



**REGULAR MEETING OF THE FINANCE COMMITTEE**

**Wednesday, June 19, 2019 – 1:30 p.m.  
Laguna Woods Village Community Center Board Room  
24351 El Toro Road**

**AGENDA**

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of Meeting Report for April 24, 2019
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)
7. Department Head Update

**Reports**

8. Preliminary Financial Statements dated May 31, 2019

**Items for Discussion and Consideration**

9. Collection Policy for Broadband Services
10. Investment Task Force Update
11. Endorsements from Standing Committees
  - a. Tennis Center Building Renovation
  - b. GRF M&C Project Log

**Items for Future Agendas**

BlackRock/Merrill Lynch Investment Presentation - August  
Collection Policy for Advertising

**Concluding Business:**

12. Committee Member Comments
13. Date of Next Meeting – August, 21, 2019 at 1:30 p.m.

Diane Phelps, Chair  
Betty Parker, Staff Officer  
Telephone: 949-597-4201



FINANCE COMMITTEE MEETING  
REPORT OF THE REGULAR OPEN SESSION

Wednesday, April 24, 2019 – 1:30 p.m.  
Laguna Woods Village Community Center Board Room, 24351 El Toro Road

MEMBERS PRESENT: Diane Phelps, Chair; Beth Perak, Annette Soule (for Pat English) Rosemarie diLorenzo, Jon Pearlstone (for Jack Connelly), Juanita Skillman, Gary Morrison, Advisor – Greg Corigliano

MEMBERS ABSENT: Pat English, Jack Connelly, Alfred Amado

STAFF PRESENT: Betty Parker, Steve Hormuth, Christopher Swanson, Chuck Holland, Dan Hoxie, Dan Yost, Brian Gruner

OTHERS: GRF – Joan Milliman, Richard Palmer; UNITED – Carl Randazzo, Andre Torng, Sue Margolis; THIRD – Lynn Jarrett; VMS – Dick Rader

**Call to Order**

Director Phelps chaired the meeting and called it to order at 1:32 p.m.

**Approval of Meeting Agenda**

A motion was made and carried unanimously to approve the agenda as presented.

**Approval of the Regular Meeting Report of February 20, 2019**

A motion was made and carried unanimously to approve the report as written.

**Chair Remarks**

Chair Phelps commented on Shaun Tumpane being a new advisor to the GRF Finance Committee.

**Department Head Update**

Betty Parker, Chief Financial Officer, provided an update on the completion of the 2018 Annual Audits and provided a handout of December 31, 2018 Financials, re-issued with audit adjustments and variance explanations.

**Member Comments (Items Not on the Agenda)**

None.

**Review Preliminary Financial Statements dated March 31, 2019**

The Committee reviewed and commented on the financial statements dated March 31, 2019 and questions were addressed.

### **Credit Card Policy**

The Committee reviewed the Credit Card and Procurement Card Policy for GRF. Director Margolis requested further information to show volume of purchases on the P-cards..

### **2019 Fee Schedule**

The Committee reviewed the GRF 2019 Fee Schedule and discussion ensued. Proposed fee increases for 2020 will be reviewed by the Community and Activities Committee and through 2020 budget planning processing, including amounts that are tied into Recreation Pricing Policies, which update automatically each year with the calculation of a new operating budget.

### **Collection Policy for Broadband Services**

The Committee reviewed a staff report summarizing existing policies and procedures for billing and collection of Broadband Services. Chuck Holland, Chief Information Officer, provided an overview and answered questions.

By consensus, the Committee requested that the Collection Policy for Broadband Services be placed onto the May 20, 2019, Media and Communications Community agenda for discussion with the following considerations:

- Reduce number of days delinquent from 60 to 30 for charging \$10.00 late fee
- Reduce number of days delinquent from 90 to 60 for cable disconnection  
Consider default to electronic delivery of invoices via email, with opt out for paper copy
- Consider auto debt/credit payment requirement for all accounts
- Consider security deposit for lessee-initiated equipment rentals, i.e. boxes and modems, or put charges in unit owner's name

### **Inventory Management Update**

Dan Hoxie, Purchasing & Supply Manager, and Steve Hormuth, Controller, provided an overview of inventory management processes and internal controls, respectively, and addressed questions from the Committee and audience.

