

## **Agenda**

### **Finance Committee**

Administration Conference Room/Marisa McAuley  
Tuesday, July 15, 2014 – 9:00 A.M.

1. Call to Order / Pledge of Allegiance
2. Roll Call
3. Introduction of Guests and Staff
4. Committee Rules
5. Approval of Regular Meeting Minutes of May 20, 2014
6. Election of Vice Chair
7. Chair's Announcements
8. Foundation Member Comment Period (for Agenda items only)
9. Review Correspondence
10. Unfinished Business
  - a. Amend Procedure 3323, Disposition of Surplus Equipment
  - b. Rescind Addendums 3323.1 and 3323.2
  - c. Credit Cards – Update Only
11. New Business
  - a. Establish Investment Sub-Committee
  - b. Establish Audit Sub-Committee
  - c. Establish Cost Center for Emergency Preparedness Sub-Committee
  - d. Additional Funding Request for Document Scanning
  - e. Budget Timeline
  - f. 2015 Preliminary Budget for cost centers 31, Finance; 32, Purchasing; 39, Sales Office; and 60, Health Care Center
  - g. NSBN Management Letter
  - h. Insurance Timeline (enclosure)
  - i. Assistant Mutual Administration Director (enclosure)
  - j. Capital expense for Admin. 2<sup>nd</sup> floor office rearrangement (enclosure)
12. Staff Reports
  - a. Executive Director
    - Reserve Study – Update Only
  - b. Controller
    - June 2014 Financial Statements (enclosure)
    - Accept May 2014 Financial Statements for Audit
    - Accept June 2014 Financial Statements for Audit
  - c. Purchasing Supervisor
13. Foundation Member Comment Period (for future consideration)
14. Committee Member Comments
15. Next Monthly Meeting: August 19, 2014
  - a. July 28<sup>th</sup> – July Minutes distributed and on website
  - b. August 7<sup>th</sup> – August Agenda items due to Marisa
  - c. August 14<sup>th</sup> – August Agenda packets distributed and on website

\*\* Agenda is Subject to Change\*\*

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MEMO

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**TO:** GRF FINANCE COMMITTEE  
**FROM:** JULIE RODGERS, PURCHASING SUPERVISOR  
**SUBJECT:** AMEND PROCEDURE 3323, DISPOSITION OF SURPLUS  
EQUIPMENT, AND RESCIND ADDENDUMS 3323.1 AND 3323.2  
DISPOSITION OF SURPLUS EQUIPMENT  
**DATE:** JULY 10, 2014  
**CC:**

Procedure 3323, Disposition of Surplus Equipment sets forth parameters regarding the disposition of property and equipment. Addendums 3323.1 and 3323.2 outline separate steps from both the Golden Rain Foundation and the Mutuals.

It is recommended that Procedure 3323 be amended to combine addendums 3323.1 and 3323.2, as well as outline updated steps to be taken to properly dispose of surplus equipment so as to maximize potential financial return or incur the lowest possible cost for disposal of non-sellable items. It is also recommended the procedure be established as a policy for better understanding and transparency. Updating the procession of steps through final disposal is outlined below:

- Disposal by internal transfer;
- Disposal by sale to shareholders;
- Disposal by donation; and
- Disposal as waste.

Action by the Finance Committee to recommend the Board amend Procedure 3323, Disposition of Surplus Equipment, and rescind Addendums 3323.1, Disposition of Surplus Equipment - GRF, and 3323.2 Disposition of Surplus Equipment - Mutuals, as set forth above, is requested.

JR/cmk

Attachments

STAFF OPERATIONSPHYSICAL PROPERTY DEPARTMENT  
PURCHASING DEPARTMENTDRAFT TO AMENDDisposition of Surplus Equipment

All surplus property and equipment which has come to the end of its useful life to the community is to be disposed of in such a manner as to yield a maximum financial return to the Golden Rain Foundation. Foundation/Mutual surplus equipment may not be sold, traded-in, salvaged, scrapped, donated or otherwise disposed of without prior approval from the Finance Committee and will be executed at the lowest possible cost. In keeping with this policy, the following steps will be considered due diligence for disposal of surplus property:

Initiation of Disposal Process:

When a Mutual or Foundation department seeks to declare property as surplus, the Purchasing Supervisor will be advised of intent to transfer surplus property to the warehouse for the removal process via Equipment Transfer/Disposition of Equipment form sent via email. In turn, the Purchasing Supervisor will then initiate and execute the steps outlined below for removal.

Disposal by Internal Transfer:

For GRF properties priority will be given to internal re-circulation of properties in an attempt to repurpose surplus items. The Purchasing Supervisor will communicate via email to department heads notification of property available on a first come, first serve basis. If there is no call for repurposing, the Purchasing Supervisor will present a list of the items received as surplus, along with an assessment of fair market value, to the Finance Committee for review and approval.

Disposal by Sale to Shareholders:

GRF and Mutual property deemed to have a resale value, will be sold on a first come, first serve basis at the approved set price or open for best offer. Items will be sold "as is" for pickup. Notification of items for sale will be done through the classified section of the *Golden Rain News* for the period of at least one week. Mutual items that cannot be sold internally will be reported back to the mutual contact for further disposition. If no further disposition is received

STAFF OPERATIONS

~~PHYSICAL PROPERTY DEPARTMENT~~  
~~PURCHASING DEPARTMENT~~

DRAFT TO AMENDDisposition of Surplus Equipment

from the Mutual contact after 7 days items will continue through the following steps with any remaining GRF items.

Disposal by Donation:

GRF Items that cannot be sold internally may be donated to non-profit organizations.

Disposal as Waste:

GRF Items that cannot be sold or donated will be discarded through the Golden Rain Foundation's normal scrap, recycle or waste removal process.

Final Reporting:

Final disposition of all disposed items will be reported back to the Finance Committee by the Purchasing Supervisor. Mutuels will be credited for items sold on their behalf where appropriate.

Procedure    Policy  
 Amended:    15 Sept 86  
 Amended:

Executive Director Golden Rain Foundation  
Golden Rain Foundation Seal Beach, California

(Sept 86)



STAFF OPERATIONS

## PHYSICAL PROPERTY DEPARTMENT

ORIGINAL

Disposition of Surplus Equipment

All surplus property and equipment which has come to the end of its useful life to the community is to be disposed of in such a manner as to yield a maximum financial return to the Golden Rain Foundation.

Procedure  
Amended: 15 Sept 86

Executive Director  
Golden Rain Foundation

(Sept 86)

STAFF OPERATIONS

## PHYSICAL PROPERTY DEPARTMENT

ORIGINAL

Disposition of Surplus Equipment - GRF

It is the policy of the Golden Rain Foundation to dispose of all its surplus equipment and property in such a way as to yield maximum financial return to the Foundation. In keeping with this policy, the following administrative controls are hereby put in force.

1. Any property or equipment having an estimated salvage value of more than \$25 maybe sold without prior notification to the Administrator, department heads, all members of the Golden Rain Board and the Presidents of all Mutual Boards. This notification will carry a brief description of items to be sold and will ask for bids. The notification is to be sent by the Purchasing Agent. The Controller and Purchasing Agent will inspect all bids received and must sell all items to the highest bidder. The Purchasing Agent will provide the Executive Administrator Committee of the Board of Directors a list of all items sold, the purchaser and price upon receipt of all monies bid. Any items not paid for within two weeks of the sale may be put back up for sale, or sold to another party at the original bid price.
2. In the event that the replacement purchased included the trade-in value of the piece of equipment being replaced, the authorization for purchase will satisfy the requirements of this regulation. If an authorized person, either a resident or employee of the Foundation, bids higher than the trade-in price, he may be allowed to purchase the item.
3. The disposal of all property having an estimated per unit salvage value of less than \$25 will be handled by the Purchasing Agent. The item may be put out to bid, or sold to a salvage dealer based on the condition of the equipment, as assessed by the Purchasing Agent.

