



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, January 7, 2020 – 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 December 3, 2019
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)
7. Department Head Update

Reports

8. Preliminary Financial Statements dated November 30, 2019
9. Investment Update

Items for Discussion and Consideration

10. Transfer of Funds to Discretionary Investment Account
11. Other Endorsements from Standing Committees

Future Agenda Items

NOL Status

Solar System Update – Q4 (February, 2020)
Overtime / Temp Help / Turnover (February, 2020)
Consolidation of Reserve Funds (April, 2020)
Insurance Program Update (April, 2020)
Chargeable Services Analysis (semi-annual)

Concluding Business:

12. Committee Member Comments
13. Date of Next Meeting – Tuesday, February 4, 2020 at 1:30 p.m.
14. Recess to Closed Session

Jon Pearlstone, Chair
Betty Parker, Staff Officer
Telephone: 949-597-4201



FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, December 3, 2019 – 1:30 p.m.
Laguna Woods Village Community Center Sycamore Room, 24351 El Toro Road

MEMBERS PRESENT: Jon Pearlstone – Chair, Steve Parsons, Annie McCary, Lynn Jarrett, John Frankel, Cush Bhada, Robert Mutchnick, Ralph Engdahl, Craig Wayne, Advisor: Wei-Ming Tao, John Hess

MEMBERS ABSENT: Reza Karimi

STAFF PRESENT: Betty Parker, Steve Hormuth, Christopher Swanson

Call to Order

Director Jon Pearlstone, Treasurer, 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 Meeting Report for November 5, 2019

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

Chair Remarks

Director Pearlstone commented that the Sycamore Conference Room will be the alternate meeting room in the event that a GRF Board Meeting is still in progress at 1:30pm. Director Pearlstone also commented on the continuous monitoring of year-end projections.

Department Head Update

Betty Parker, CFO, distributed the Department Head Update report, commented on the 2020 annual budget mailing, and provided an update on the successful transfer of investments from Merrill Lynch (BlackRock) to Fidelity (SageView).

Preliminary Financial Statements dated October 31, 2019

The committee reviewed financials and questions were addressed.

Chargeable Service Analysis

A handout was provided to the committee detailing 2019 chargeable services revenues and expenses by department and work center. The committee requested that this report be presented on a quarterly basis.

Overtime and Temp Help

A handout was provided to the committee summarizing overtime and temporary help usage and justifications by department. The committee requested that this report be presented on a quarterly basis.

Insurance Program Update

The committee reviewed a staff report on the 2020 insurance renewal and agreed with the timeline.

Future Agenda Items

Increase Funds in Discretionary Investment Account (January)

Chargeable Services Report – Q4 (February)

Overtime/Temp Help/ Turnover – Q4 (February)

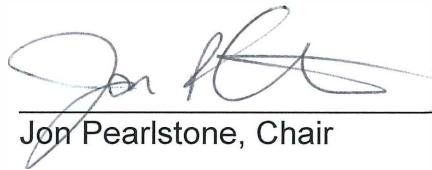
Solar System Update – Q4 (February)

Date of Next Meeting

Tuesday, January 7, 2020 at 1:30 p.m. in the Board Room.

Recess to Closed Session

The meeting recessed at 2:48 p.m.



Jon Pearlstone, Chair

MEMORANDUM

To: Third Finance Committee
From: Betty Parker, CFO
Date: January 7, 2020
Re: Department Head Update

Financial Highlights

- SUMMARY:** For the year-to-date period ending November 30, 2019, Third Mutual is better than budget by \$2.7 million, of which \$2.4 million is due to timing of reserve programs (lighting, landscape modification) or contingencies not required (building structures). The remaining \$0.3 million is primarily attributed to an unrealized gain on available for sale investments.

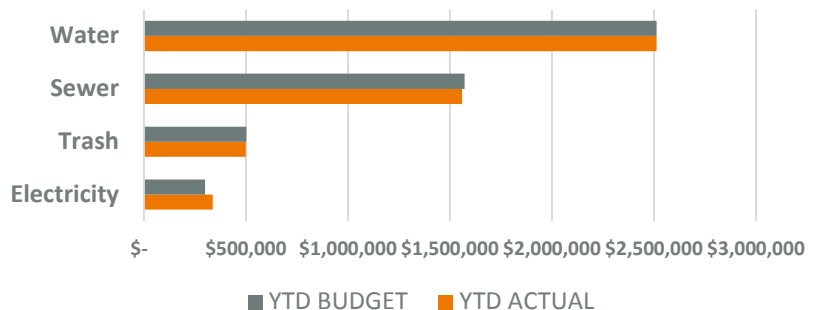
INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$29,541	\$29,541	\$0
Other Revenues	\$2,544	\$1,529	\$1,015
Expenses	\$30,131	\$31,857	\$1,726
Revenue / (Expense)	\$1,954	(\$787)	\$2,741

COMPENSATION:

Actual compensation and related costs came in just under \$11.7 million, with \$8.7 million in operations and \$3 million in reserves. Combined, this category is 2.4% favorable to budget.

Budget			Variance	
	Compensation	Related	Total	Total \$ Total %
All Units				
Operating	\$6,055,885	\$2,653,296	\$8,709,181	\$58,472 0.7%
Reserves	\$2,017,224	\$968,370	\$2,985,594	\$231,962 7.2%
TOTAL	\$8,073,109	\$3,621,666	\$11,694,775	\$290,434 2.4%

- UTILITIES:** Water consumption is on budget, Sewer is coming just under budget at the rate of \$142K per month, and Trash is running very close to the expected \$45K per month. The Electricity budget is understated compared to recent trends, causing an unfavorable variance of 12.6%.



Discussions

2020 Budget: Annual Budget Report with individual assessment letter was mailed to each member on November 26, 2019. For those with E-Z Pay, auto debit amounts were updated for January 2020 assessment payments and coupon books were mailed mid-December to members who still pay by check.

Insurance Update: Budgetary estimate of \$40K was provided to update the statement of property values. Staff will issue an RFP this month and seek contract award for the property appraisal.

Investment Update: All funds were transferred from Merrill Lynch to Fidelity in October 2019. Investment policy changes were adopted and the conversion from individual holdings to a proposed portfolio of index funds was approved by the board in November and transacted in December. Additional funds are available to move to the discretionary account, as proposed in

Transfer of Funds: Discussion on what to do with surplus operating funds, if any, will occur at a finance committee meeting in Q2, after audit completion.

Variance Discussions:

- Workers Compensation Insurance: In June, an audit of workers compensation rates resulted in a reclassification of certain positions from a higher field operations rate to a lower administrative rate, narrowing the definition of "in field" workers. New rates will be in effect for 2020.
- State Unemployment Insurance (SUI): SUI is budgeted at 4% on the first \$7,000 of wages paid to each employee; actual rate was 4.6%. SUI rates vary by state, line of business, and loss experience.
- Union Retirement: The budget assumed a pension payment of \$1.14 per union hour worked, as contracted. However, a side agreement became effective January 1, 2019 requiring an increase of 8.5% according to a Funding Rehabilitation Plan, required by federal law. This variance will continue as an unbudgeted contribution in 2020.
- Exterior Lighting: Retrofit of the existing lighting fixtures to more efficient LED technology was planned for 2019. Two pilot programs were conducted and results of the second will not be available until the end of the year. The M&C Committee has requested a carryover of this reserve funding to 2020 for project completion.

