oxidation, uv rays, water and heavy traffic.

Oxidation is the reaction of oxygen with asphalt binder. Over time it hardens the binder, causing it to lose its flexibility. Asphalt binder needs to be flexible to hold aggregate and sand in the pavement mixture together and allow for contraction and expansion with changing temperatures. Oxidation is easy to spot: new asphalt pavement is black in appearance, oxidation will turn it to a light grey.

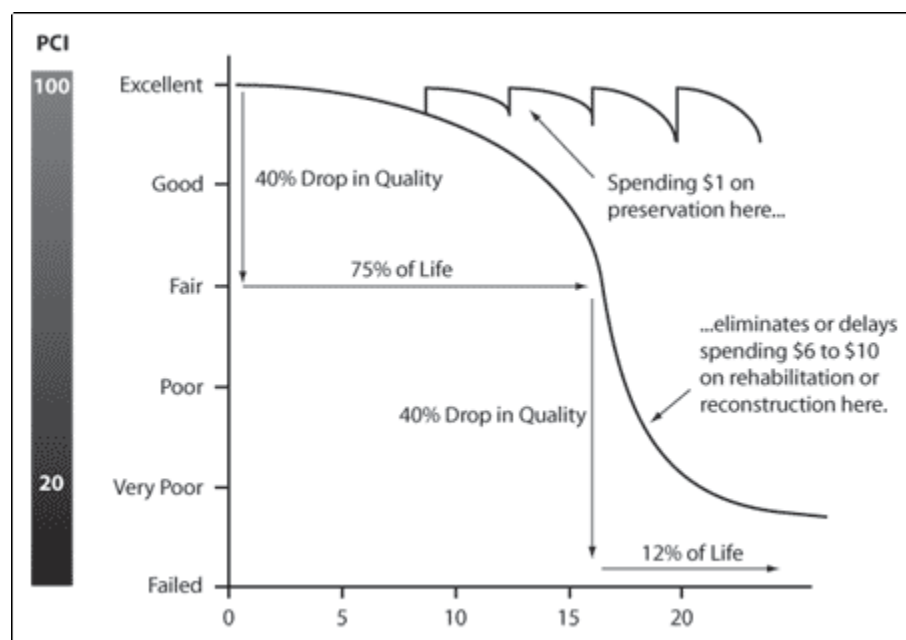
The sun's uv rays too have a detrimental effect on asphalt binder. Prolonged exposure causes the binder to become hard and brittle.

The longer the pavement is exposed to oxidation and uv rays, the more structural damage will occur. Asphalt binder at the surface will get so brittle it will slowly dislodge (weathering) and in the process sand and later on larger aggregate will follow (raveling), stripping away more and more from the top of the pavement.

Cracks in the pavement can form due to the asphalt binder's inability to contract and expand. Water can then reach the road base through these cracks, weakening it. Without a proper base, the asphalt pavement above it will not be able to handle traffic loads.

By applying a **slurry seal** at the point where pavement is expected to deteriorate at a faster pace, the pavement can be protected from further oxidation, uv ray damage and the potential start of cracking. The slurry seal is a waterproofing wearing course and besides protecting the road and base underneath it provides a smoother ride and more appealing appearance. It is not a structural improvement.

By reducing the rate of deterioration, a slurry seal significantly prolongs the life of existing asphalt pavement. It is very cost effective. For every dollar spent on preventive maintenance, a much higher amount in more extensive rehabilitation a few years down the road does not have to be spend.



The section of **Rossmoor Parkway between Stanley Dollar Drive and Golden Rain Road** was removed and replaced in 2008. The road base was scarified, water treated and re-compacted before the new pavement got installed. The asphalt pavement thickness is 4-inches.

The condition of this section is, like all other roads in Rossmoor, visually monitored on a regular basis.

During a **visual observation**, the following is looked for:

- oxidation
- weathering
- raveling
- rutting: A depression worn into the road's wheel paths.
- cracking: There are various types of cracking (e.g. block, fatigue and transverse cracking), each indicating a particular kind of distress.
- water bleeding: water
- pumping: water and fine material is ejected from underlying layers through cracks in the pavement under traffic loads.
- shoving: the formation of ripples across a pavement, also known as washboarding
- potholes
- root damage

Core samples are only taken when pavement is up for full depth replacement.

Due to its age and observed weathering, the recommendation was made to slurry seal Rossmoor Parkway between Stanley Dollar Drive and Golden Rain Road.

The cracking of the pavement on **Rossmoor Parkway between Tice Creek Drive and Entry 1** is mostly a result of horizontal movement. The pavement itself shows signs of weathering. Here too, a slurry seal is recommended to prolong the life of the pavement.