### **Vehicle Insurance Update**

Dan Yost, Insurance & Risk Analyst, distributed a memo and presented the GRF auto insurance coverage program, identifying where GRF retains the risk for physical damage within the fleet and provided a history of repair costs.

### **Investment Task Force Update**

It was noted that a follow-up meeting to discuss vendor proposals was rescheduled at the request of the Task Force Chair.

### **Committee Member Comments**


None.

**Date of Next Meeting**

Wednesday, June 19, 2019 at 1:30 p.m.

**Adjournment**

The meeting recessed to closed session at 3:30 p.m.



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Diane Phelps, Chair



**Agenda Item 8 – Preliminary Financial Statements as of May 31, 2019**

**Will be issued under separate cover.**

**STAFF REPORT**

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**DATE:** June 17, 2019  
**FOR:** Media & Communication Committee  
**SUBJECT:** Collection Policy for Broadband Services

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**RECOMMENDATION**

Review recommendations from the Finance Committee and provide endorsement to the Board for updated collection policies.

**BACKGROUND**

Members receive basic cable services as part of the monthly assessment. Additional services are provided at a charge to the individual member who has entered into a service agreement for items such as DVR or TiVo equipment rentals, digital installation fees, and premium movie or language packages.

A specialized POS system named BroadHub is used to provide individual programming options and bill residents for services. Payments are accepted by check, credit card, or the auto pay service. Billing statements are sent monthly to customers by mail unless the customers have opted into the email billing option.

The billing and handling of delinquent accounts is managed by the Department of Broadband Services, and processes were setup to comply with FCC and City Franchise Requirements. On May 1, 2007, the Board adopted a policy resolution 90-07-42 (Attachment 1) to suspend services when a member is delinquent in payment of their premium channel charges. The terms of service including obligations for repayment are outlined in the Customer Information and Notification of Customer Rights pamphlet (Attachment 2) mailed to members on an annual basis. Paragraph B(2) on page 6 notes GRF's ability to terminate service, remove equipment, and impose late fees.

Delinquency reports are reviewed monthly by the Finance Committee with balances grouped for all accounts related to Broadband Services. As of June 2019, the delinquency total was \$16,006, comprised of 341 delinquent accounts with an average balance of \$47 each.

<b>Aging</b>	<b>30+</b>	<b>60+</b>	<b>90+</b>	<b>TOTAL</b>
# Accounts	248	34	59	341
Total Delinquency	\$ 6,973.19	\$ 823.30	\$ 8,209.52	\$16,006.01
Average	\$ 28.12	\$ 24.21	\$ 139.14	\$ 46.94
Minimum	\$ 0.02	\$ 0.13	\$ 0.83	\$ 0.02
Maximum	\$ 262.88	\$ 105.00	\$ 978.75	\$ 978.75

To ensure the prompt payment of monthly charges, the Department of Broadband Services employs the collection enforcement procedures discussed below.

## **DISCUSSION**

Billing statements are sent monthly for chargeable broadband services. Throughout the collection process for delinquent broadband services, the goal is to obtain payment or disconnect services and retrieve the rental equipment (set top box and digital power cord). There are four stages in which a customer is notified of unpaid account status. Each reminder or past due notice (PDN) is generated in 30 day intervals, followed by a 7-day termination notice:

- PDN #1 = 31-60 days past due
- PDN #2 = 61-90 days past due
- PDN #3 = 90 days or greater past due
- Termination Notice = 7 day notice of impending disconnect

If a customer has not made payment after three reminder notices, a final notice is mailed with a specific service interruption date and time. Once the warning period has expired without receipt of payment, pay services and set-top boxes are deactivated. Services will not be restored until full payment is made on delinquent balances. A member with three occurrences of delinquent balances aged 90+ days may be required to enroll in AutoPay for a continuation of services.

Broadband Services processes write-offs twice per year, in June and December, for those accounts that are considered uncollectible. Typical scenarios of resulting in write-offs include when set-top-boxes are not returned and the member either leaves the community or when a unit goes through the foreclosure process and an escrow demand cannot be made.