Calendar

January 7, 2020 @ 1:30 p.m. Third Finance Committee Meeting

January 10, 2020 @ 9:30 a.m. Third Board Agenda Prep Meeting

January 21, 2020 @ 9:30 a.m. Third Board Meeting

February 4, 2020 @ 1:30 p.m. Third Finance Committee Meeting

January 2020							February 2020							March 2020						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4							1	1	2	3	4	5	6	7
5	6	7	8	9	10	11	2	3	4	5	6	7	8	8	9	10	11	12	13	14
12	13	14	15	16	17	18	9	10	11	12	13	14	15	15	16	17	18	19	20	21
19	20	21	22	23	24	25	16	17	18	19	20	21	22	22	23	24	25	26	27	28
26	27	28	29	30	31		23	24	25	26	27	28	29	29	30	31				

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
11/30/2019
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	ANNUAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$1,564	\$1,564		\$17,203	\$17,203		\$17,306	\$18,767
2	Additions to restricted funds	1,122	1,122		12,338	12,338		12,058	13,460
3	Total assessments	<u>2,686</u>	<u>2,686</u>		<u>29,541</u>	<u>29,541</u>		<u>29,364</u>	<u>32,227</u>
Non-assessment revenues:									
4	Fees and charges for services to residents	157	40	118	860	438	422	603	478
5	Laundry	21	18	3	192	202	(9)	122	220
6	Interest income	53	31	23	604	338	266	444	369
7	Unrealized gain/(loss) on AFS investments				333		333		
8	Miscellaneous	46	50	(4)	554	551	3	597	601
9	Total non-assessment revenue	<u>278</u>	<u>139</u>	<u>139</u>	<u>2,544</u>	<u>1,529</u>	<u>1,015</u>	<u>1,767</u>	<u>1,668</u>
10	Total revenue	<u>2,963</u>	<u>2,824</u>	<u>139</u>	<u>32,085</u>	<u>31,070</u>	<u>1,015</u>	<u>31,131</u>	<u>33,895</u>
Expenses:									
11	Employee compensation and related	1,010	1,074	64	11,695	11,985	290	12,055	13,088
12	Materials and supplies	82	129	47	1,268	1,424	156	1,235	1,554
13	Cost of goods sold	13		(13)	13		(13)		
14	Utilities and telephone	440	439		4,908	4,886	(22)	5,099	5,299
15	Legal fees	93	18	(74)	510	202	(308)	314	220
16	Professional fees	2	12	10	156	174	18	112	185
17	Equipment rental	3	3		26	37	11	19	40
18	Outside services	1,054	914	(140)	8,267	10,057	1,790	7,017	10,972
19	Repairs and maintenance	32	28	(4)	324	317	(8)	298	345
20	Other Operating Expense	24	15	(10)	145	166	21	136	181
21	Insurance	176	109	(66)	1,336	1,203	(133)	1,158	1,313
22	Investment expense		4	4	34	42	8	42	46
23	Uncollectible Accounts	(7)	12	19	160	127	(34)	57	138
24	(Gain)/loss on sale or trade				3		(3)	1	
25	Depreciation and amortization	12	12		131	131		134	143
26	Net allocation to mutuals	115	104	(11)	1,155	1,105	(49)	1,112	1,205
27	Total expenses	<u>3,049</u>	<u>2,874</u>	<u>(175)</u>	<u>30,131</u>	<u>31,857</u>	<u>1,726</u>	<u>28,787</u>	<u>34,730</u>
28	Excess of revenues over expenses	<u>(\$86)</u>	<u>(\$50)</u>	<u>(\$36)</u>	<u>\$1,954</u>	<u>(\$787)</u>	<u>\$2,741</u>	<u>\$2,344</u>	<u>(\$835)</u>

**Third Laguna Hills Mutual
Operating Statement
11/30/2019
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$17,202,994	\$17,202,745	\$248	0.00%	\$18,766,631
Total Operating	17,202,994	17,202,745	248	0.00%	18,766,631
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	1,859,279	1,859,279	0	0.00%	2,028,305
41003000 - Monthly Assessments - Unappropriated Expenditures Fund	536,976	536,976	0	0.00%	585,792
41003500 - Monthly Assessments - Replacement Fund	9,397,080	9,397,080	0	0.00%	10,251,360
41004000 - Monthly Assessments - Elevator Replacement Fund	402,732	402,732	0	0.00%	439,344
41004500 - Monthly Assessments - Laundry Replacement Fund	67,122	67,122	0	0.00%	73,224
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	75,141	75,141	0	0.00%	81,972
Total Additions To Restricted Funds	12,338,330	12,338,330	0	0.00%	13,459,997
Total Assessments	29,541,324	29,541,076	248	0.00%	32,226,628
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	152,158	66,538	85,621	128.68%	72,592
46501500 - Inspection Fee	76,179	47,630	28,549	59.94%	51,965
46502000 - Resident Maintenance Fee	631,932	324,219	307,713	94.91%	353,883
Total Fees and Charges for Services to Residents	860,269	438,387	421,883	96.24%	478,440
Laundry					
46005000 - Coin Op Laundry Machine	192,476	201,663	(9,187)	(4.56%)	220,000
Total Laundry	192,476	201,663	(9,187)	(4.56%)	220,000
Interest Income					
49001000 - Interest Income - Treasury Notes	266,281	140,839	125,441	89.07%	153,643
49001500 - Interest Income - Treasury Notes - Discretionary	268,588	154,611	113,977	73.72%	168,667
49002000 - Interest Income - Money Market	6,375	1,858	4,517	243.09%	2,027
49002500 - Interest Income - Gnma Securities - Discretionary	62,699	40,776	21,923	53.76%	44,483
Total Interest Income	603,943	338,085	265,858	78.64%	368,820
Unrealized Gain/(Loss) On AFS Investments					
49008100 - Unrealized Gain/(Loss) On Available For Sale Investments	333,327	0	333,327	0.00%	0
Total Unrealized Gain/(Loss) On AFS Investments	333,327	0	333,327	0.00%	0
Miscellaneous					
46002000 - Traffic Violation	(25)	0	(25)	0.00%	0
46004500 - Resident Violations	15,468	9,163	6,305	68.80%	10,000
44501510 - Lease Processing Fee - Third	240,455	206,250	34,205	16.58%	225,000
44502000 - Variance Processing Fee	(150)	0	(150)	0.00%	0
44502500 - Non-Sale Transfer Fee - Third	1,100	2,750	(1,650)	(60.00%)	3,000
44503520 - Resale Processing Fee - Third	148,160	183,326	(35,166)	(19.18%)	200,000
44505500 - Hoa Certification Fee	6,250	8,250	(2,000)	(24.24%)	9,000
44507000 - Golf Cart Electric Fee	65,045	62,337	2,708	4.34%	68,000
44507200 - Electric Vehicle Plug-In Fee	10,081	5,500	4,581	83.30%	6,000
44507500 - Cartport/Carport Space Rental Fee	3,646	2,750	896	32.57%	3,000
47001000 - Cash Discounts - Accounts Payable	701	0	701	0.00%	0
47001500 - Late Fee Revenue	46,026	55,000	(8,974)	(16.32%)	60,000
47002020 - Collection Administrative Fee - Third	1,300	0	1,300	0.00%	0
47002500 - Collection Interest Revenue	12,370	11,000	1,370	12.46%	12,000
47501000 - Recycling	4,294	4,587	(293)	(6.38%)	5,000
49009000 - Miscellaneous Revenue	(1,147)	0	(1,147)	0.00%	0
Total Miscellaneous	553,575	550,913	2,662	0.48%	601,000
Total Non-Assessment Revenue	2,543,589	1,529,048	1,014,541	66.35%	1,668,260
Total Revenue	32,084,913	31,070,123	1,014,790	3.27%	33,894,888
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	2,118,490	2,272,611	154,122	6.78%	2,484,383

