



GRF Board Special Session

JANUARY 2, 1:30 P.M., ADMINISTRATION CONFERENCE ROOM

CALL TO ORDER

President Winkler called the special meeting of the Golden Rain Foundation Board of Directors to order at 1:30 p.m. on Tuesday, January 2, 2015, in the Administration Conference Room.

ROLL CALL

The Executive Coordinator reported that Directors Blake, DeMarco, Snowden, Hood, Rapp, Reed, Stone, Damoci, Winkler, Wood, Moore, McGuigan, Krieger, Craig, Lukoff and Kravitz were present. Directors Michaelides and Bolton were absent. Executive Director Ankeny was also present.

PLEDGE OF ALLEGIANCE

Mr. Kravitz led the Pledge of Allegiance.

ANNOUNCEMENTS

There will not be an Executive Session meeting at the end of today's GRF Board meeting.

PRESIDENT'S COMMENTS

The President did not offer comments.

SHAREHOLDER/FOUNDATION MEMBER COMMENTS

In accordance with Policy 5610, Participation by Foundation Members, members may enter into a comment period prior to the beginning of business. Shareholders/members must register their requests in advance of the meeting. Comments are limited to four minutes.

Shareholders/Foundation members spoke on Financial Department concerns, the possible by-law change to three year Board of Directors terms and a proposal to conduct elections without the benefit of an outside election firm.

BUSINESS

Finalization of 2015 Budget Revisions

At the December 16, 2014 special meeting of the Board of Directors, it was unanimously approved to renew the Workers' Compensation Insurance (WCI) with Cypress/Berkshire at substantial savings to the approved 2015 annual budget. The savings is sufficient enough to absorb the \$3.15 increase in assessments for 2015.

The WCI expense budget included in the annual 2015 budget that was approved by the Board of Directors as its meeting on September 23, 2014 was based on information provided in June 2014, at the time of the budget planning process, from our broker noting a worst case WCI scenario:

- A higher experience modification rating (Ex-Mod),
- A possible increase in classification rates within the market,
- The large number of open claims as of June 2014.

The actual WCI premium for 2015 is \$299,183 less than the initial approved 2015 budget amount due to the following:

- The Executive Director established a detailed rigorous safety program supported by managers and supervisors who continuously bring awareness of safety in the workplace to all staff. Staff's active participation in the program resulted in an over 70% decrease in new claims for 2014,
- The results of staff's active participation in the safety program, the reduction in the number of new claims this year and two major prior claims closing this year allowed more bargaining power for DLD Insurance Brokers, Inc. to perform its due diligence to secure the lowest WCI premium rates,
- The payroll calculation rate for the 9066 classification code (Home Owner Associations) dropped overall in the market.

At the December 19, 2014 regular meeting of the Board of Directors, it was unanimously approved to reduce the monthly 2015 Golden Rain Foundation assessment by \$3.15, effective February 1, 2015. Exhibit A is a finalized summary of the revised budget showing the effect of the reduction.

Ms. Stone MOVED, seconded by Mrs. Damoci -

TO approve the revised 2015 annual budget reflecting a decrease of \$3.15 in the monthly GRF assessment, effective February 1, 2015, as finalized in Exhibit A.

Two Board members, the Executive Director and the Controller spoke on the

motion.

The motion carried with one no vote (Snowden).

Proposed By-law Amendment/Funding

GRF Shareholders properly expect GRF Directors to any such savings which can be gained from a "procedural" change which does not, in any way, diminish the ability of the GRF Board to perform its duties.

A previously distributed financial analysis showing savings, which would obtain from a change in the current GRF Director election methodology, calculated the potential cost savings of between \$139K and \$153K. These savings can be secured by a change to the GRF By-Laws: changing from the current method electing of GRF Directors to two year terms, with half the Directors elected every other year, to a revised election system of electing GRF Directors to three year terms with staggered election cycles of six Directors to be elected in each of a three year cycle.

Given the unavoidable costs to be incurred in an open, robust and transparent study by the Shareholders of the "pros and cons" of a proposed GRF By-Law change to staggered 3year terms and a subsequent lawfully compliant vote on the matter, it is anticipated that funds in an amount not to exceed \$75K will be needed for this; these funds should be carried over from the favorable budget variances which GRF has accrued in fiscal 2014.

Mr. Craig MOVED, seconded by Mr. Moore -

TO request the GRF Board of Directors to create a fund of not to exceed \$75,000 from GRF 2014 budget surpluses which exist at the end of fiscal 2014; such fund is to be used solely for the administrative and legal costs of administering a compliant vote of GRF Shareholders of a By-Law change for the terms and staggered election cycle of GRF Directors.

Eight Board members and the Executive Director spoke on the motion.

Mr. Blake called the question, seconded by Mr. DeMarco. The motion to end debate was carried with eleven votes.