On April 24, 2019 the GRF Finance Committee reviewed the existing practices for billing and collection and made recommendations to encourage more prompt payment, as redlined on the attached policy resolution (Attachment 1):

- PDN #1 issued upon 30 days past due and member assessed \$10.00 late fee
- PDN #2 issued upon 53 days past due and member assessed a second \$10.00 late fee
- PDN #2 includes Termination Notice disconnect of service after 60 days past due
- An equipment rental deposit will be charged to all approved Lessees

## **FINANCIAL ANALYSIS**

Collection remedies include reminder notices, disconnection of services, and escrow demands at the time of sale. GRF has not pursued further collection activity such as small claims court due to the dollar value of these individual delinquent accounts. Delinquencies average \$47 per account and the total write-offs have average \$11,000 annually over the past three years, compared to average annual revenues just over \$2 Million.

**Prepared By:** Steve Hormuth, Controller

**Reviewed By:** Chuck Holland, CIO  
Betty Parker, CFO

**ATTACHMENT(S)**

ATT1 – Resolution 90-07-42 Redlined



## **RESOLUTION 90-19-xx**

**WHEREAS**, there has been presented to the Board a proposal whereby the Broadband Division of Village Management Services, Inc. ("VMS" or "Agent"), acting as managing agent on behalf of this Corporation, would automatically, when Members are delinquent in payment of their premium channel and or equipment rental charges, send notices (in compliance with FCC regulations) inclusive of a late fee and take action to suspend such Member's premium channel service; and

**WHEREAS**, it has further been proposed that such notices be sent as an administrative action and without separate Board review or approval as to each instance; and

**WHEREAS**, the Board of Directors of this Corporation has considered and discussed this procedure and has determined that it is in the best interests of this Corporation and its Members for its Agent to automatically send notices (which notices shall comply with all FCC regulations) inclusive of a \$10.00 late fee subsequent to each 30 days of delinquency, to suspend premium channel service to Members who have been delinquent for at least ~~ninety-sixty~~ (~~9060~~) days, without the need for any further Board approval.

**WHEREAS**, the Board of Directors of this Corporation has considered and discussed this procedure and has determined that it is in the best interests of this Corporation and its Members for its Agent to charge Lessees an equipment rental deposit prior to issuance of equipment an amount consistent with the then current fee schedule.

**NOW, THEREFORE BE IT RESOLVED**, July 2, 2019 that the Agent, acting through its Broadband Division, effectuate a policy whereby for any Members who are at least ~~ninety-sixty~~ (~~6090~~) days delinquent in payment of their premium channel charges, that notices sent out in compliance with FCC regulations would suspend premium channel service until such time as the Members have paid any outstanding delinquent amounts; and

**RESOLVED FURTHER**, that the Agent is hereby authorized and directed to take all such action, assess all such late fees and send all such notices as they deem necessary or advisable for the purpose of effectuating this Resolution; and

**RESOLVED FURTHER**, that any actions taken to date by the Agent pursuant to which they have previously delivered notices suspending premium channel service to Members who were delinquent in their premium channel charges, are hereby ratified and approved; and

**RESOLVED FURTHER**, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

**STAFF REPORT**

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**DATE:** June 19, 2018  
**FOR:** Finance Committee  
**SUBJECT:** Tennis Center Building Renovation

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**RECOMMENDATION**

Approve a supplemental appropriation of \$72,638 for the renovation of the Tennis Center Building with a total project cost of \$147,638 and direct staff to advertise a request for contractor bids as outlined in this report.

**BACKGROUND**

As part of the 2019 GRF Capital Plan, the GRF Board appropriated \$75,000 to renovate the interior of the Tennis Center Building.

Staff met with Tennis Club President, Suzanne Frank and tennis club member Ned Buckman to discuss a plan that includes both building interior (Attachment 1) and site landscape renovation options. Subsequent to this meeting, Mr. Buckman provided staff with a conceptual sketch outlining the recommended site work which included extending the site concrete toward the North side of the building (Attachment 2).

At the May 10, 2019, GRF Maintenance & Construction Committee meeting, staff was directed to bring back estimated costs for the interior and exterior scope of work provided by the Club President and Mr. Buckman.

At the June 12, 2019, GRF Maintenance & Construction Committee meeting, the Committee reviewed and voted to approve the original and optional scope of work, as outlined in this report, for the Tennis Center Building Renovation project and approved supplemental funding of \$72,638 for a project total cost of \$147,638.

**DISCUSSION**

The following scopes of work were compiled by staff, resulting from meetings held with the Tennis Club president and Mr. Buckman.