**Third Laguna Hills Mutual
Operating Statement
11/30/2019
THIRD LAGUNA HILLS MUTUAL**

	YEAR TO DATE				ANNUAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51021000 - Union Wages - Regular	4,792,238	5,058,741	266,503	5.27%	5,528,264
51041000 - Wages - Overtime	36,352	22,996	(13,356)	(58.08%)	25,095
51051000 - Union Wages - Overtime	77,074	34,129	(42,945)	(125.83%)	37,244
51061000 - Holiday & Vacation	732,041	619,010	(113,031)	(18.26%)	676,533
51071000 - Sick	263,739	252,491	(11,247)	(4.45%)	275,954
51091000 - Missed Meal Penalty	2,582	776	(1,806)	(232.76%)	858
51101000 - Temporary Help	76,166	33,601	(42,565)	(126.68%)	36,664
51981000 - Compensation Accrual	(25,572)	5,335	30,906	579.34%	5,826
Total Employee Compensation	8,073,109	8,299,690	226,581	2.73%	9,070,822
Compensation Related					
52411000 - F.I.C.A.	605,486	621,322	15,837	2.55%	677,880
52421000 - F.U.I.	7,727	12,692	4,965	39.12%	13,091
52431000 - S.U.I.	59,265	55,357	(3,908)	(7.06%)	56,129
52441000 - Union Medical	1,645,430	1,753,775	108,345	6.18%	1,913,209
52451000 - Workers' Compensation Insurance	692,715	611,247	(81,468)	(13.33%)	668,020
52461000 - Non Union Medical & Life Insurance	273,646	244,944	(28,702)	(11.72%)	267,211
52471000 - Union Retirement Plan	333,148	286,108	(47,040)	(16.44%)	312,663
52481000 - Non-Union Retirement Plan	48,091	99,194	51,104	51.52%	108,438
52981000 - Compensation Related Accrual	(43,841)	881	44,722	5078.20%	970
Total Compensation Related	3,621,666	3,685,520	63,853	1.73%	4,017,611
Materials and Supplies					
53001000 - Materials & Supplies	406,701	427,216	20,514	4.80%	466,289
53003000 - Materials Direct	859,672	997,029	137,357	13.78%	1,088,103
53004000 - Freight	1,386	0	(1,386)	0.00%	0
Total Materials and Supplies	1,267,759	1,424,245	156,485	10.99%	1,554,392
Cost of Goods Sold					
53101000 - Cost Of Sales - Warehouse	12,569	0	(12,569)	0.00%	0
Total Cost of Goods Sold	12,569	0	(12,569)	0.00%	0
Utilities and Telephone					
53301000 - Electricity	337,885	300,021	(37,864)	(12.62%)	325,000
53301500 - Sewer	1,558,627	1,572,100	13,473	0.86%	1,716,600
53302000 - Water	2,513,332	2,513,250	(82)	0.00%	2,710,627
53302500 - Trash	498,209	501,116	2,907	0.58%	546,690
Total Utilities and Telephone	4,908,054	4,886,487	(21,567)	(0.44%)	5,298,917
Legal Fees					
53401500 - Legal Fees	510,141	201,663	(308,478)	(152.97%)	220,000
Total Legal Fees	510,141	201,663	(308,478)	(152.97%)	220,000
Professional Fees					
53402020 - Audit & Tax Preparation Fees - Third	43,377	57,600	14,223	24.69%	57,600
53403500 - Consulting Fees	1,509	5,544	4,034	72.77%	6,053
53403520 - Consulting Fees - Third	111,530	110,836	(694)	(0.63%)	120,936
Total Professional Fees	156,417	173,980	17,563	10.10%	184,589
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	25,512	36,886	11,374	30.84%	40,090
Total Equipment Rental	25,512	36,886	11,374	30.84%	40,090
Outside Services					
53601000 - Bank Fees	6,604	3,600	(3,004)	(83.44%)	3,929
53601500 - Credit Card Transaction Fees	1,811	0	(1,811)	0.00%	0
53604500 - Marketing Expense	5,120	0	(5,120)	0.00%	0
54603500 - Outside Services Cost Collection	8,176,212	9,942,442	1,766,230	17.76%	10,846,711
53704000 - Outside Services	77,726	111,314	33,588	30.17%	121,480
Total Outside Services	8,267,473	10,057,356	1,789,883	17.80%	10,972,120
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	7,762	14,848	7,086	47.72%	16,240
53703000 - Elevator /Lift Maintenance	316,497	301,810	(14,687)	(4.87%)	328,520
Total Repairs and Maintenance	324,259	316,658	(7,601)	(2.40%)	344,760
Other Operating Expense					
53801000 - Mileage & Meal Allowance	6,983	13,955	6,972	49.96%	15,252

**Third Laguna Hills Mutual
Operating Statement
11/30/2019
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
53801500 - Travel & Lodging	1,005	882	(123)	(13.95%)	968
53802000 - Uniforms	70,959	76,166	5,207	6.84%	82,843
53802500 - Dues & Memberships	1,177	1,826	649	35.53%	1,992
53803000 - Subscriptions & Books	1,583	1,836	253	13.78%	2,004
53803500 - Training & Education	5,688	13,639	7,951	58.30%	14,902
53901500 - Volunteer Support	0	881	881	100.00%	1,175
53903000 - Safety	0	168	168	100.00%	186
54001000 - Board Relations	5,444	3,358	(2,086)	(62.11%)	3,666
54001020 - Board Relations - Third	8,161	9,163	1,002	10.94%	10,000
54001500 - Public Relations	(1)	0	1	0.00%	0
54002000 - Postage	42,083	43,698	1,615	3.70%	47,672
54002500 - Filing Fees / Permits	1,866	712	(1,153)	(161.90%)	761
Total Other Operating Expense	144,949	166,285	21,337	12.83%	181,422
Income Taxes					
54301000 - State & Federal Income Taxes	10	0	(10)	0.00%	0
Total Income Taxes	10	0	(10)	0.00%	0
Insurance					
54401000 - Hazard & Liability Insurance	396,837	371,427	(25,410)	(6.84%)	405,194
54401500 - D&O Liability	42,748	43,831	1,083	2.47%	47,818
54402000 - Property Insurance	892,296	781,657	(110,639)	(14.15%)	852,719
54403000 - General Liability Insurance	4,384	6,483	2,099	32.38%	7,072
Total Insurance	1,336,264	1,203,398	(132,866)	(11.04%)	1,312,803
Investment Expense					
54201000 - Investment Expense	33,890	42,091	8,201	19.48%	45,978
Total Investment Expense	33,890	42,091	8,201	19.48%	45,978
Uncollectible Accounts					
54602000 - Bad Debt Expense	160,430	126,687	(33,743)	(26.63%)	138,200
Total Uncollectible Accounts	160,430	126,687	(33,743)	(26.63%)	138,200
(Gain)/Loss on Sale or Trade					
54101500 - (Gain)/Loss On Investments	3,171	0	(3,171)	0.00%	0
Total (Gain)/Loss on Sale or Trade	3,171	0	(3,171)	0.00%	0
Depreciation and Amortization					
55001000 - Depreciation And Amortization	131,131	131,131	0	0.00%	143,052
Total Depreciation and Amortization	131,131	131,131	0	0.00%	143,052
Net Allocation to Mutuals					
54602500 - Allocated Expenses	1,154,574	1,105,356	(49,219)	(4.45%)	1,204,782
Total Net Allocation to Mutuals	1,154,574	1,105,356	(49,219)	(4.45%)	1,204,782
Total Expenses	30,131,379	31,857,432	1,726,053	5.42%	34,729,537
Excess of Revenues Over Expenses	\$1,953,534	(\$787,309)	\$2,740,843	348.13%	(\$834,650)

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
11/30/2019**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$269,510	\$3,321,543
2	Non-discretionary investments	15,848,759	11,831,351
3	Discretionary investments	17,247,421	16,831,676
4	Receivable/(Payable) from mutuals	412,508	1,605,868
5	Accounts receivable and interest receivable	120,104	(386,734)
6	Prepaid expenses and deposits	889,511	195,117
7	Property and equipment	141,239	141,239
8	Accumulated depreciation property and equipment	(141,239)	(141,239)
9	Beneficial interest in GRF of Laguna Hills Trust	5,329,611	5,460,742
10	Non-controlling interest in GRF	36,986,050	36,986,050
11	Total Assets	<u>\$77,103,475</u>	<u>\$75,845,613</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$1,795,058	\$2,621,461
13	Accrued compensation and related costs	646,315	646,315
14	Deferred income	948,108	817,376
15	Total liabilities	<u>\$3,389,481</u>	<u>\$4,085,153</u>
	Fund balances:		
16	Fund balance prior years	71,760,460	70,676,034
17	Change in fund balance - current year	1,953,534	1,084,426
18	Total fund balances	<u>73,713,994</u>	<u>71,760,460</u>
19	Total Liabilities and Fund Balances	<u>\$77,103,475</u>	<u>\$75,845,613</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
11/30/2019**