STAFF OPERATIONS

## PHYSICAL PROPERTY DEPARTMENT

ORIGINAL

Disposition of Surplus Equipment - Mutuals

Certain items of equipment in Mutual Property may become inoperable, be judged economically unworthy of repair, or are removed for cosmetic or preventive maintenance reasons and are replaced, i.e. refrigerators, laundry machines, sinks, and garbage disposers.

Such items will be designated by the Mutual or Service Maintenance Department to be consigned to the discard pile or to a holding area if in working condition. The items designated to the holding area will be disposed of in such a way as to yield maximum financial return to the Mutual as follows:

1. Any property or equipment designated to be sold and having an individual minimum value set by the Mutual of more than \$25 may not be sold without prior notification to the Administrator, department heads, all members of the Golden Rain Board and the presidents of all Mutual Boards. This notification will carry a brief description of items to be sold and will ask for bids. The notification shall be sent by the Purchasing Agent. The Controller and Purchasing Agent will inspect all bids received and must sell all items to the highest bidder. The Purchasing Agent will provide the Executive Committee of the Golden Rain Foundation and the Mutual Board a list of all items sold, the purchaser, and price upon receipt of all monies bid. Any items not paid for within two weeks of the sale may be put back up for sale or sold to another party at the original bid price.
2. The disposal of all property having an individual minimum value set by the Mutuals of less than \$25 will be handled by the Purchasing Agent. The item may be put out to bid or sold to a salvage dealer, based on the condition of the equipment, as assessed by the Purchasing Agent.

(Sept 86)



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**MEMO**

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**TO:** FINANCE COMMITTEE  
**FROM:** ITS COMMITTEE/STEVE PEREZ  
**SUBJECT:** REQUEST FOR FUNDING – DIGITAL SCANNING  
**DATE:** JULY 10, 2014  
**CC:**

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Digital Archive Project

The scanning project of the Golden Rain Foundation's records requires additional funds to complete. Digital Archive Technologies (DAT), the vendor used to scan the Foundations records has completed 283 of 386 boxes, or 73% of the total boxes that were located in Foundation storage rooms. The project was originally approved for \$47,000 by the GRF Board in December 2013. Two invoices for a total of \$50,266 have been received. DAT provided an estimate of \$20,766 to scan the remaining 103 boxes.

The processing of the records has revealed two main reasons for project costs running over initial estimates. The industry standard of 2,500 pages per box was used to calculate the anticipated number of scans, which was 1 million. DAT is finding that our records are yielding 3,300 scans per box, a 32% increase, or 1.33 million. Secondly, an extensive amount of document preparation is required by DAT prior to scanning. A majority of our stock transfer records included folders that contained many staples, receipts, post-it note attachments, folds, multi-part forms, loose papers, onion skin paper, various colors of paper, etc. All of which require special handling in order to properly scan each piece of paper. As a result, many of our boxes required 8 hours of extensive prep work. This additional cost for prep work accounted for almost 18% of the costs.

Through negotiations, DAT has offered a number of concessions as a gesture of goodwill to keep costs down for our project. The total of both invoices was originally \$58,037. DAT provided adjustments to their invoices with the following; 1.) They will charge at the 200 dpi rate of 0.047/scan instead of



0.057/scan for image quality and resolution. This reduced the two invoices by a total of \$7,777, or \$50,266 total. 2.) They will also scan our remaining boxes at the reduced rate of 0.047 per scan while still scanning at the 300 dpi resolution. This is an additional \$3,173 in anticipated savings. 3.) DAT noted they are not charging \$0.01 per page for OCR (optical character recognition) which allows for record search capability, a savings of \$13,000. In all, a total of approximately \$24,000 in concessions has been offered.

In response to these concessions, DAT has requested that as a gesture of good will, GRF guarantee Digital Archive will complete the processing of the remaining boxes. A factor to consider is it would be in both of GRF and DAT's interests to resume processing in August rather than in 2015, since there would be set up time incurred once again if we opted to go with the latter. We can also have the same team experienced with the Golden Rain documents to continue the processing.

Funding for this project is requested to come from the Contingency Operating Fund. In September of 2013, the Finance Committee removed \$100,000 that were planned for the 2014 Capital Budget and added it to the 2014 Operating Budget. However, before the 2014 budget was approved, the Finance Committee made the decision to remove the project from the 2014 Operating Budget and use excess funds that were available from the 2013 Operating Budget. The scanning project was approved by the Board in December. Since the Foundation had not entered into a contract by the end of 2013, excess Operating Budget funds of \$122,000 were added to the Contingency Operating Fund. This fund currently has a balance of \$685,047.

The IT Services Committee unanimously recommended to the Finance Committee to use **up to** \$80,000 of the Contingency Operating Fund to pay for this project.

Attached are the adjusted DAT invoices for work already performed, and the following is the detailed breakdown DAT provided for the remaining work.

Remaining Boxes to be Processed: 103

26 Certificates  
37 Occupancy Agreements  
40 Misc. Files

CERTIFICATES: 26 boxes approximately 4,800 per box. 8 hours prep per box.

Scan – 124,800	\$ 5,865
Prep – 208 hrs	2,909
<u>Index</u>	<u>75</u>



Total \$ 8,849

OCCUPANCY: 37 boxes approximately 2,500 per box. 2.5 hours prep per box.

Scan – 92,500	\$ 4,347
Prep – 92.5 hrs	1,294
<u>Index</u>	<u>75</u>
Total	\$ 5,716

MISC. FILES: 40 boxes approximately 2,500 per box. 2.5 hours prep per box.

Scan – 100,00	\$ 4,700
Prep – 100 hrs	1,399
<u>Index</u>	<u>100</u>
Total	\$ 6,199

**TOTAL: \$20,764**

**Digital Archive Technology, LLC**

111 W. Ocean Boulevard, Suite 1325  
Long Beach, CA 90802 US

(562) 786-8502  
lynn@datascans.com  
www.datascans.com

**BILL TO**  
Steve Perez  
Golden Rain Foundation  
13531 St. Andrews Dr.  
Seal Beach, CA 90740

**INVOICE NO.** 3550  
**TERMS** Net 30  
**DATE** 06/02/2014  
**DUE DATE** 07/02/2014

ACTIVITY	QTY	RATE	AMOUNT
<b>Boxes</b>	250	1.62	405.00
Boxes for packing files			
<b>Packing</b>	66	13.99	923.34
Packing boxes for shipment			
<b>Document Prep</b>	658	13.99	9,205.42
Prepare documents for high speed scanner			
<b>Scan</b>	588938	0.047	27,680.09
Scan at 300 dpi			
<b>Sep Sheets</b>	14052	0.035	491.82
Separator Sheets			
<b>Indexing</b>	232447	0.0019	441.65
Keystrokes			
<b>Shipping</b>	8	50.00	400.00
Pickup & Delivery			
<b>LF 11x17</b>	193	0.99	191.07
Large Format Scanning			

2 shipments. 175 boxes processed.