President Winkler called for a voice roll call vote on the main motion. The Executive Coordinator took a voice roll call vote on the motion by alphabetical roll call.

The main motion was defeated with twelve no votes (Blake, Damoci, DeMarco, Kravitz,

Krieger, Lukoff, McGuigan, Rapp, Reed, Snowden, Stone and Wood) and three yes votes (Craig, Hood and Moore).

Final approval of Policy 1925-37, Traffic Rules and Regulations

At its meeting on November 25, 2014, the Board voted to tentatively adopt and post the following policy:

- Policy 1925-37, Traffic Rules and Regulations (see attached Exhibit A)

When the GRF Board of Directors considers a change in an operating rule, Shareholders/Foundation members are allotted a thirty (30) day review and comment period and are welcome to comment on the issue at a Board meeting or may submit their written comments to the Board Office in accordance with **Civil Code §4360(a)**.

Three (3) written comments were received from Shareholders/Members regarding Policy 1925-37, Traffic Rules and Regulations (see attached Exhibits B, C and D).

Mr. McGuigan MOVED and seconded by Ms. Rapp -

TO approve Policy 1925-37, Traffic Rules and Regulations.

Four Board Members spoke on the motion.

The motion was carried unanimously by the Board members present.

2014 Capital Carryover

After the 2014 financial statements have been finalized, funds in the Trust Improvement and Capital Improvement fund accounts will be restructured into two new funds: Reserve Fund and Capital Improvement Fund. The Reserve Fund will be used for the repairs and replacement of existing components, whereas the Capital Improvement Fund will be used to purchase new components. The Capital Improvement Fund will be funded by a percentage of membership fees collected in accordance with Policy 5061-31.

At its meeting held on December 16, 2014, the Finance Committee discussed the need to carry over funds from the 2014 capital budget to finance various projects still in progress at year-end and for projects that were approved by the Board of Directors in 2014 that have not yet been started.

The committee appointed Linda Stone, Treasurer, to choose one additional committee member to discuss with the Controller the appropriate amount of funds to carry over to 2015. Identified funds are to be used for the following types of projects:

- A specific budgeted project already in progress but will not be complete before 2014 year-end,
- 2014 budgeted projects that have not been started yet in 2014 but will be completed early 2015,

- New projects approved by the Board of Directors in 2014 that are to be funded with reallocated unused funds from completed 2014 budgeted projects.

Exhibit B contains a list of projects falling within the above criteria totaling \$1,841,538. The Finance Committee requests approval from the Board to move these funds to the Capital Improvement Fund when established in 2015 to finance the projects listed in Exhibit B. After the completion of each of these projects, any unused funds will be transferred to the Reserve Fund.

I move that funds in the amount of \$1,841,538 be carried forward to the 2015 Capital Improvement Fund to be used for the projects listed in Exhibit B and that any leftover funds from these projects be transferred to the Reserve Fund upon completion of the project.

Ms. Stone MOVED, seconded by Mr. Moore -

TO carry forward funds in the amount of \$1,841,538 to the 2014 Capital Improvement fund to be used for the projects listed in Exhibit B and that any leftover funds from these projects be transferred to the Reserve Fund upon completion of the project.

Five Board Members, the Executive Director and the Controller spoke on the motion.

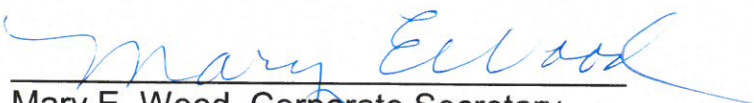
The motion was carried unanimously by the Board members present.

BOARD MEMBER COMMENTS

Three Board members spoke on today's productive meeting, the funding for the proposed by-law change, Policy 1925-37, the Finance Department, the Security Department restructuring, Jenark, the ITS Department and the improved safety record.

ADJOURNMENT

The President adjourned the meeting at 2:45 p.m.


Mary E. Wood, Corporate Secretary
GRF Board of Directors

Revised

Golden Rain Foundation
2015 Operating Budget - Revised
Effective February 1, 2015