	Operating Fund	Unappropriated Expenditures Fund	Disaster Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Total
Assets								
1 Cash and cash equivalents	\$269,510							\$269,510
2 Non-discretionary investments	15,848,759							15,848,759
3 Discretionary investments	17,247,421							17,247,421
4 Receivable/(Payable) from mutuals	412,508							412,508
5 Receivable/(Payable) from operating fund	(31,477,186)	3,616,006	9,778,658	15,627,255	1,975,140	413,076	67,051	120,104
6 Accounts receivable and interest receivable	120,104							889,511
7 Prepaid expenses and deposits	889,511							141,239
8 Property and equipment	141,239							(141,239)
9 Accumulated depreciation property and equipment	(141,239)							5,329,611
10 Beneficial interest in GRF of Laguna Hills Trust	5,329,611							36,986,050
11 Non-controlling interest in GRF	36,986,050							
12 Total Assets	<u>\$45,626,289</u>	<u>\$3,616,006</u>	<u>\$9,778,658</u>	<u>\$15,627,255</u>	<u>\$1,975,140</u>	<u>\$413,076</u>	<u>\$67,051</u>	<u>\$77,103,475</u>
Liabilities and Fund Balances								
Liabilities:								
13 Accounts payable and accrued expenses	\$1,422,320	\$2,349	\$180,328	\$51,720	\$138,340			\$1,795,057
14 Accrued compensation and related costs	646,315							646,315
15 Deferred income	948,108							948,108
16 Total liabilities	<u>\$3,016,743</u>	<u>\$2,349</u>	<u>\$180,328</u>	<u>\$51,720</u>	<u>\$138,340</u>			<u>\$3,389,481</u>
Fund balances:								
17 Fund balance prior years	42,499,880	3,212,981	9,216,805	14,347,032	1,708,610	713,855	61,299	71,760,460
18 Change in fund balance - current year	109,666	400,677	381,525	1,228,503	128,190	(300,779)	5,752	1,953,534
19 Total fund balances	<u>42,609,546</u>	<u>3,613,657</u>	<u>9,598,330</u>	<u>15,575,534</u>	<u>1,836,800</u>	<u>413,076</u>	<u>67,051</u>	<u>73,713,994</u>
20 Total Liabilities and Fund Balances	<u>\$45,626,289</u>	<u>\$3,616,006</u>	<u>\$9,778,658</u>	<u>\$15,627,255</u>	<u>\$1,975,140</u>	<u>\$413,076</u>	<u>\$67,051</u>	<u>\$77,103,475</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
11/30/2019**

	Operating Fund	Unappropriated Expenditures Fund	Disaster Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Total
Revenues:								
Assessments:								
1 Operating	\$17,202,994							\$17,202,994
2 Additions to restricted funds		536,976	1,859,279	9,397,080	402,732	67,122	75,141	12,338,330
3 Total assessments	17,202,994	536,976	1,859,279	9,397,080	402,732	67,122	75,141	29,541,324
Non-assessment revenues:								
4 Fees and charges for services to residents	860,269							860,269
5 Laundry	192,476							192,476
6 Interest income		66,150	187,184	303,041	36,325	9,999	1,243	603,943
7 Unrealized gain/(loss) on AFS investments	333,327							333,327
8 Miscellaneous	553,575							553,575
9 Total non-assessment revenue	1,939,646	66,150	187,184	303,041	36,325	9,999	1,243	2,543,589
10 Total revenue	19,142,640	603,126	2,046,463	9,700,121	439,057	77,121	76,384	32,084,913
Expenses:								
11 Employee compensation and related	8,709,181		4,436	2,923,203		24,869	33,086	11,694,776
12 Materials and supplies	704,297		249	520,391		34,817	8,006	1,267,759
13 Cost of goods sold	12,569							12,569
14 Utilities and telephone	4,897,001		38	10,924			91	4,908,054
15 Legal fees	510,141							510,141
16 Professional fees	156,417							156,417
17 Equipment rental	4,133		31	21,169			179	25,512
18 Outside services	909,464	198,412	1,648,467	4,858,002	308,669	316,622	27,837	8,267,473
19 Repairs and maintenance	321,691		3	2,538			27	324,259
20 Other Operating Expense	124,124		25	20,423		144	234	144,949
21 Income taxes	10							10
22 Insurance	1,336,264							1,336,264
23 Investment expense		3,694	10,516	16,916	2,024	670	70	33,890
24 Uncollectible Accounts	160,430							160,430
25 (Gain)/loss on sale or trade		344	1,014	1,515	174	117	8	3,171
26 Depreciation and amortization	131,131							131,131
27 Net allocations to mutuals	1,056,121		159	96,539		661	1,094	1,154,574
28 Total expenses	19,032,973	202,449	1,664,938	8,471,619	310,867	377,900	70,632	30,131,379
29 Excess of revenues over expenses	\$109,666	\$400,677	\$381,525	\$1,228,503	\$128,190	(\$300,779)	\$5,752	\$1,953,534
30 Excluding unrealized gain/(loss) and depreciation	(\$92,529)	\$400,677	\$381,525	\$1,228,503	\$128,190	(\$300,779)	\$5,752	\$1,751,339

THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of November 30, 2019

Month	Delinquent Assessments ⁽¹⁾	Assessments Write-Offs ⁽²⁾	Bad Debt Small Claims ⁽³⁾	Delinquent Fines, Fees, and Chargeable Services ⁽⁴⁾	Chargeable Services Write-Offs ⁽⁵⁾	Change in Provision ⁽⁶⁾	Total Delinquent Units ⁽⁷⁾
December-18	258,868			84,233			19
January-19	227,406	26,803	(2,779)	81,244	2,087	(8,341)	18
February-19	192,432	6,457	-	213,926	-	104,165	22
March-19	189,332	17,315	-	260,308	16,818	77,416	21
April-19	175,467	26,428	-	250,844	211	3,309	24
May-19	138,644	(1,423)	-	277,710	-	(11,379)	11
June-19	144,982	28,298	-	232,927	-	(10,147)	10
July-19	142,544	-	(29,522)	203,831	-	(61,056)	9
August-19	147,481	-	-	215,586	-	16,692	10
September-19	149,033	(608)	-	218,109	-	3,468	10
October-19	137,001	-	-	283,866	-	53,725	9
November-19	93,739	7,994	-	311,713	-	(7,421)	12
December-19	-	-	-	-	-	-	
YTD TOTAL						160,430	

(1) Delinquent Assessments: Represents the balance from the monthly Delinquency Report presented in the Closed Session of the Finance Committee and accounted for as a specific allowance against Accounts Receivable balance.

(2) Assessments Write-Offs: Represents write-off activities approved by the Third Board.

(3) Bad Debt Small Claims: Represents the change in the Small Claims Receivable account balance.

(4) Delinquent Fines, Fees and Chargeable Services: Balances represents a combination of a general allowance percentage and a specific allowance amount recorded for the purpose of reducing the Account Receivable balance to the amount the company anticipates to be collectible.

(5) Chargeable Services Write-Offs: Represents Chargeable Service write-off activities approved by the Third Board.

(6) Change in Provision: Calculated as the difference between the current and prior month Delinquent Assessments and Delinquent Fine, Fees and Chargeable Services balances plus current month activities from Assessment Write-Offs, Bad Debt Small Claims, and Chargeable Services Write-Offs.

(7) Total Delinquent Units: Units reported on the monthly Delinquency Reports - Assessments

**THIRD LAGUNA HILLS MUTUAL
NON-DISCRETIONARY ACCOUNT HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
11/30/19**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
912796WG0	U.S. TREASURY BILL	0.00%	10-18-19	12-03-19	2,000,000.00	1.59%	1,995,987.78	
912796TA7	U.S. TREASURY BILL	0.00%	09-03-19	01-09-20	5,000,000.00	1.80%	4,968,702.22	
912796TA7	U.S. TREASURY BILL	0.00%	09-13-19	01-09-20	5,000,000.00	1.78%	4,971,401.39	
912796SM2	U.S. TREASURY BILL	0.00%	05-01-19	04-23-20	4,000,000.00	2.39%	3,912,667.89	
TOTAL FOR NON-DISCRETIONARY INVESTMENTS					\$ 16,000,000.00		\$ 15,848,759.28	2.29%