**BALANCE DUE**

**\$39,738.39**

**Digital Archive Technology, LLC**

111 W. Ocean Boulevard, Suite 1325  
Long Beach, CA 90802 US

(562) 786-8502  
lynn@datascans.com  
www.datascans.com

**BILL TO**  
Steve Perez  
Golden Rain Foundation  
13531 St. Andrews Dr.  
Seal Beach, CA 90740

**INVOICE NO.** 3566  
**TERMS** Net 30  
**DATE** 06/12/2014  
**DUE DATE** 07/12/2014

ACTIVITY	QTY	RATE	AMOUNT
<b>Document Prep</b>			
Prepare documents for high speed scanner	81	13.99	1,133.19
<b>Scan</b>			
Scan at 300 dpi	188159	0.047	8,843.47
<b>Sep Sheets</b>			
Separator Sheets	4648	0.035	162.68
<b>Indexing</b>			
Keystrokes	69014	0.0019	131.13
<b>Wide Format</b>			
	210	0.99	207.90
<b>PU</b>			
Pick up and delivery	1	50.00	50.00

**BALANCE DUE**

**\$10,528.37**



PREMIUM ESTIMATES - Assumes exposures per expiring Effective December 1, 2014 to December 1, 2015			
SUMMARY OF POLICIES	12/1/2013 to 12/1/2014 Current Program	12/1/2014 to 12/1/2015 Low Range Estimates	12/1/2014 to 12/1/2015 High Range Estimates
<b>COMMERCIAL INSURANCE PROGRAM</b>			
<b>GENERAL LIABILITY - GOLDEN RAIN FOUNDATION</b>			
Carrier	Philadelphia/Tokio Marine		
Premium excluding TRIA	\$ 235,730	\$ 247,517	\$ 264,018
Deductible	\$ 10,000		
Limits:	\$1,000,000/\$2,000,000		
Exposure Rating Base - Unit Count	6,608		
Composite Rate Per Unit	35.67343		
<b>GENERAL LIABILITY - THE CLUBS OF LEISURE WORLD</b>			
Carrier	Crum & Forster		
Premium excluding TRIA	Included within Foundation	Included within Foundation	Included within Foundation
Deductible	\$2,500		
Limits:	\$1,000,000/\$2,000,000		
Exposure Rating Base - Clubs	216		
<b>AUTOMOBILE LIABILITY</b>			
Carrier	Philadelphia/Tokio Marine		
Premium	\$6,474	\$ 6,798	\$ 7,251
Number of Vehicles	5		
<b>UMBRELLA / EXCESS</b>			
Carrier	Great American		
Premium excluding TRIA	\$ 73,674	\$ 75,147	\$ 77,358
Limits:	\$30,000,000		

The above captioned are premium range estimates ONLY based on conversations with underwriters, expiring exposures and no significant new losses.





PREMIUM ESTIMATES - Assumes exposures per expiring Effective December 1, 2014 to December 1, 2015			
SUMMARY OF POLICIES	12/1/2013 to 12/1/2014 Current Program	12/1/2014 to 12/1/2015 Low Range Estimates	12/1/2014 to 12/1/2015 High Range Estimates
<b>COMMERCIAL INSURANCE PROGRAM</b>			

PROPERTY and BOILER & MACHINERY			
Carrier	Philadelphia/Tokio Marine		
Loss Limit	\$200,000,000		
Deductible	\$50,000		
Premium Including Taxes & Fees	965,618	\$	1,013,898.90
Rate Per \$100 TIV	0.1513		
Total Insurable Values	\$638,231,253		

Note that lowering deductible to \$10,000 could result in approx. a 30% increase if reinsurers will even consider. Higher if losses are realized in the \$10k to \$50k range

Pollution Liability - 3 Year Term			
Carrier	Great American		
Premium excluding TRIA Limits:	\$ 96,157	\$	98,080
	\$50,000,000		\$ 100,965

Total Commercial Insurance Premium without Property Coverage - Total Annual Premium incl. Taxes & Fees	\$ 315,878	\$	329,462	\$	348,626
Total Commercial Insurance Premium with Property & 3 Year Pollution Coverage - Total Annual Premium incl. Taxes & Fees	\$ 1,377,653	\$	1,343,361	\$	1,489,262

The above captioned are premium range estimates ONLY based on conversations with underwriters, expiring exposures and no significant new losses.





**PREMIUM ESTIMATES - Assumes exposures per expiring**  
Effective December 1, 2014 to December 1, 2015

**SUMMARY OF POLICIES**

12/1/2013 to 12/1/2014  
Current Program

12/1/2014 to 12/1/2015  
Low Range Estimates

12/1/2014 to 12/1/2015  
High Range Estimates

**MANAGEMENT LIABILITY PROGRAM**

**FOREFRONT PORTFOLIO**

**Federal Insurance Company (Chubb) Premium including Taxes & Fees**

Limits:

\$1,500,000 Crime

\$1,500,000 Kidnap & Ransom

\$1,000,000 Workplace Violence (formerly \$25,000)

\$3,000,000 Fiduciary Liability

Deductibles:

\$10,000 Crime

\$0 Kidnap & Ransom

\$0 Workplace Violence

\$0 Fiduciary Liability

\$

12,648

\$

13,533

\$

14,229

\$

6,205

\$

6,639

\$

6,981

\$

826

\$

884

\$

929

\$

1,027

\$

1,099

\$

1,155

\$

4,590

\$

4,911

\$

5,164

**MISCELLANEOUS ERRORS & OMISSIONS LIABILITY**

**E-Risk/Illinois Union Premium including Taxes & Fees**

\$2,000,000 Limit/\$25,000 Retention

\$

75,068

\$

82,575

\$

90,082

**DIRECTORS & OFFICERS, including Employment Practices Liability (1st and 3rd Party) - SEAL BEACH MUTUAL (NOS. 1-12; 14-17)**

**RSU including Taxes & Fees**

\$3,000,000 Limit/\$35,000 Retention

\$

46,025

\$

50,628

\$

57,531

**AWAC including Taxes & Fees**

\$3,000,000 xs \$3,000,000

\$

31,955

\$

35,151

\$

39,944

**ARGO including Taxes & Fees**

\$4,000,000 xs \$6,000,000

\$

33,255

\$

36,581

\$

41,569

The above captioned are premium range estimates ONLY based on conversations with underwriters, expiring exposures and no significant new losses.



**PREMIUM ESTIMATES - Assumes exposures per expiring**  
Effective December 1, 2014 to December 1, 2015

SUMMARY OF POLICIES	12/1/2013 to 12/1/2014	12/1/2014 to 12/1/2015	12/1/2014 to 12/1/2015
	Current Program	Low Range Estimates	High Range Estimates

**CYBER LIABILITY- SEAL BEACH MUTUAL (NOS. 1-12; 14-17)**

<b>RSUI Premium including Taxes &amp; Fees</b>	\$	7,740	\$	7,740	\$	8,127
\$1,000,000 Limit/\$5,000 Retention						

**DIRECTORS & OFFICERS, including Employment Practices Liability (1st and 3rd Party) - GOLDEN RAIN FOUNDATION**

<b>RSUI including Taxes &amp; Fees</b>	\$	28,055	\$	30,861	\$	35,069
\$3,000,000 Limit/\$35,000 Retention						
<b>AWAC including Taxes &amp; Fees</b>	\$	22,144	\$	24,358	\$	27,680
\$3,000,000 xs \$3,000,000						
<b>ARGO including Taxes &amp; Fees</b>	\$	23,000	\$	25,300	\$	28,750
\$4,000,000 xs \$6,000,000						

**CYBER LIABILITY- GOLDEN RAIN FOUNDATION**

<b>RSUI Premium including Taxes &amp; Fees</b>	\$	7,740	\$	7,740	\$	8,127
\$1,000,000 Limit/\$5,000 Retention						

<b>Management Liability Program - Total Annual Premium including Taxes, &amp; Fees</b>	\$	287,630	\$	314,466	\$	351,107
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The above captioned are premium range estimates ONLY based on conversations with underwriters, expiring exposures and no significant new losses.