Revised

Account	Title	2015 Rev. Budget	2015 January	2015 Feb - Dec	2015 Orig. Budget	2015 Variance
Salaries, Wages and Benefits:						
61000	Salaries and wages	\$ 7,365,949	\$ 611,660	\$ 6,754,289	\$ 7,339,916	\$ 26,033
61010	Commissions	34,517	2,876	31,641	34,517	-
61100	Pay For Performance Provision	36,872	3,073	33,799	36,872	-
61400	Payroll Taxes	614,690	51,058	563,632	612,698	1,992
61420	Workers' Compensation	571,711	69,167	502,544	829,999	(258,288)
61430	Group Insurance - Medical	692,654	57,721	634,933	692,654	-
61433	Group Insurance - Dental	16,195	1,350	14,845	16,195	-
61435	Group Insurance - Vision	9,754	813	8,941	9,754	-
61440	Retirement Contributions	175,646	14,550	161,096	174,605	1,041
61450	Group Insurance - Life, AD & D	27,033	2,243	24,790	26,915	118
61460	Long Term Disability	31,601	2,622	28,979	31,463	138
Total Salaries, Wages and Benefits		\$ 9,576,622	\$ 817,133	\$ 8,759,489	\$ 9,805,588	\$ (228,966)
Operating and Fixed Expenses:						
621XX	Employee Related Expenses	\$ 64,649	\$ 5,387	\$ 59,262	64,649	-
64100	Materials & Supplies	399,498	33,292	366,206	399,498	-
64200	Electricity	362,985	30,249	332,736	362,985	-
64240	Trash	69,700	5,808	63,892	69,700	-
64260	Natural Gas	26,625	2,219	24,406	26,625	-
64280	Telephone	84,858	7,072	77,786	84,858	-
64300	Management Fees	-	-	-	-	-
64320	Audit Fees	116,004	9,667	106,337	116,004	-
64340	Legal Fees	144,100	12,008	132,092	144,100	-
64350	Bank Service Fees	7,830	653	7,177	7,830	-
64380	Other Professional Fees	7,500	625	6,875	7,500	-
64440	Equipment Rental	27,879	2,323	25,556	27,879	-
64700	Equipment Repairs & Maintenance	56,520	4,710	51,810	56,520	-
64701	Equipment Repairs - Mini-bus	17,000	1,417	15,583	17,000	-
64720	Building Repairs & Maintenance	25,833	2,153	23,680	25,833	-
64725	Janitorial	1,026,725	85,560	941,165	1,026,725	-
64730	Landscape Maintenance	299,971	24,998	274,973	299,971	-
64740	Newspaper Distribution	97,300	8,108	89,192	97,300	-
64750	Employee Recruitment	-	-	-	-	-
64763	Bridge Inspection	-	-	-	-	-
64780	Computer Maintenance & Software	109,790	9,149	100,641	109,790	-
64785	Record Retention	2,250	188	2,062	2,250	-
64800	Uniforms & Laundry	30,376	2,531	27,845	30,376	-
64810	Continuing Education	18,860	1,572	17,288	18,860	-
64820	Mileage	10,872	906	9,966	10,872	-
64821	Meals & Special Events	20,900	1,742	19,158	20,900	-
64830	Dues & Membership Fees	18,920	1,577	17,343	18,920	-
64832	Annual Mailouts	10,900	908	9,992	10,900	-
64840	Permits & Licenses	25,273	2,106	23,167	25,273	-
64860	Postage	37,000	3,083	33,917	37,000	-
64870	Vehicle Fuel	96,025	8,002	88,023	96,025	-
64871	Mini-bus Fuel	30,000	2,500	27,500	30,000	-
64890	Uncollectible & Misc Writeoffs	7,900	658	7,242	7,900	-
64930	Printing	150,000	12,500	137,500	150,000	-
64931	Telephone/Navigator Books Printing	27,300	2,275	25,025	27,300	-

Exhibit A

Revised

Golden Rain Foundation
2015 Operating Budget - Revised
Effective February 1, 2015