***Tennis Interior Renovation:***

Staff coordinated with the Club President to identify the scope of work for the Tennis Center Building interior renovation:

TENNIS CENTER BUILDING INTERIOR RENOVATIONS	
General Recreation Area	
1	Removal of existing interior blue ceiling panels, interior soffit, related electrical & heating units.

Golden Rain Foundation of Laguna Woods  
Tennis Center Building Renovation Costs  
June 19, 2019

2	New tint for existing rooftop skylights.
3	New sliding door replacement (2) at two existing sliding doors.
4	New receptionist desk.
5	New paint on all interior walls.
6	Remove and install new flooring tiles.
7	New LED Lighting
<b>Kitchen Renovation</b>	
6	Demolition and removal of existing cabinets & tabletops.
7	New cabinets & solid surface countertops.
8	New electrical, outlets, LED Lighting & switches.
9	New plumbing, fixtures, faucets, garbage disposal, sink.
10	New paint on all interior walls.
11	Remove and install new flooring tiles.
<b>Full Restroom Renovation</b>	
11	Demolition & removal of existing facilities, flooring, tiles, partitions, sink, urinals, toilets, and countertop.
12	New wall tiles & flooring.
13	New LED lighting & outlets.
14	New fixtures, faucets, sink, related plumbing, partitions, toilets, urinals, countertops.

**Optional Items:**

The following additional scope of work was not included in the initial 2019 Capital Plan budget.

**Tennis Exterior Landscape Renovation:**

Tennis Club member Ned Buckman provided staff with a set of drawings & scope for landscape work around the Tennis Center Building.

<b>TENNIS CENTER BUILDING EXTERIOR LANDSCAPE</b>	
1	Extend seating area/slab toward courts 6 & 7. New 4" concrete slab for extended seating area.
2	Installation of new retaining wall & seat wall.
3	New cable fencing above retaining wall.
4	Removal of existing cobble stone & replacement with a concrete slab along the walkways.

**HVAC System:**

It was requested that an HVAC system, if possible, be installed.

<b>HVAC SYSTEM</b>	
1	New HVAC system for the Tennis Building.

The estimated preliminary cost for the proposed renovations is as follows:

Golden Rain Foundation of Laguna Woods  
Tennis Center Building Renovation Costs  
June 19, 2019

DESCRIPTIONS	AMOUNT
Tennis Center Building - Interior Renovations	\$76,705.00
10% Contingency	\$7,670.50
<b>Total:</b>	<b>\$84,375.50</b>
<b>OPTIONAL ITEMS</b>	
Tennis Center Building - Exterior Renovations	\$39,905.00
10% Contingency	\$3,990.50
<b>Total:</b>	<b>\$43,895.50</b>
<b>OPTIONAL ITEMS</b>	
HVAC System	\$17,608.00
10% Contingency	\$1,760.80
<b>Total:</b>	<b>\$19,368.80</b>

### **FINANCIAL ANALYSIS**

The Tennis Center Building Renovation project has a \$75,000 allocation from the 2019 GRF Capital Plan. The current capital improvement allocation of \$75,000 will not sufficiently fund all proposed scopes of work for both the interior and exterior renovations and requires a supplemental appropriation of \$72,638, to fully fund the total project cost of \$147,638 for this capital improvement project.