PREMIUM ESTIMATES - Assumes exposures per expiring Effective December 1, 2014 to December 1, 2015			
SUMMARY OF POLICIES	12/1/2013 to 12/1/2014 Current Program	12/1/2014 to 12/1/2015 Low Range Estimates	12/1/2014 to 12/1/2015 High Range Estimates
Property & Casualty Program	\$ 1,377,653	\$ 1,343,361	\$ 1,489,262
Management Liability Program	\$ 287,630	\$ 314,466	\$ 351,107
GRAND TOTAL PREMIUM	\$ 1,665,283	\$ 1,657,826	\$ 1,840,370
PLACEMENT/SERVICE FEES	\$ 10,000	\$ 10,000	\$ 10,000
GRAND TOTAL PREMIUM - PLACEMENT COST	\$ 1,675,283	\$ 1,667,826	\$ 1,850,370

The aforementioned rough ballpark estimates are simply to serve as a guide and cannot be guaranteed. They are based upon current market conditions and under the assumption that no new claims are received between now and the renewal, and that the exposures have not significantly changed since last year's renewal (i.e. employee count, asset size, revenues, types of services, etc.).

The above captioned are premium range estimates ONLY based on conversations with underwriters, expiring exposures and no significant new losses.

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MEMO

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**TO:** FINANCE COMMITTEE  
**FROM:** RANDY ANKENY  
**SUBJECT:** MUTUAL ADMINISTRATION – PROPOSED STAFFING MODIFICATIONS  
**DATE:** JUNE 24, 2014  
**CC:** FILE

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The community is undergoing a transition which is having a dynamic effect on the role of the Mutual Administration Department: Davis Stirling and the requirements of the code, enforcement, resales, major modifications to the apartments, age and maintenance requirements of the mutual's, and requests by the Mutual Boards. Combine this with changes in the role of the Department by Mutual 8 and a number of Mutuals now establishing Architectural Committee the current ability of available staff to fully, adequately and lawfully provide due service to the mutual's is at risk.

Per the review and subsequent approval by the Executive Committee on June 25, 2014, a clear and present need exists to provide additional staff to serve the growing needs of the department: Approved the addition of a non budgeted staff Full Time Exempt in the newly created position of Assistant Mutual Administration Manager.

Suggested funding request:

Approval of a non budgeted expense during the remainder of the 2014 fiscal year for direct employment related expenses estimated to be \$28000 to 32,000.

Note: Non budgeted and allocated income in the amount of \$41,809 (2013 Workers Compensation Refund) was received in the 2<sup>nd</sup> quarter.



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MEMO

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**TO:** FINANCE COMMITTEE  
**FROM:** RANDY ANKENY  
**SUBJECT:** ADMINISTRATION BUILDING – PROPOSED MODIFICATIONS  
**DATE:** JULY 10, 2014  
**CC:** FILE

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The community is undergoing a transition which is having a dynamic effect on the role of the Mutual Administration Department: Davis Stirling and the requirements of the code, enforcement, resales, major modifications to the apartments, age and maintenance requirements of the mutual's, and requests by the Mutual Boards. Combine this with changes in the role of the Department by Mutual 8 and a number of Mutuals now establishing Architectural Committee the current ability of available staff to fully, adequately and lawfully provide due service to the mutual's is at risk.

Per the review and subsequent approval by the Executive Committee on June 25, 2014, a clear and present need exists to provide additional staff to serve the growing needs of the department: Approved the addition of a non budgeted staff Full Time Exempt in the newly created position of Assistant Mutual Administration Manager (Subject to Finance Committee funding and Board approval).

If approved additional office space will be required and at the same time improvements to the second floor of the Administration building can be completed (see attached plans and general specifications).

Suggested funding request:

Approval to reallocate approved 2015 Capital funds:

- \$40,000 – Campus Wifi (project cancelled)
- \$10,000 – Case Management Software (project cancelled)
- \$21,000 – Tablets for Service Maintenance – Project Cancelled)
- \$71,000 - Total

For the proposed renovations and improvements to the second floor of the Administration building per attached general plans and specifications in an amount not to exceed \$70,000.





## Administration Building 2<sup>nd</sup> Floor, Proposed Modifications

There is a clear and present need to provide additional support to the Mutual Administration Department, combined with recent staffing changes and revision of the role of the Assistant to the President which will now become Executive Coordinator. The following are the proposed modifications to the 2<sup>nd</sup> floor of the Administration building which are intended to accomplish the following:

- Enhance the receptionist station and lobby
- Provide required additional office space for the new position of Assistant Mutual Administration Manager.
- Group all Mutual Administration offices into a central location and expand available office space.
- Group the Executive Offices and provide a common corridor between the Office of the President and Executive Director

See Attached Plans sheets 1 through 3.

### General Scope of Work

1. Remove and relocate doors per attached plans.
2. Close doorways, drywall and texture as required
3. Add electrical and ITS as need per the office reconfiguration and to support relocation of the copy machine.
4. Remove and install storage cabinets as needed (copy room)
5. Paint all wall and ceiling surfaces (colors to match conference room)
6. Replace Carpeting (including stairway)
  - a. Add vinyl or other suitable floor covering in area directly under the copy machine (approximately 3' x 5').
  - b. Carpet "new" recording secretaries office area (cover vinyl flooring)
7. Remove and replace window coverings (match conference room)
8. Scope of work includes Board work room.

### Optional

1. Remove walls (structure and budget allowing)
  - a. Wall A – Open office concept Mutual Administration)

b. Wall B – Open office concept Administration)

Office Furniture Requirements

1. Reception desk/work station
2. Social Services
3. Copy room storage cabinets and/or shelving

Funding

\$71,000 is available through 2014 Capital Projects which will not be preformed (see attachment 2014 Capital Project Update)

Estimated Costs

Item	Low Estimate	High Estimate	Notes
Carpet	15000	20000	Based upon worked preformed at CH5 and Conference Room
Paint	7500	12000	Based upon worked preformed at CH5
Window Coverings	3400	4600	
General Reno	6000	11000	General Estimate to R & R Doors and Walls
Electrical & ITS	2000	4000	General Estimate, electrical & ITS needs
Furniture	6000	8000	1 Reception Desk, 3 Work Stations
Sub Total	39900	59600	
Allocated Labor	3600	5400	100 to 150 hours at \$36 per hour
Contingency	2500	5000	
Total	\$46,000	\$70,000	Estimated Costs