*Yield is based on all investments held during the year

**THIRD LAGUNA HILLS MUTUAL
DISCRETIONARY ACCOUNT - SAGEVIEW/FIDELITY
SCHEDULE OF INVESTMENTS
11/30/19**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
	FIDELITY MONEY MARKET				\$ 1,970,232.61		\$ 1,970,232.61	
9128283N8	U.S. TREASURY NOTE	1.88%	01-02-18	12-31-19	400,000.00	1.90%	399,766.30	
05565QCX4	CorpBond-BP Capital Markets PLC Cor	2.32%	08-21-18	02-13-20	100,000.00	2.84%	99,239.00	
9128284C1	U.S. TREASURY NOTE	2.25%	04-20-18	03-31-20	250,000.00	2.43%	249,141.05	
912828K33	U.S. TIP NOTE	0.13%	03-08-17	04-15-20	300,000.00	0.12%	314,668.58	
912828ND8	U.S. TREASURY NOTE	3.50%	07-15-10	05-15-20	660,000.00	3.02%	686,557.33	
912828XE5	U.S. TREASURY NOTE	1.50%	06-08-15	05-31-20	350,000.00	1.73%	346,117.78	
437076BQ4	CorpBond-Home Depot Inc	1.80%	08-21-18	06-05-20	75,000.00	2.68%	73,851.00	
17275RAX0	CorpBond-Cisco System Inc	2.45%	08-21-17	06-15-20	150,000.00	1.73%	152,925.00	
912828XY1	U.S. TREASURY NOTE	2.50%	08-06-18	06-30-20	300,000.00	2.66%	299,109.88	
912828Y46	U.S. TREASURY NOTE	2.63%	07-17-19	07-31-20	200,000.00	1.99%	201,297.21	
912828NT3	U.S. TREASURY NOTE	2.63%	10-28-10	08-15-20	285,000.00	2.68%	283,542.74	
912828NT3	U.S. TREASURY NOTE	2.63%	11-29-11	08-15-20	100,000.00	1.75%	106,996.49	
06406HDD8	CorpBond-Bank of NY Mellon Corp	2.60%	12-08-15	08-17-20	200,000.00	2.39%	201,800.00	
857477AS2	CorpBond-State Street Corp	2.55%	12-31-15	08-18-20	150,000.00	2.26%	151,875.00	
06051GFT1	CorpBond-Bank of America Corp	2.63%	04-23-18	10-19-20	100,000.00	2.95%	99,216.00	
9128285G1	U.S. TREASURY NOTE	2.88%	11-02-18	10-31-20	250,000.00	2.87%	249,990.65	
912828M98	U.S. TREASURY NOTE	1.63%	12-15-15	11-30-20	250,000.00	1.69%	249,199.64	
912828M98	U.S. TREASURY NOTE	1.63%	12-24-15	11-30-20	300,000.00	1.72%	298,559.10	
931142EA7	CorpBond-Wal-Mart Stores Inc	1.90%	08-21-18	12-15-20	75,000.00	2.75%	73,575.75	
05531FAZ6	CorpBond-BB&T Corporation Ser Mtn	2.15%	08-21-18	02-01-21	150,000.00	3.10%	146,644.50	
9128283X6	U.S. TREASURY NOTE	2.25%	04-22-19	02-15-21	750,000.00	2.43%	747,540.32	
63946BAE0	CorpBond-BC Universal Media LLC	4.38%	12-08-15	04-01-21	100,000.00	2.50%	109,238.00	
892367CZ6	CorpBond-Toyota Motor Credit Corp	1.90%	02-19-19	04-08-21	200,000.00	2.79%	196,306.00	
9128284G2	U.S. TREASURY NOTE	2.38%	04-20-18	04-15-21	250,000.00	2.57%	248,594.17	
0258M0EB1	CorpBond-American Express Credit	2.25%	04-23-18	05-05-21	150,000.00	2.25%	146,322.00	
037833AR1	CorpBond-Apple Inc	2.85%	10-23-17	05-06-21	75,000.00	2.06%	76,986.75	
369550BE7	CorpBond-General Dynamics Corp	3.00%	05-20-19	05-11-21	200,000.00	2.48%	201,972.00	
857477AV5	CorpBond-State Street Corp	1.95%	10-23-17	05-19-21	50,000.00	2.06%	49,801.00	
38141GGQ1	CorpBond-Goldman Sachs Group Inc	5.25%	12-27-18	07-27-21	300,000.00	3.80%	310,530.00	
594918BP8	CorpBond-Microsoft Corp	1.55%	11-01-16	08-08-21	100,000.00	1.79%	98,911.00	
912828RC6	U.S. TREASURY NOTE	2.13%	11-09-11	08-15-21	1,000,000.00	2.04%	1,007,269.63	
91324PBT8	CorpBond-Unitedhealth Group Inc	3.38%	01-05-16	11-15-21	150,000.00	2.64%	155,676.00	
375558AU7	CorpBond-Gilead Sciences Inc	4.40%	12-29-15	12-01-21	150,000.00	2.85%	162,072.00	
21685WDD6	CorpBond-Rabobank	3.88%	02-19-19	02-08-22	150,000.00	3.13%	153,139.50	
585055BR6	CorpBond-Medtronic Inc	3.15%	07-19-16	03-15-22	99,000.00	1.82%	106,077.51	
404280AN9	CorpBond-HSBC Holdings	4.00%	05-20-19	03-30-22	200,000.00	2.77%	206,678.00	
747525AE3	CorpBond-QualComm Inc	3.00%	08-21-18	05-20-22	150,000.00	3.38%	147,984.00	
20030NBD2	CorpBond-Comcast Corp	3.13%	07-09-14	07-15-22	100,000.00	2.97%	101,063.00	

**THIRD LAGUNA HILLS MUTUAL
DISCRETIONARY ACCOUNT - SAGEVIEW/FIDELITY
SCHEDULE OF INVESTMENTS**

11/30/19

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
91159JAA4	CorpBond-US Bancorp	2.95%	12-08-15	07-15-22	200,000.00	1.82%	200,306.00	
91324PCN0	CorpBond-UnitedHealth Group	3.35%	12-04-17	07-15-22	150,000.00	1.82%	154,786.50	
91282BL24	U.S. TREASURY NOTE	1.88%	11-06-15	08-31-22	300,000.00	2.08%	296,098.26	
375558BC6	CorpBond-Gilead Sciences Inc	3.25%	07-20-16	09-01-22	100,000.00	2.04%	106,727.00	
375558BC6	CorpBond-Gilead Sciences Inc	3.25%	10-23-17	09-01-22	50,000.00	2.38%	51,901.00	
912828M80	U.S. TREASURY NOTE	2.00%	12-08-15	11-30-22	500,000.00	1.99%	500,215.84	
912828M80	U.S. TREASURY NOTE	2.00%	12-15-15	11-30-22	200,000.00	2.05%	199,258.21	
48128BAB7	CorpBond-JP Morgan Chase & Co	2.97%	10-23-17	01-15-23	50,000.00	2.58%	50,769.00	
912828P38	U.S. TREASURY NOTE	1.75%	02-22-16	01-31-23	250,000.00	1.58%	252,637.22	
037833AK6	CorpBond-Apple Inc	2.40%	01-10-17	05-03-23	200,000.00	2.75%	195,862.00	
912828S35	U.S. TREASURY NOTE	1.38%	07-19-16	06-30-23	200,000.00	1.35%	200,328.53	
68389XBL8	CorpBond-Oracle Corp	2.40%	07-12-16	09-15-23	150,000.00	2.16%	152,296.50	
59156RBH0	CorpBond-Metlife Inc	3.60%	12-04-17	04-10-24	150,000.00	2.82%	156,720.00	
94974BGA2	CorpBond-Wells Fargo Company	3.30%	12-04-17	09-09-24	150,000.00	3.01%	152,575.50	
36290YBU1/P621151	GNMA SECURITIES	5.50%	05-29-07	05-15-22	26,288.92	5.50%	26,288.92	
36296DDR6/P687812	GNMA SECURITIES	5.50%	09-22-08	08-15-23	25,647.81	3.33%	42,305.30	
36202FD78/P004626	GNMA SECURITIES	4.50%	02-24-10	02-20-25	72,564.49	2.87%	113,767.62	
36202FD78/P004626	GNMA SECURITIES	4.50%	09-17-13	02-20-25	80,699.83	3.26%	111,358.84	
36202FJC1/P004759	GNMA SECURITIES	4.00%	02-16-12	08-20-25	64,713.82	2.22%	116,689.45	
36202FJC1/P004759	GNMA SECURITIES	4.00%	03-19-12	08-20-25	27,223.27	2.23%	48,772.24	
3620AS6G9/P738971X	GNMA SECURITIES	3.00%	04-29-15	11-15-26	111,311.88	2.54%	131,364.63	
36202F2H8/P005276M	GNMA SECURITIES	3.00%	11-12-14	01-20-27	59,209.99	2.55%	69,531.93	
36179MAG5/PMA0007M	GNMA SECURITIES	3.00%	08-20-12	04-20-27	125,594.40	2.25%	167,617.36	
36179MGN4/PMA0205M	GNMA SECURITIES	3.00%	07-31-12	07-20-27	135,666.38	2.27%	178,928.10	
36179MP53/PMA0444M	GNMA SECURITIES	3.00%	12-18-12	10-20-27	204,404.55	2.31%	265,337.33	
36179MSB7/PMA0514M	GNMA SECURITIES	3.00%	05-14-14	11-20-27	151,780.27	2.58%	176,194.66	
36179MU32/PMA0602M	GNMA SECURITIES	3.00%	01-17-13	12-20-27	322,805.30	2.37%	408,120.70	
36179MZW3/PMA0757M	GNMA SECURITIES	3.00%	04-16-13	02-20-28	143,216.23	2.38%	180,413.37	
36179NMP0/PMA1266M	GNMA SECURITIES	3.50%	10-21-13	09-20-28	76,587.35	2.83%	94,698.86	
36179TY90/PMA5236M	GNMA SECURITIES	3.50%	06-13-18	06-20-33	244,473.09	3.39%	252,225.04	
36202T7B6/P609390x	GNMA SECURITIES	5.50%	09-22-03	04-15-33	28,730.83	3.55%	44,481.68	
36213CZ52/P550764	GNMA SECURITIES	5.50%	09-19-07	12-15-35	29,593.50	7.09%	22,968.99	
36202EYL7/P004315M	GNMA SECURITIES	5.50%	11-18-10	12-20-38	74,404.20	2.14%	190,946.06	
36297F6L1/P711075	GNMA SECURITIES	4.50%	09-21-10	01-15-40	140,950.50	3.28%	193,113.69	
36179QJT9/PMA2074M	GNMA SECURITIES	4.00%	11-13-17	07-20-44	118,450.41	3.67%	129,049.71	
36179QL74/PMA2150M	GNMA SECURITIES	4.50%	09-11-14	08-20-44	55,885.87	3.20%	78,475.23	
36179QT50/PMA2372M	GNMA SECURITIES	4.00%	12-22-14	11-20-44	113,680.51	3.08%	147,641.17	
36179RTA7/PMA3245m	GNMA SECURITIES	4.00%	12-17-15	11-20-45	140,341.43	3.38%	165,964.39	
36179SUV7/PMA4196m	GNMA SECURITIES	3.50%	02-28-17	01-20-47	164,061.98	3.28%	175,050.14	
36179UKY7/PMA5711M	GNMA SECURITIES	4.50%	07-16-19	01-20-49	155,667.44	4.24%	165,167.60	
TOTAL FOR DISCRETIONARY INVESTMENTS					16,333,186.86		17,247,421.06	1.94%
TOTAL INVESTMENTS					\$ 32,333,186.86		\$ 33,096,180.34	2.09%