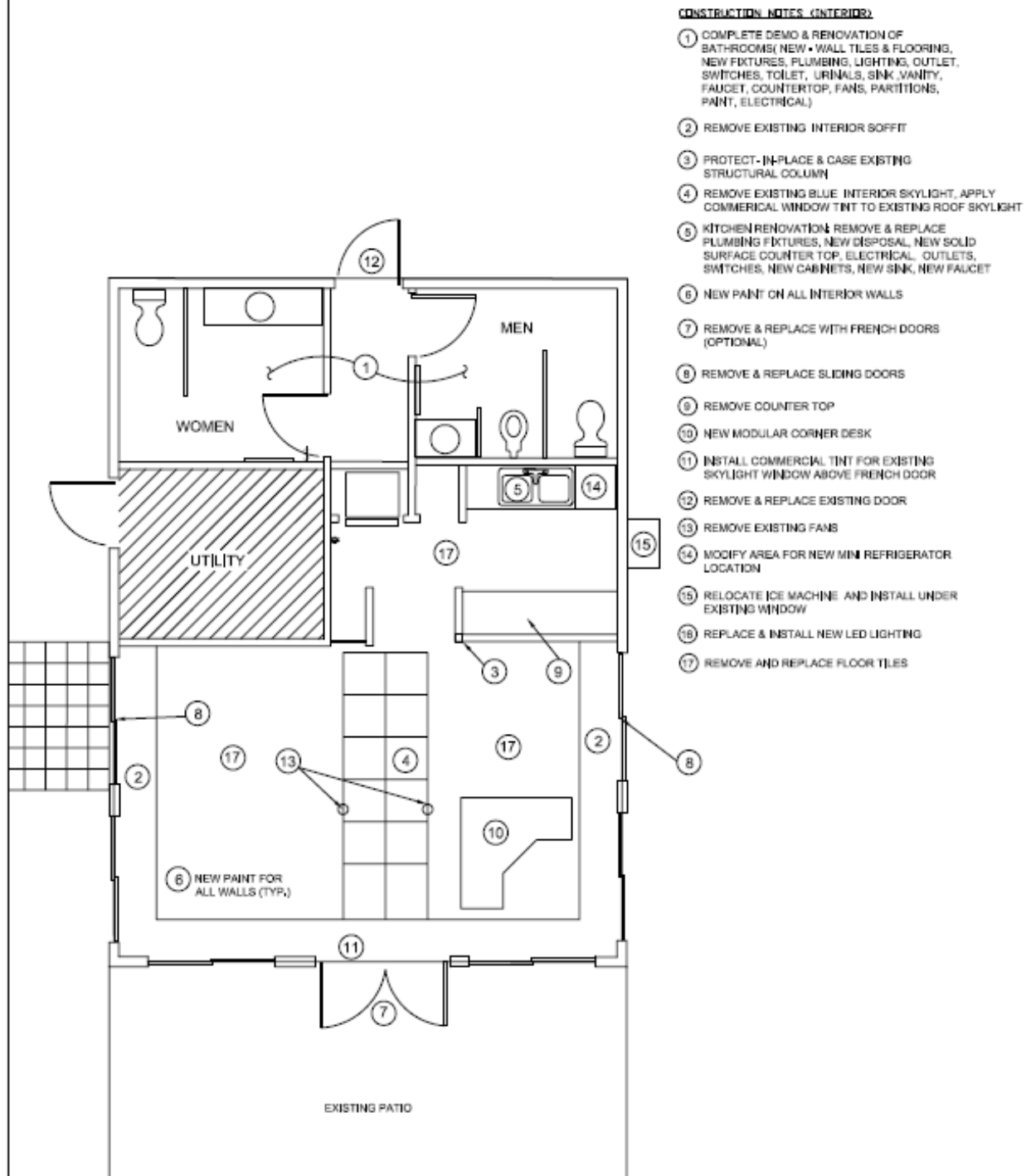
**Prepared By:** David Pham, Assistant Project Manager

**Reviewed By:** Guy West, Projects Division Manager  
Ernesto Munoz, P.E., Maintenance and Construction Director  
Betty Parker, Chief Financial Officer

**Attachments:**

Attachment 1: Conceptual Interior Floor Plan  
Attachment 2: Site Landscape Renovation Options  
Attachment 3: Resolution