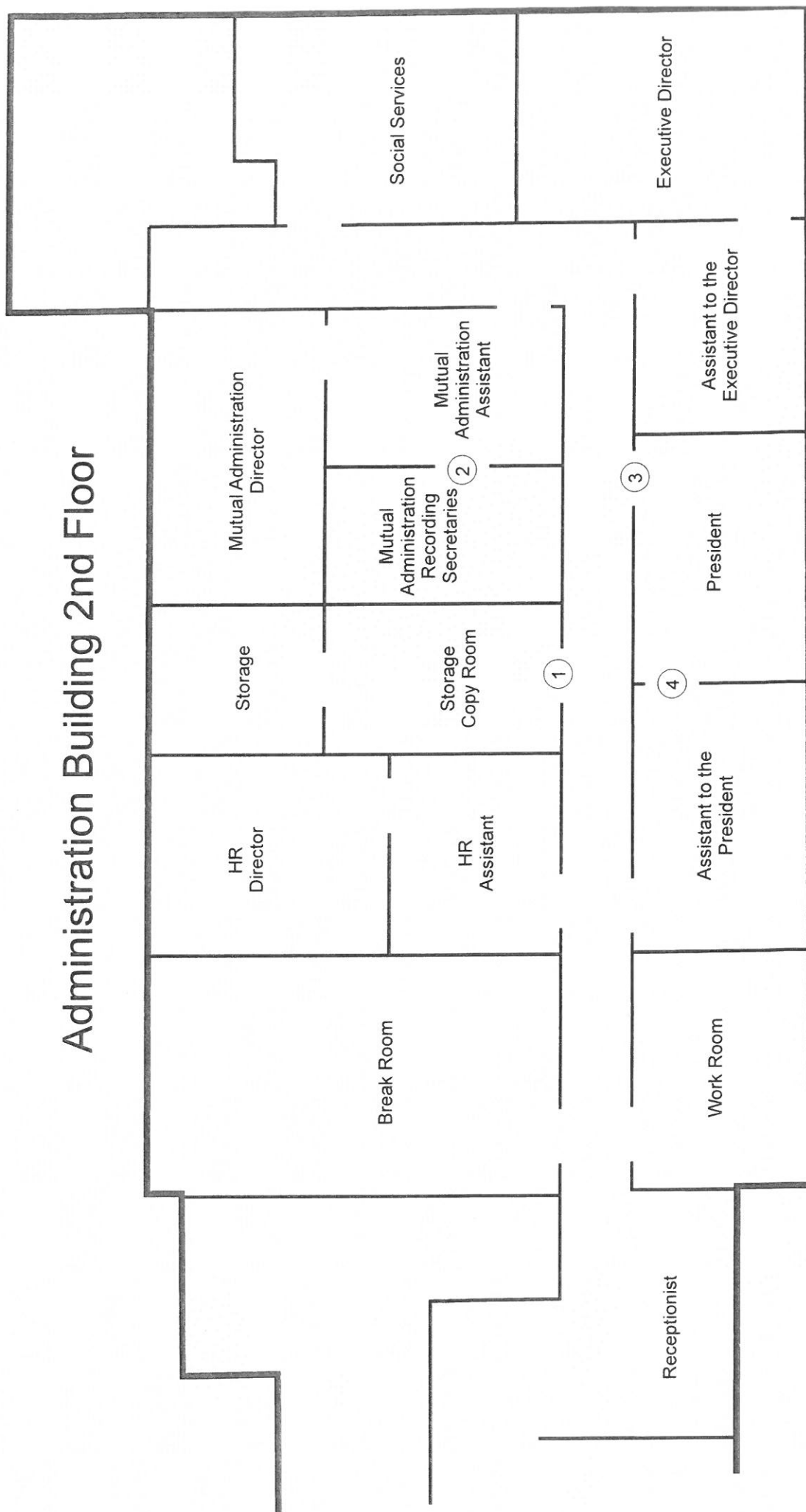
Project Flow/Management

Maintaining a fully operational work environment throughout the full scope of the project is a requirement. As such the proposed project would have to be completed in phases and will require the services of contractors after hours or on weekends. Further it is suggested that GRF Physical Properties not perform the noted construction work (doors relocation, wall openings and closures) due to current mutual work load.

Recommended review process

1. Executive Committee – Project general review
2. Board -Conceptual approval
3. Finance Committee – recommendation to reallocated approved Capital Funds
4. Physical Properties Committee – Proposals and Bid review
5. Approval – Board