*Yield is based on all investments held during the year

**Third Laguna Hills Mutual
Supplemental Appropriation Schedule
Period Ending: 11/30/2019**

Fund / Item	Resolution	BUDGET	EXPENDITURES I-T-D*			Remaining Encumbrance
		Total Appropriations	2019	Prior Years	Total	
Replacement Fund						
Ridge Route Perimeter Wall Improvements	03-18-84	\$330,000	\$169,537	\$84,400	\$253,937	\$76,063
Cul-De-Sac Sign Replacement	03-19-73	\$23,000	\$0	\$0	\$0	\$23,000
Totals		\$353,000	\$169,537	\$84,400	\$253,937	\$99,063
Laundry Replacement Fund						
Coin-Operated Dryers and Laundry Pedestals	03-18-171	\$377,000	\$304,756	\$97,353	402,108	\$0
Totals		\$377,000	\$304,756	\$97,353	\$402,108	\$0
Unappropriated Expenditures Fund						
3-Story Building Trash Chute Repairs	03-18-36	336,680	91,602	227,208	318,809	17,871
OCFA Fire Fuel Risk Reduction	03-18-96	200,000	106,810	98,820	205,630	\$0
LH-21 Directory Boxes	03-19-119	12,585	0	0	0	\$12,585
Totals		\$549,265	\$198,412	\$326,028	\$524,439	\$30,456
Disaster Fund						
Slope Repairs Monte Hermosa	03-19-59	\$42,216	\$19,189	\$0	19,189	\$23,027
Totals		\$42,216	\$19,189	\$0	\$19,189	\$23,027

*Incurred To Date

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF NOVEMBER 30, 2019**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
REPLACEMENT FUND								
MC ALARM SYSTEMS	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
MC BUILDING NUMBERS	0	2,830	33,001	31,130	33,970	97%	(1,871)	(6%)
MC BUILDING STRUCTURES	175,925	227,281	1,844,113	2,504,819	2,732,992	67%	660,706	26%
MC ELECTRICAL SYSTEMS	4,200	4,883	50,400	53,713	58,610	86%	3,313	6%
MC ENERGY PROJECTS	1,433	4,166	15,715	45,826	50,000	31%	30,111	66%
MC EXTERIOR LIGHTING	3,309	66,666	41,382	733,326	800,000	5%	691,944	94%
MC FENCING	7,718	11,262	109,899	125,302	136,817	80%	15,403	12%
MC GARDEN VILLA LOBBY	0	9,963	111,162	109,593	119,560	93%	(1,569)	(1%)
MC GARDEN VILLA MAILROOM	0	5,784	75,477	64,268	70,173	108%	(11,210)	(17%)
MC GARDEN VILLA RECESSED AREA	12,128	20,870	28,304	229,570	250,440	11%	201,266	88%
MC GV REC ROOM WATER HEATER/HEAT PUMP	88	1,624	23,564	17,872	19,505	121%	(5,692)	(32%)
MC GUTTER REPLACEMENTS	428	3,083	37,513	33,913	37,000	101%	(3,600)	(11%)
LS LANDSCAPE MODIFICATION	39,181	76,578	315,002	843,134	919,890	34%	528,132	63%
MC MAILBOXES	0	3,023	29,282	33,413	36,483	80%	4,131	12%
MC PAINT PROGRAM - EXTERIOR	170,465	165,288	1,860,785	1,839,640	2,008,631	93%	(21,146)	(1%)
MC PRIOR TO PAINT	124,257	105,162	1,118,060	1,169,564	1,277,033	88%	51,504	4%
MC PAVING	61,888	70,253	139,165	773,953	844,499	16%	634,788	82%
MC ROOF REPLACEMENTS	168,038	109,326	1,425,460	1,202,586	1,311,937	109%	(222,874)	(19%)
MC SUPPLEMENTAL APPROPRIATIONS	0	0	169,537	169,537	169,537	100%	0	0%
LS TREE MAINTENANCE	58,770	17,534	143,648	195,642	213,630	67%	51,995	27%
MC WALL REPLACEMENTS	7,008	16,666	119,918	183,326	200,000	60%	63,409	35%
MC WASTE LINE REMEDIATION	123,115	62,500	562,618	687,500	750,000	75%	124,882	18%
MC WATER LINES - COPPER PIPE REMEDIATION	2,200	16,666	199,183	183,326	200,000	100%	(15,857)	(9%)
TOTAL REPLACEMENT FUND	\$960,150	\$1,001,408	\$8,453,188	\$11,230,953	\$12,240,708	69%	\$2,777,765	25%
ELEVATOR REPLACEMENT FUND								
MC ELEVATOR REPLACEMENT	\$172,925	\$28,891	\$308,669	\$317,801	\$346,698	89%	\$9,132	3%
TOTAL ELEVATOR REPLACEMENT FUND	\$172,925	\$28,891	\$308,669	\$317,801	\$346,698	89%	\$9,132	3%
LAUNDRY REPLACEMENT FUND								
MC LAUNDRY APPLIANCES	\$0	\$817	\$20,935	\$9,011	\$9,844	213%	(\$11,925)	(132%)
MC LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	0	4,535	51,423	50,111	54,697	94%	(1,311)	(3%)
MC SUPPLEMENTAL APPROPRIATIONS	0	0	304,756	304,756	304,756	100%	0	0%
TOTAL LAUNDRY REPLACEMENT FUND	\$0	\$5,352	\$377,114	\$363,878	\$369,297	102%	(\$13,236)	(4%)
GARDEN VILLA RECREATION ROOM FUND								
MC GARDEN VILLA RECREATION ROOMS	\$132	\$8,093	\$70,554	\$89,363	\$97,580	72%	\$18,809	21%
TOTAL GARDEN VILLA REC ROOMS FUND	\$132	\$8,093	\$70,554	\$89,363	\$97,580	72%	\$18,809	21%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF NOVEMBER 30, 2019**