Revised

Account	Title	2015 Rev. Budget	2015 January	2015 Feb - Dec	2015 Orig. Budget	2015 Variance
Operating and Fixed Expenses: (continued)						
64940	Service Contracts	98,526	8,211	90,315	98,526	-
64960	Community Entertainment	241,875	20,156	221,719	241,875	-
64970	Street Repair and Maintenance	26,767	2,231	24,536	26,767	-
64975	Sewer Maintenance	28,615	2,385	26,230	28,615	-
64985	Hazardous Material Disposal	4,211	351	3,860	4,211	-
64995	Election Expense	55,000	4,583	50,417	55,000	-
66255	Pre-employment Exams	-	-	-	-	-
67200	Federal & State Income tax	16,500	1,375	15,125	16,500	-
67300	Hazard & Liability Insurance	462,250	38,521	423,729	462,250	-
81000	Depreciation & Amortization	-	-	-	-	-
81600	Committee Non-Budgeted Expense	8,000	667	7,333	8,000	-
81610	Replacement Reserve Funding	1,000,000	83,333	916,667	1,000,000	-
Total Operating and Fixed Expense		\$ 5,373,087	\$ 447,759	\$ 4,925,328	\$ 5,373,087	\$ -
Total Cost of Trust Administration						
Before Other Sources of Income		\$ 14,949,709	\$ 1,264,892	\$ 13,684,817	\$ 15,178,675	\$ (228,966)
Other Income Sources:						
53300	Mutual Management Fee	\$ 44,400	\$ 3,700	\$ 40,700	\$ 44,400	\$ -
53450	Certificate Prep Fees - Escrow	157,500	13,125	144,375	157,500	-
53600	Certificate Prep Fees - Non-Escrow	30,000	2,500	27,500	30,000	-
TBD	Trust processing fee	40,625	3,385	37,240	40,625	-
53850	Permit Fees & Misc. Income	221,019	18,418	202,601	221,019	-
59600	SRO Labor Costs Recovery	1,287,960	107,330	1,180,630	1,287,960	-
53950	Rental Charges & Other Fees	32,778	2,732	30,046	32,778	-
53950	Resales Office Rent	355,000	29,583	325,417	355,000	-
53950	Health Care Center Rent	564,000	47,000	517,000	564,000	-
53960	Taxable Other Income	6,704	559	6,145	6,704	-
53961	Taxable Other Income - STI	75,000	6,250	68,750	75,000	-
59105	Display & Insert Advertising	840,000	70,000	770,000	840,000	-
59455	Telephone & Navigator Books	117,250	9,771	107,479	117,250	-
59300	Classified Advertising	54,000	4,500	49,500	54,000	-
55100	Interest	36,900	3,075	33,825	36,900	-
55111	Interest Income Allocation	-	-	-	-	-
55400	Discounts	(1,125)	(94)	(1,031)	(1,125)	-
Total Income From Other Sources		\$ 3,862,011	\$ 321,834	\$ 3,540,177	\$ 3,862,011	\$ -
Net Cost of Trust Administration						
		\$ 11,087,698	\$ 943,058	\$ 10,144,640	\$ 11,316,664	\$ (228,966)
Monthly Assessment						
		\$ 139.83	\$ 142.71	\$ 139.56	\$ 142.71	\$ (2.89)

Capital Projects Carryover from Prior Year

Department	Dept CC	Description	Total
Administration	30	Admin Building Remodel 2014 (Lighting) (ARB2014)	\$ 1,000
Purchasing	32	Barcode Label Printer	\$ 1,000
ITS	34	Jenark System*	\$ 62,080
	34	Surveillance Camera Extension	\$ 1,000
Security	37	Automated Pedestrian Gate	\$ 5,000
		Unused funds from 2013 Capital Carryover for CH4 - Tile Replacement	\$ 10,000
		Total Allocated to Automated Pedestrian Gate	\$ 15,000
	37	4 Visitor Admissions Printers	\$ 4,000
	37	Portable Security Cameras for Outdoor Use	\$ 1,435
Community Facilities	79	Resales Office Remodel	\$ 16,000
		Unused funds from 2014 Capital Carryover for Admin Bldg Remodel	\$ 50,000
		Unused funds from 2014 Capital Carryover for Master Planning	\$ 4,000
		Unused funds from 2014 Capital Carryover for Hot Pool Shade	\$ 70,000
	79	Remaining commitment on Wall Section R (591-01B-R)	\$ 10,156
		Remaining Commitments on Wall Section A (591-01B-A)	\$ 341,850
		Allocated to Wall Sections J & K (591-01B-JK)*	\$ 702,900
	79	Westminster Wall Section L & M/Engineering (668-11B)	\$ 23,475
		Total Allocated to Perimeter Walls	\$ 1,054,906
	79	Landscape Improvement - Canoe Brook/EI Dorado (713-14) *	\$ 26,777
		Trust Street Paving Project	\$ 80,750
	79	In-Road Lighting Plan - St. Andrews - Lighted Crosswalk (702-13)	\$ 59,463
	79	St. Andrews Improvement @ Tam O'Shanter (721-14)	\$ 56,494
	79	Street Painting (708-14-PS)	\$ 50,000
	79	St. Andrews Gate Improvements (723-14)*	\$ 154,234
	79	Del Monte Drive Removal & Replacement (722-14)	\$ 15,544
	79	Knollwood Removal & Replacement (720-14)	\$ 4,380
	79	Bridge Repairs @ Burning Tree & Del Monte (3361-14P)	\$ 50,000
	79	Pharmacy Pedestrian Circulation and Ramp Design (710-14)*	\$ 90,000
	79	Re-roofing Community Facilities Buildings - CH1 (711-14)	\$ 7,000
	79	Paint Front Gate Security Building (716-14)*	\$ 8,000
		Unused funds from 2014 Capital Carryover for 2014 Trust Street Paving	\$ 5,000
		Total Paint Front Gate Security Building	\$ 15,000
	79	Paint Exterior Resales Building (718-14)*	\$ 5,000
		TOTAL	\$1,841,538

*\$28,854 due on contract; 33,226 remaining

*Dantuma bid \$495K; plus contingency

*Annual budget \$40K; release \$13,223

*Under committee review. \$50 is estimate

*Project is out to bid; \$50k is estimate

*Pending contract approval

*Contract plus contingency