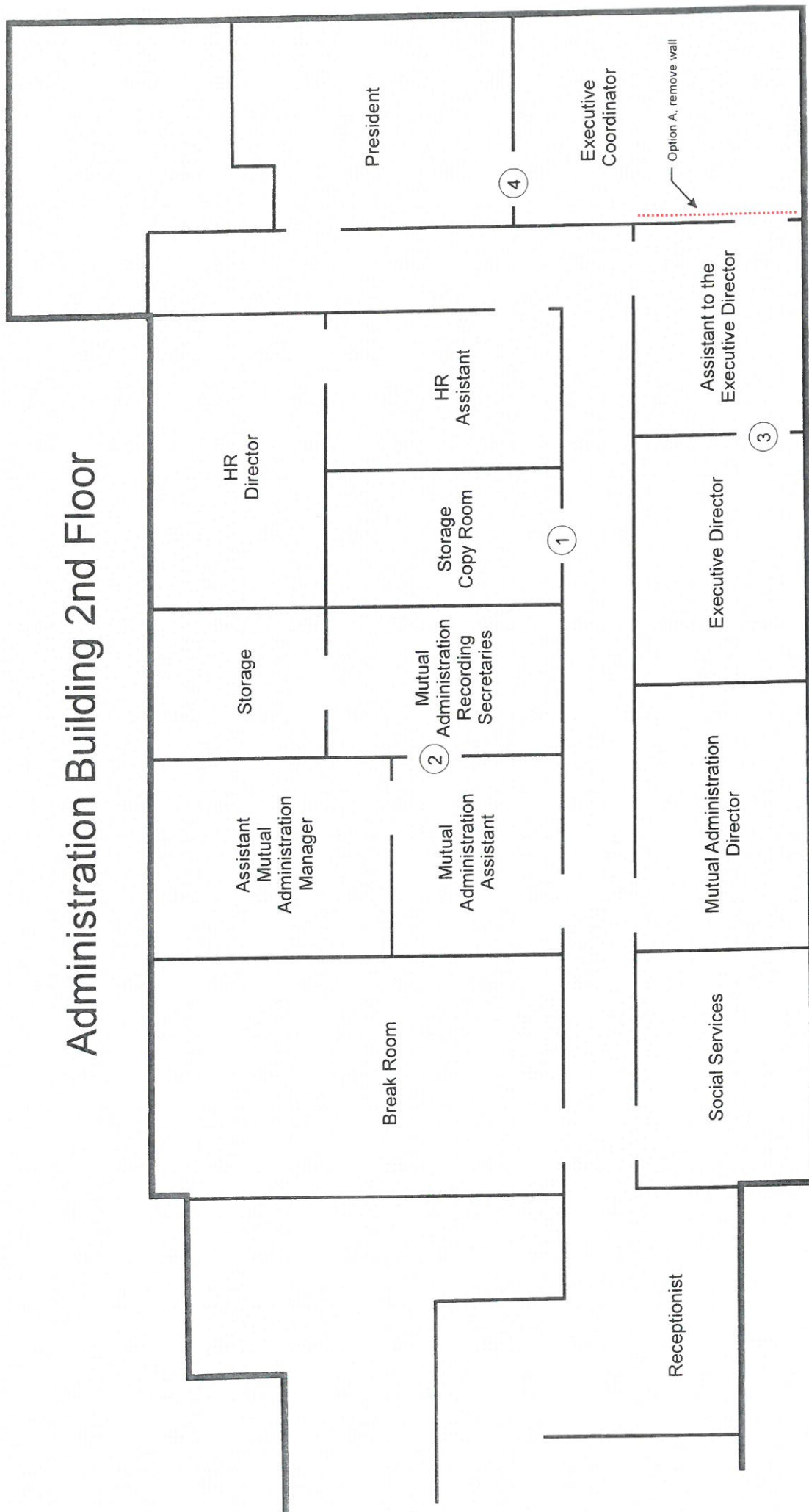
# Administration Building 2nd Floor



Existing Office Plan



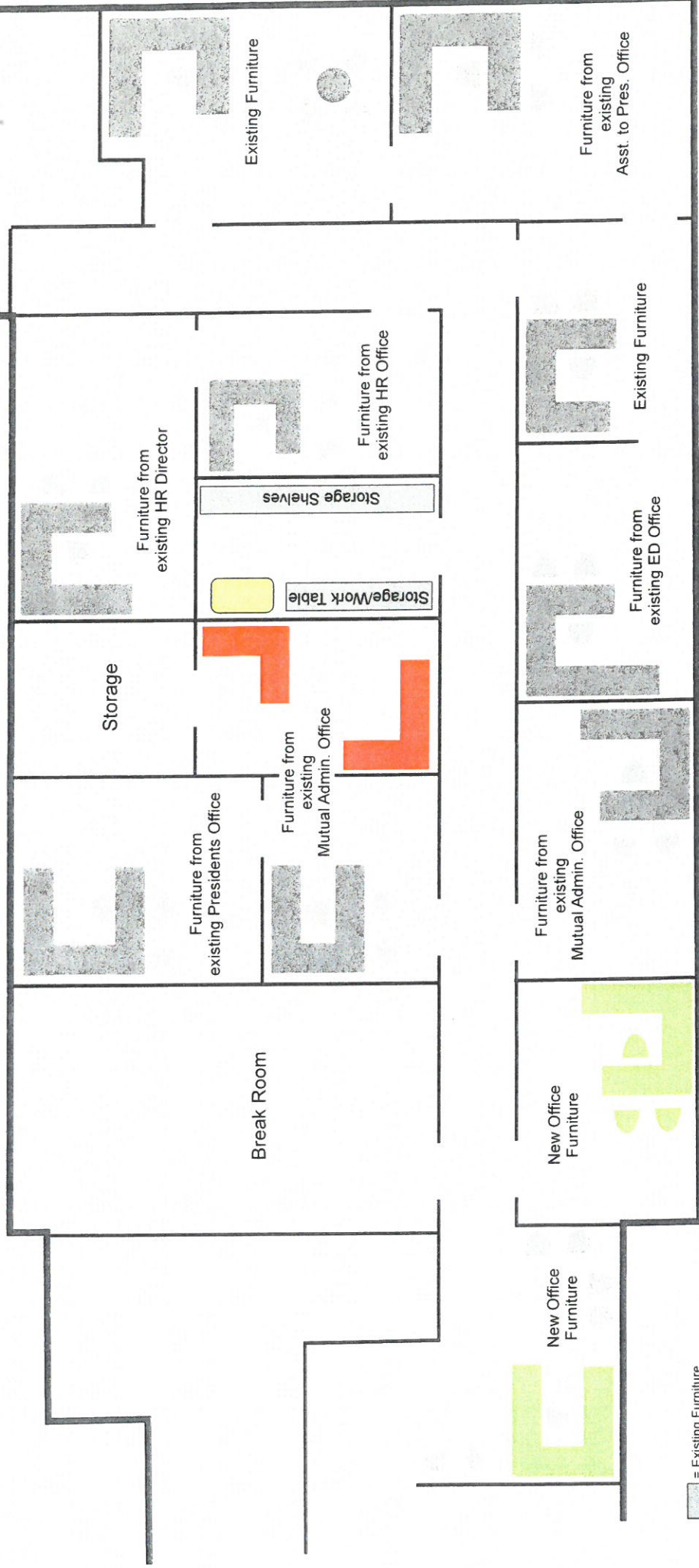
# Administration Building 2nd Floor



○ = Doors to be added

## Proposed Office Plan

# Administration Building 2nd Floor



## Proposed Office Plan General Furniture Layout

- = Existing Furniture
- = Recording Secretaries, may require new workstations
- = New Furniture, Receptionists and Social Services

## Controller's Financial Recap – June 2014

As of the six-month period ended June, 2014 the financial reports indicate that GRF is in favorable financial position with a surplus of \$539,581.

Major variances are:

Salaries, Wages & Benefits	381,566	YTD FTEs are below budget by 5; \$42K workers comp refund from 2013;
Temp EEs / Recruitment	(13,108)	Temp used to fill key positions.
Net positive variance	368,458	
Depreciation	85,809	Capitalization of the paving project of \$1.9M was deferred for 4 months; \$910K carryover from 2013 not yet used.
Other Income	52,745	YTD donations of \$16K; Guest passes \$6K; Building permits \$29K
Other Professional Fees	29,814	\$45K budgeted for Reserve Study; Actual cost \$25K
State & Federal Taxes	25,598	Although \$51,200 was budgeted for the year, the current tax liability is sufficient for the year. YTD accrual was reversed.
Computer Maintenance & Software	23,092	Payroll processing costs were budgeted greater than actual expenses.
Stock Transfer Fees	(28,948)	Decrease in internal transfers.
News Advertising Income	(42,002)	Revenues < budgeted
SRO Labor Cost Recovery	(67,139)	Lag in labor recognition due to pending open work orders.



## **Controller's Financial Recap – June 2014**

Capital Budget expenditures for the year are \$221,173 with a budget of 3M.

Funds totaling \$2.9M were carried over from the 2013 capital budget. Projects totaling \$2M have been completed and capitalized from these funds. The remaining \$910K are assigned to projects that have not yet been completed.