## Attachment 1: Conceptual Interior Floor Plan



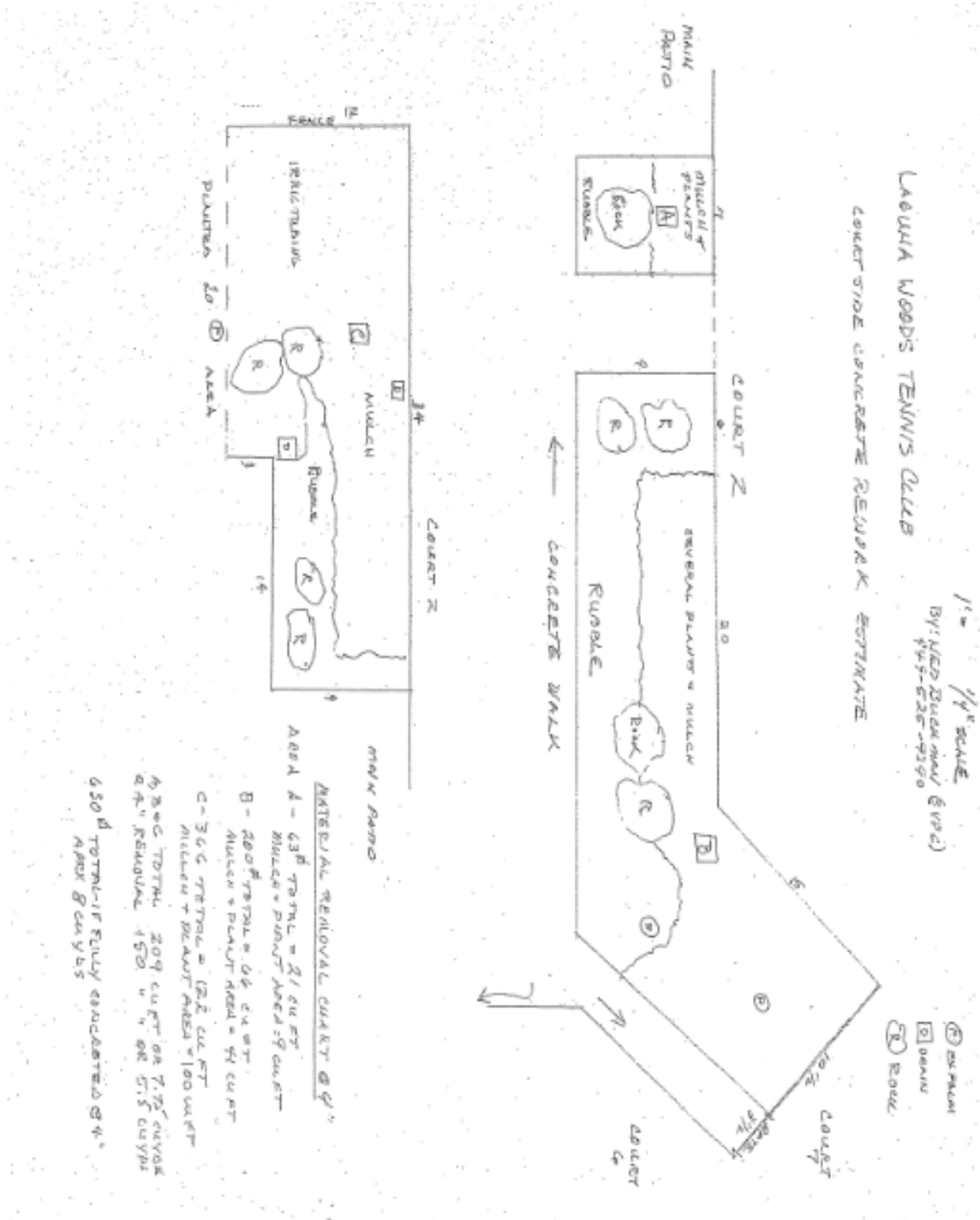
LAGUNA WOODS VILLAGE -TENNIS BUILDING RENOVATIONS

SCALE: NTS

DRAWING NO.: G-1

DATE: 05-15-19

**ATTACHMENT 2 (pg. 1 of 2): Site Landscape Renovation Options**







## **RESOLUTION 90-19-XX**

### **Supplement Funding for Tennis Center Building Renovation**

**WHEREAS**, the 2019 GRF Capital Plan appropriated funding in the amount of \$75,000 from the Facilities Fund to renovate the interior of the Tennis Center Building;

**WHEREAS**, staff met with Tennis Club President and Tennis Club member to discuss a plan that included both building interior and exterior site landscape renovation options;

**WHEREAS**, the current capital improvement allocation of \$75,000 will not sufficiently fund all proposed scopes of work for both the interior and exterior renovations and requires a supplemental appropriation to fully fund the increased scopes of work for this capital improvement project; and

**WHEREAS**, on June 12, 2019, the M&C Committee reviewed and recommended the approval and funding of the original and expanded scope of work to the Golden Rain Foundation Board;

**NOW THEREFORE BE IT RESOLVED**, on July 2, 2019, the Board of Directors of this Corporation hereby authorizes a supplemental appropriation of \$72,640 to be funded from the Facilities Fund for the renovation of the tennis building at a total project cost of \$147,640; and

**RESOLVED FURTHER**, that the officers and against of this Corporation are hereby authorized on behalf of the Golden Rain Foundation Corporation to carry out this Resolution