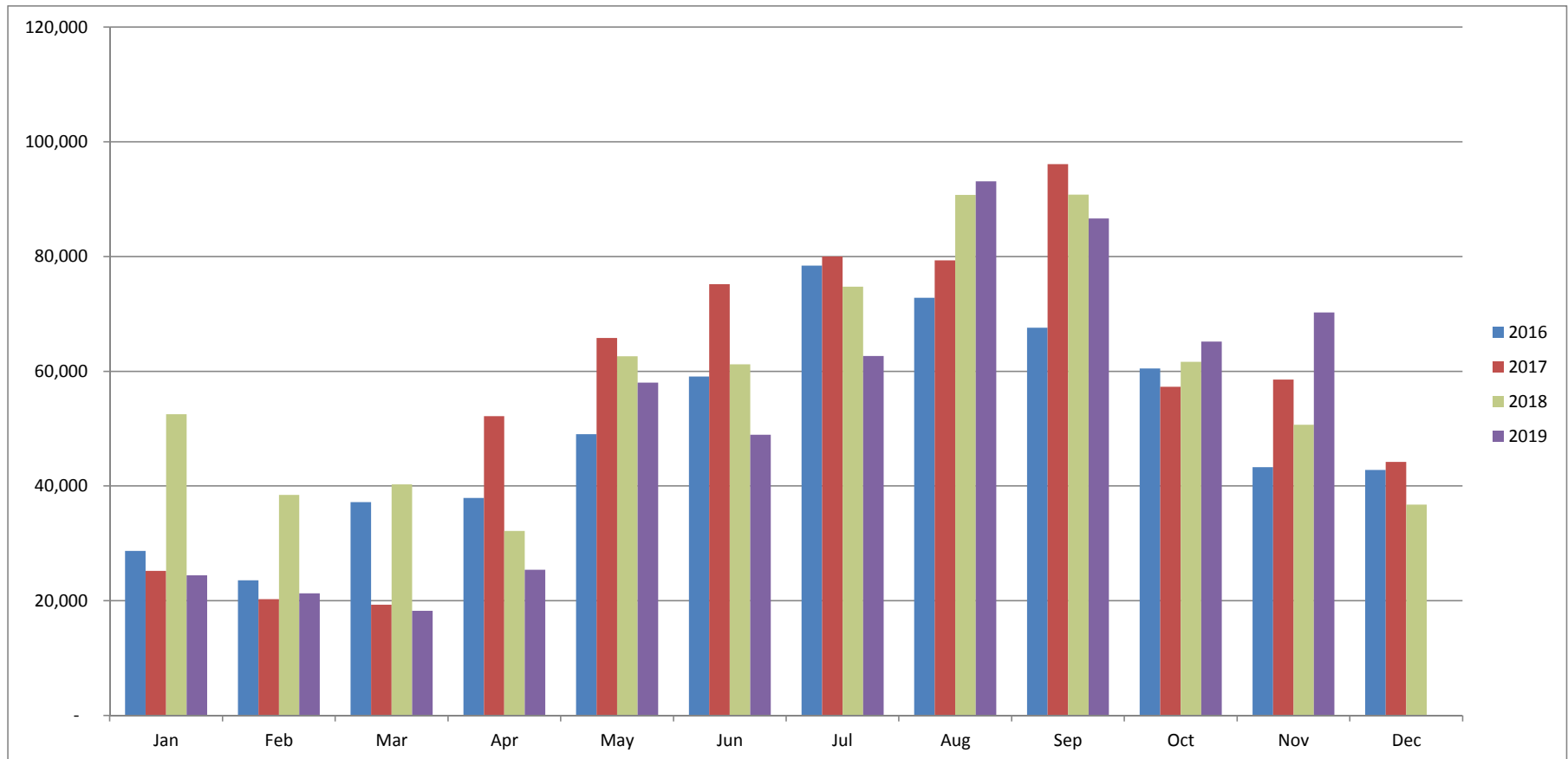
DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND								
MC APPLIANCE REPAIRS	\$10,996	\$7,025	\$116,999	\$78,190	\$85,379	137%	(\$38,809)	(50%)
MC CARPENTRY SERVICE	22,972	31,753	354,218	353,253	385,731	92%	(964)	(0%)
GS CONCRETE REPAIR/REPLACEMENT	45,486	35,014	378,864	388,169	423,853	89%	9,305	2%
MC CURB CUT/SIDEWALK RAMPS	10,000	833	10,000	9,167	10,000	100%	(833)	(9%)
MC ELECTRICAL SERVICE	8,656	9,989	90,097	111,358	121,615	74%	21,260	19%
MC FIRE PROTECTION	4,392	14,626	62,316	160,886	175,556	35%	98,570	61%
MC GUTTER CLEANING	34,335	12,617	79,038	138,904	151,554	52%	59,866	43%
GS JANITORIAL SERVICE	65,968	78,419	808,504	868,174	947,862	85%	59,670	7%
MC MISC REPAIRS BY OUTSIDE SERVICE	22,321	4,838	36,351	53,213	58,050	63%	16,862	32%
MC PEST CONTROL	12,503	21,699	150,370	238,689	260,405	58%	88,319	37%
MC PLUMBING SERVICE	42,754	55,552	755,455	617,734	674,483	112%	(137,721)	(22%)
MC SOLAR MAINTENANCE	3,108	2,083	18,380	22,913	25,000	74%	4,533	20%
GS TRAFFIC CONTROL	349	2,510	14,041	27,798	30,359	46%	13,756	49%
GS WELDING	2,698	7,030	95,355	78,099	85,307	112%	(17,256)	(22%)
TOTAL MAINTENANCE PROGRAMS	\$286,539	\$283,989	\$2,969,987	\$3,146,545	\$3,435,153	86%	\$176,558	6%
DISASTER FUND								
LS RISK FIRE MANAGEMENT	\$0	\$15,000	\$21,579	\$165,000	\$180,000	12%	\$143,422	87%
MC MOISTURE INTRUSION - RAIN LEAKS	\$20,948	\$39,585	651,436	\$435,435	\$475,025	137%	(216,001)	(50%)
MC MOISTURE INTRUSION - PLUMBING LEAKS	15,761	54,143	649,345	595,573	649,726	100%	(53,772)	(9%)
MC MOISTURE INTRUSION - PLUMBING STOPPAGES	10,760	10,512	156,911	115,632	126,155	124%	(41,279)	(36%)
MC MOISTURE INTRUSION - MISCELLANEOUS	7,793	7,757	48,911	85,327	93,095	53%	36,416	43%
MC DAMAGE RESTORATION SERVICES	74,149	30,801	106,038	339,509	370,445	29%	233,471	69%
LS SUPPLEMENTAL APPROPRIATIONS	0	0	19,189	19,189	19,189	100%	0	0%
TOTAL DISASTER FUND	\$129,411	\$157,798	\$1,653,408	\$1,755,664	\$1,913,635	86%	\$102,256	6%
UNAPPROPRIATED EXPENDITURES FUND								
LS SUPPLEMENTAL APPROPRIATIONS	\$412	\$412	\$198,412	\$198,412	\$198,412	100%	\$0	0%
TOTAL UNAPPROPRIATED EXPENDITURES FUND	\$412	\$412	\$198,412	\$198,412	\$198,412	100%	\$0	0%