2014 CAPITAL ACQUISITION BUDGET

Center	Description	Budget Amount	EXPENDITURES												Balance	Labor	Variances
			Jan	Feb	Mar	Apr	May	Jun	Total								
30	45 Chairs for Admin Conference Room	\$ 9,680.00				9,680.00			9,680.00	0.00							0.00
30	Lobby Area Chairs outside Conference Room	-				1,594.32			1,594.32	(1,594.32)							(1,594.32)
30	Admin, Lunch Room- Conference Table and Mid Back chairs	\$ 3,000				3,178.15			3,178.15	(3,178.15)							(3,178.15)
32	Cart/locker Rack for Wood Storage	\$ 1,000			1,709.99				1,709.99	1,290.01							1,290.01
32	Barcode label printer	\$ 5,000			1,555.78				1,555.78	(1,555.78)							(1,555.78)
32	Showroom remodel (from 2013 but not carried forward)	-			29.14				29.14	(29.14)							(29.14)
34	IP Phones (8@500, plus conference phone \$1k)	\$ 5,000							5,000.00	4,643.60							4,643.60
34	Tablet Devices for Physical Properties (8@ \$700)	\$ 5,600							5,600.00	5,600.00							5,600.00
34	Tablet Devices for Managers (5@ \$700)	\$ 3,500							3,500.00	3,138.28							3,138.28
34	Tablet Devices for Service Maintenance (30 @ \$700)	\$ 21,000							21,000.00	21,000.00							21,000.00
34	Library Patron/Print Management System	\$ 10,000.00							10,000.00	10,000.00							10,000.00
34	Workstation Replacements, Peripherals, Misc Hardware	\$ 15,000			640.75				6,533.62	7,394.37							7,394.37
34	Dell R710 Server Memory Upgrade	\$ 10,000							10,000.00	10,000.00							10,000.00
34	Windows 7 Licenses	\$ 2,000							2,000.00	2,000.00							2,000.00
34	Time and Attendance Hardware	\$ 6,395			2,354.34				2,354.34	4,040.66							4,040.66
34	Surveillance Camera Expansion	\$ 30,000							1,533.06	28,466.94							28,466.94
34	Campus Wifi for GRF staff & directors	\$ 40,000							40,000.00	40,000.00							40,000.00
34	Jenark Ore time Fee	\$ 145,000							0.00	145,000.00							145,000.00
34	IPads for Directors and IT (from 2013 but not carried forward)	-			2,379.60				2,379.60	(2,379.60)							(2,379.60)
35	Jamex 6557 Multi Copy bill and coin unit- Delivery Charge	\$ -			29.00				29.00	(29.00)							(29.00)
35	8 Computers Patron use	\$ 6,500							6,145.89	354.11							354.11
35	Security & Catalog Software	\$ -							14,110.86	(14,110.86)							(14,110.86)
36	6 Mini Mac Computers @ \$600 each	\$ 3,600							0.00	3,600.00							3,600.00
36	6 Computer monitors @ \$300 each	\$ 1,800							0.00	1,800.00							1,800.00
36	Filemaker Pro 12 Advanced	\$ 500							0.00	500.00							500.00
36	4 Filemaker Pro Licenses @ \$300 each	\$ 1,200							0.00	1,200.00							1,200.00
36	IPad Mini Wi-Fi Cell 16GB (Phase 1 Credit Card Solution)	\$ -							913.20	(913.20)							(913.20)
37	Case Management Software	\$ 10,000							0.00	10,000.00							10,000.00
37	14 Visitor Admissions Printers	\$ 4,000							0.00	4,000.00							4,000.00
37	14 Replacement Security Patrol vehicles	\$ 120,000							104,334.48	15,665.52							15,665.52
37	Overhead lights, spotlight, and siren for new patrol vehicles	\$ 5,000							0.00	5,000.00							5,000.00
37	Portable security cameras for outdoor use	\$ 3,000							0.00	3,000.00							3,000.00
37	License plate recognition system (one at each gate)	\$ 20,000			15,127.56				18,842.48	1,157.52							1,157.52
40	Clubhouse Air conditioner Replacements	\$ 20,000							0.00	20,000.00							20,000.00
40	Miscellaneous Sound Equipment	\$ 5,000							0.00	5,000.00							5,000.00
40	Professional services for master planning	\$ -							1,409.50	(1,409.50)							(1,409.50)
45	Amplifier- Replace console	\$ 4,000							0.00	4,000.00							4,000.00
48	Hot pool shade	\$ -							1,309.08	(1,309.08)							(1,309.08)
48	Raypack Pool Pump	\$ -							191.52	(191.52)							(191.52)
51	Clubhouse 1 - Ice Machine (donated by GAR)	\$ 5,000							4,975.34	24.66							24.66
52	Clubhouse 2- Blue Chairs	\$ 5,000							4,975.34	24.66							24.66
53	Clubhouse 3- Blue Chairs	\$ 5,000							4,975.34	24.66							24.66
53	Clubhouse 2- Microphones- Audio Technica Pro	\$ -							323.94	(323.94)							(323.94)
53	Clubhouse 3- Recover Sound Panels in Room 1-9	\$ -							7,550.00	(7,550.00)							(7,550.00)
54	Clubhouse 4- Blue Chairs	\$ 5,000							4,975.34	24.66							24.66
54	Clubhouse 4- Entry Way concrete replacement	\$ 8,000							0.00	9,000.00							9,000.00
54	Clubhouse 4- Ice Machine (donated by GAR)	\$ -							191.52	(191.52)							(191.52)
56	Excise Equipment (Use Tax) (from 2013 but not carried forward)	\$ -							4,600.00	(4,600.00)							(4,600.00)
74	2 Portable Air Compressor	\$ 0.00							303.60	(303.60)							(303.60)
74	Compactor WP- 1150AW Asphalt	\$ 0.00							645.84	(645.84)							(645.84)
79	Landscaping at Trailer Park	\$ 0.00							2,111.00	(2,111.00)							(2,111.00)
79	Perimeter wall sections M & L	\$ 1,200,000							3,675.00	(3,675.00)							(3,675.00)
79	Perimeter wall Engineering	\$ 30,000							0.00	30,000.00							30,000.00
79	Landscaping Improvement	\$ 40,000							0.00	40,000.00							40,000.00
79	Traffic Street Paving Project	\$ 1,000,000							0.00	1,000,000.00							1,000,000.00
79	Traffic Street Landscaping Improvements	\$ 52,000							0.00	52,000.00							52,000.00
79	Re-roof community facilities buildings- Clubhouse One	\$ 90,000							0.00	90,000.00							90,000.00
79	Paint Main Gate Areas	\$ 20,000							0.00	20,000.00							20,000.00
Total Planned Capital Acquisitions			437.03	24,256.19	19,263.08	177,216.89	122,242.05	(10.36)	221,173.19	2,801,601.81	1,788.00	2,799,813.81					



2013 CAPITAL ACQUISITION BUDGET CARRYOVER TO 2014

Center	Description	Carryover		EXPENDITURES						Remaining		Labor	Variance
		Balance	January	February	March	April	May	June	Total	Balance			
30	Sound and Projection System - Admin, Conference Room	33,031.00	28.62			37,068.49			37,115.11	(4,084.11)		20,448.30	(24,532.41)
32	Relocatable Warehouse Heating Unit (Proj. 3338-13P)	2,000.00						2,132.00	2,132.00	(132.00)			(132.00)
33	Stock Transfer Mail Folder Insert Machine	19,029.44	19,029.44					19,029.44	19,029.44	0.00		180.00	(180.00)
33	Stock Transfer 10 lb Scale Postage Machine	13,961.72	13,961.72					13,961.72	13,961.72	0.00			0.00
34	31 Computers & Laptops	27,185.00	18,266.18	5,566.88				23,833.06	23,833.06	3,351.92		3,351.92	3,351.92
34	Server Rack and Network Infrastructure Improvements (sales tax)	56.40	56.40					56.40	56.40	0.00			0.00
34	Jenmark / MicroMain	115,000.00							0.00	115,000.00			115,000.00
37	Radio repeaters for Security & Service Maintenance	5,872.10	5,825.20				408.24		6,233.44	(361.34)			(361.34)
37	St. Andrews Gate carpet replacement	2,500.00							0.00	2,500.00			2,500.00
37	Automated Pedestrian Gate	5,000.00							0.00	5,000.00			5,000.00
31	Clubhouse 1 - Lobby Furniture	15,000.00					5,063.30	1,876.36	6,939.66	8,060.34			8,060.34
52	Clubhouse 2 - 52 Long Tables (sales tax)	549.87	549.87						549.87	0.00			0.00
53	Clubhouse 3 - Heat pump	4,500.00				5,000.00			5,000.00	(500.00)			(500.00)
54	Clubhouse 4 - Heat pump	3,690.00				4,100.00			4,100.00	(410.00)			(410.00)
54	Clubhouse 4 - Replace All Tiles	40,000.00							0.00	40,000.00			40,000.00
55	Video Producers Equipment (sales tax)	62.32	62.32						62.32	0.00			0.00
55	Cafe Project	11,040.00				8,240.32	1,888.00		10,128.32	911.68		6,587.00	(5,665.32)
56	Various Exercise Equipment	7,042.53	7,042.53						7,042.53	0.00		72.00	(72.00)
70	Carpeting - downstairs	10,000.00						20,200.00	20,200.00	(10,200.00)			(10,200.00)
70	Interior Painting (1st & 2nd Floors)	16,000.00							0.00	16,000.00			16,000.00
70	Exterior Painting	10,000.00							0.00	10,000.00			10,000.00
74	Gas Welding Machine with Torch	9,000.00		8,066.48					8,066.48	933.52			933.52
74	12 Portable generators (sales tax)	127.84	127.84						127.84	0.00			0.00
74	Chairs for Lunch Room (sales tax)	78.72	78.72						78.72	0.00			0.00
79	Perimeter Wall Replace - A & B (Chgd to R) (Proj. 591-01B)	500,000.00							0.00	500,000.00			500,000.00
79	Main Gate Beautification (Proj. 683-12A)	200,000.00							0.00	200,000.00			200,000.00
79	Landscape Improvement	24,136.10							0.00	24,136.10			24,136.10
79	Trust Street Paving Projects	1,898,895.00				1,898,895.85			1,898,895.85	0.15			0.15
Total Planned Capital Acquisitions Carryover from 2013		2,973,759.04	65,026.85	13,633.37	-	1,953,324.66	7,359.54	24,208.36	2,063,562.78	910,206.26		27,297.30	882,908.96

2,961,919.00 Per Capital Budget Variance Report - December 31, 2013  
 4,788.00 Add back Ice Machines deducted from 2013 budget (donated by GAF)  
 5,000.00 Add overall unused funds to CC 34 for Jenmark / MicroMain  
 2,106.03 Misc variance with paving project & added sales tax for 2013 purchases  
 (53,99) Adjustment to CH3 - Microphones  
2,973,759.04  
0.00



**Golden Rain Foundation**  
**Cash Flow Activity - All Reserves**  
**For the Month of June 2014**

	Contingency Operating Fund	Trust Improvement Fund	Capital Improvement Fund	Liability Insurance Fund	Mutuals' Self-Insurance Fund	Other Restricted	Nonrestricted Funds	Total
Balance 05/31/2014	685,047	349	5,858,621	1,020,052	156,917	390,402	187,835	8,299,223
Funded: Trust Asset Dep'n		67,919						67,919
Funded: Non-Trust Asset Dep'n			1,223					1,223
Funded: Membership Fees collected (55)			60,005					60,005
Progress Payments on CIP		(8,883)						(8,883)
New Capital Purchases		(1,866)	-					(1,866)
Net Monthly Claims					45,916			45,916
Disbursement to Mutuals					(131,939)			(131,939)
Replenish fund for Item Donations								-
Transfers between funds						130,612	(110,796)	19,816
Net Monthly Activity								-
Balance 06/30/2014	685,047	57,518	5,919,848	1,020,052	70,894	521,014	77,039	8,351,413
Net Activity	-	57,169	61,228	-	(86,023)	130,612	(110,796)	52,190

## SRO Labor Trend

<u>Month</u>	<u>Year</u>	<u>Minutes</u>	Labor		<u>Minutes</u>	Labor		<u>Minutes</u>	Dollars		<u>Recover/</u>	Labor
			Recovery	59600-74		02	02		Total	Total	Total Mins	Rate/Min.
January	2012	100,365	60,219.00		10,775	6,465.00		111,140	66,684		90.31%	0.60
February	2012	127,030	76,218.00		42,885	25,731.00		169,915	101,949		74.76%	0.60
March	2012	178,570	107,142.00		36,945	22,167.00		215,515	129,309		82.86%	0.60
April	2012	195,360	117,216.00		50,145	30,069.00		245,505	147,285		79.57%	0.60
May	2012	193,915	116,376.00		43,915	26,349.00		237,830	142,725		81.54%	0.60
June	2012	180,700	108,420.00		47,765	28,659.00		228,465	137,079		79.09%	0.60
July	2012	171,945	103,086.00		56,190	33,714.00		228,135	136,800		75.37%	0.60
August	2012	191,515	114,864.00		41,135	24,681.00		232,650	139,545		82.32%	0.60
September	2012	159,406	95,580.60		33,000	19,800.00		192,406	115,381		82.85%	0.60
October	2012	294,155	176,493.00		60,390	36,234.00		354,545	212,727		82.97%	0.60
November	2012	146,135	87,681.00		51,650	30,990.00		197,785	118,671		73.89%	0.60
December	2012	253,590	152,154.00		63,075	37,845.00		316,665	189,999		80.08%	0.60
<b>Total</b>	<b>2012</b>	<b>2,192,686</b>	<b>1,315,450</b>		<b>537,870</b>	<b>322,704</b>		<b>2,730,556</b>	<b>1,638,154</b>		<b>80.30%</b>	
January	2013	99,620	59,754.00		44,245	26,547.00		143,865	86,301		69.25%	0.60
February	2013	128,640	77,184.00		40,620	24,372.00		169,260	101,556		76.00%	0.60
March	2013	150,760	90,456.00		47,475	28,485.00		198,235	118,941		76.05%	0.60
April	2013	217,030	130,170.00		49,020	27,738.07		266,050	157,908		81.57%	0.59
May	2013	172,055	103,221.00		43,465	26,079.00		215,520	129,300		79.83%	0.60
June	2013	149,210	89,526.00		40,065	24,039.00		189,275	113,565		78.83%	0.60
July	2013	244,160	146,496.00		49,600	29,760.00		293,760	176,256		83.12%	0.60
August	2013	156,455	93,873.00		35,845	21,507.00		192,300	115,380		81.36%	0.60
September	2013	152,180	91,320.15		38,340	23,004.00		190,520	114,324		79.88%	0.60
October	2013	171,036	103,644.75		53,240	31,836.00		224,276	135,481		76.26%	0.60
November	2013	158,560	96,228.15		34,395	20,637.00		192,955	116,865		82.17%	0.61
December	2013	276,280	168,072.30		175,820	105,492.00		452,100	273,564		61.11%	0.61
<b>Total</b>	<b>2013</b>	<b>2,075,986</b>	<b>1,249,945</b>		<b>652,130</b>	<b>389,496</b>		<b>2,728,116</b>	<b>1,639,441</b>		<b>76.10%</b>	

## SRO Labor Trend

<u>Month</u>	<u>Year</u>	<u>Minutes</u>	Labor Recovery		<u>Minutes</u>	Labor Bill Code		<u>Minutes</u> <u>Total</u>	Dollars		<u>Recover/</u> <u>Total Mins</u>	<u>Labor</u> <u>Rate/Min.</u>
			<u>59600-74</u>			<u>02</u>			<u>Total</u>			
January	2014	75,575	45,895.35		16,985	10,191.00		92,560	56,086		81.65%	0.61
February	2014	117,505	71,110.65		42,085	25,251.00		159,590	96,362		73.63%	0.60
March	2014	137,785	84,262.65		33,190	19,914.00		170,975	104,177		80.59%	0.61
April	2014	239,785	145,499.10		93,025	55,815.00		332,810	201,314		72.05%	0.60
May	2014	112,156	67,293.75		46,710	28,026.00		158,866	95,320		70.60%	0.60
June	2014							-	-		0.00%	
July	2014							-	-		0.00%	
August	2014							-	-		0.00%	
September	2014							-	-		0.00%	
October	2014							-	-		0.00%	
November	2014							-	-		0.00%	
December	2014							-	-		0.00%	

<b>Total</b>	<b>2014</b>	<b>682,806</b>	<b>414,062</b>	<b>231,995</b>	<b>139,197</b>	<b>914,801</b>	<b>553,259</b>	<b>74.64%</b>
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Average    1,585,181  
75%  
1,188,886