**THIRD LAGUNA HILLS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF NOVEMBER 30, 2019**

YTD ACTUAL				
DESCRIPTION	TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
R ALARM SYSTEM	\$0	\$0	\$0	\$0
R BUILDING NUMBERS	33,001	0	0	33,001
R BUILDING STRUCTURES	1,844,113	227,634	35,379	1,581,099
R ELECTRICAL SYSTEMS	50,400	0	0	50,400
R ENERGY PROJECTS	15,715	0	0	15,715
R EXTERIOR LIGHTING	41,382	0	0	41,382
R FENCING	109,899	92,422	17,478	0
R GARDEN VILLA LOBBY	111,162	0	0	111,162
R GARDEN VILLA MAILROOM	75,477	53,475	22,002	0
R GARDEN VILLA RECESSED AREA	28,304	0	0	28,304
R GV REC ROOM WATER HEATER/HEAT PUMP	23,564	4,491	3,306	15,767
R GUTTER REPLACEMENTS	37,513	34,279	3,234	0
R LANDSCAPE MODIFICATION	315,002	(0)	0	315,002
R MAILBOXES	29,282	6,024	23,258	0
R PAINT PROGRAM - EXTERIOR	1,860,785	1,628,715	195,861	36,208
R PRIOR TO PAINT	1,118,060	967,826	113,204	37,030
R PAVING	139,165	21,729	483	116,953
R ROOF REPLACEMENTS	1,425,460	0	0	1,425,460
R TREE MAINTENANCE	143,648	141,169	0	2,478
R WALL REPLACEMENTS	119,918	0	0	119,918
R WASTE LINE REMEDIATION	562,618	1,874	364	560,380
R WATER LINES - COPPER PIPE REMEDIATION	199,183	0	0	199,183
R SUPPL. APPROPRIATIONS	169,537	0	0	169,537
TOTAL RESERVE FUND	\$8,453,188	\$3,179,637	\$414,570	\$4,858,980
E ELEVATOR REPLACEMENT	\$308,669	\$0	\$0	\$308,669
TOTAL ELEVATOR FUND	\$308,669	\$0	\$0	\$308,669
L LAUNDRY APPLIANCES	\$20,935	\$4,434	\$16,501	\$0
L LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	51,423	\$22,373	\$7,449	\$21,600
L SUPPL. APPROPRIATIONS	304,756	0	9,736	295,020
TOTAL LAUNDRY FUND	\$377,114	\$26,808	\$33,686	\$316,620
G GARDEN VILLA RECREATION ROOMS	\$70,554	\$36,201	\$6,490	\$27,864
TOTAL GARDEN VILLA REC ROOMS FUND	\$70,554	\$36,201	\$6,490	\$27,864
O APPLIANCE REPAIRS	116,999	101,183	15,816	0
O CARPENTRY SERVICE	354,218	290,610	60,371	3,237
O CONCRETE REPAIR/REPLACEMENT	378,864	342,214	36,650	0
O CURB CUT/SIDEWALK RAMPS	10,000	0	0	10,000
O ELECTRICAL SERVICE	90,097	76,505	7,118	6,474
O FIRE PROTECTION	62,316	0	77	62,238
O GUTTER CLEANING	79,038	34,968	0	44,070
O JANITORIAL SERVICE	808,504	784,969	23,535	0
O MISC REPAIRS BY OUTSIDE SERVICE	36,351	0	0	36,351
O PEST CONTROL	150,370	0	0	150,370
O PLUMBING SERVICE	755,455	580,691	25,510	149,253
O SOLAR MAINTENANCE	18,380	0	0	18,380
O TRAFFIC CONTROL	14,041	13,843	198	0
O WELDING	95,355	93,411	1,511	433
TOTAL OPERATING FUND	\$2,969,987	\$2,318,393	\$170,787	\$480,806
D RISK FIRE MANAGEMENT	\$21,579	\$0	\$0	\$21,579
D MOISTURE INTRUSION - RAIN LEAKS	\$651,436	\$0	\$0	\$651,436
D MOISTURE INTRUSION - PLUMBING LEAKS	649,345	0	0	\$649,345
D MOISTURE INTRUSION - PLUMBING STOPPAGES	156,911	0	0	\$156,911
D MOISTURE INTRUSION - MISCELLANEOUS	48,911	0	0	\$48,911
D DAMAGE RESTORATION SERVICES	106,038	4,860	81	101,097
D SUPPL. APPROPRIATIONS	19,189	0	0	19,189
TOTAL DISASTER FUND	\$1,653,408	\$4,860	\$81	\$1,648,467
U SUPPL. APPROPRIATIONS	198,412	0	0	198,412
TOTAL UNAPPROPRIATED EXPENDITURES FUND	\$198,412	\$0	\$0	\$198,412

Third Mutual Water Usage in 100 cubic feet units

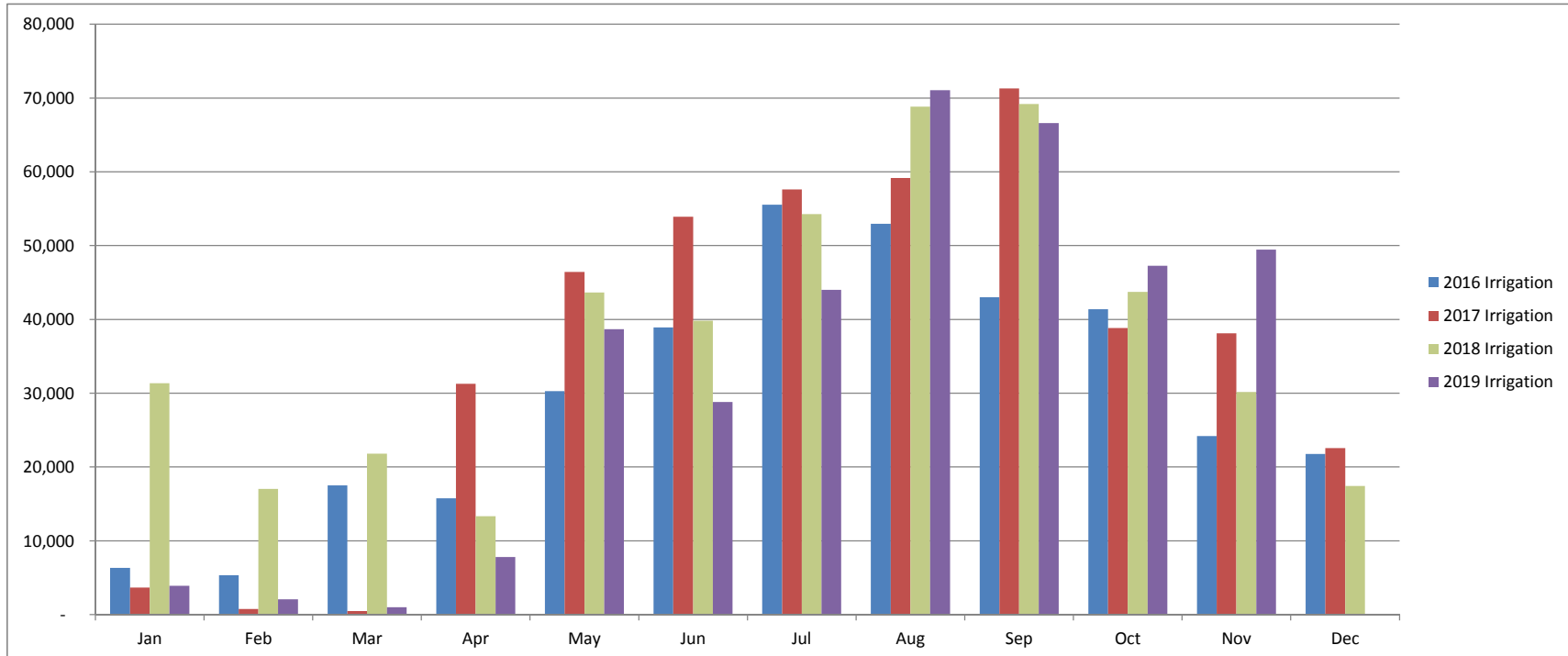
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016	28,692	23,565	37,198	37,935	49,039	59,069	78,415	72,805	67,591	60,506	43,261	42,786	558,076	600,862
2017	25,226	20,286	19,299	52,174	65,796	75,181	79,992	79,315	96,121	57,296	58,557	44,191	629,243	673,434
2018	52,495	38,446	40,263	32,183	62,631	61,214	74,756	90,767	90,776	61,661	50,693	36,777	655,885	692,662
2019	24,432	21,298	18,269	25,378	58,015	48,914	62,672	93,135	86,655	65,159	70,254	-	574,181	574,181



Third Mutual

Irrigation Water Usage in 100 cubic feet units

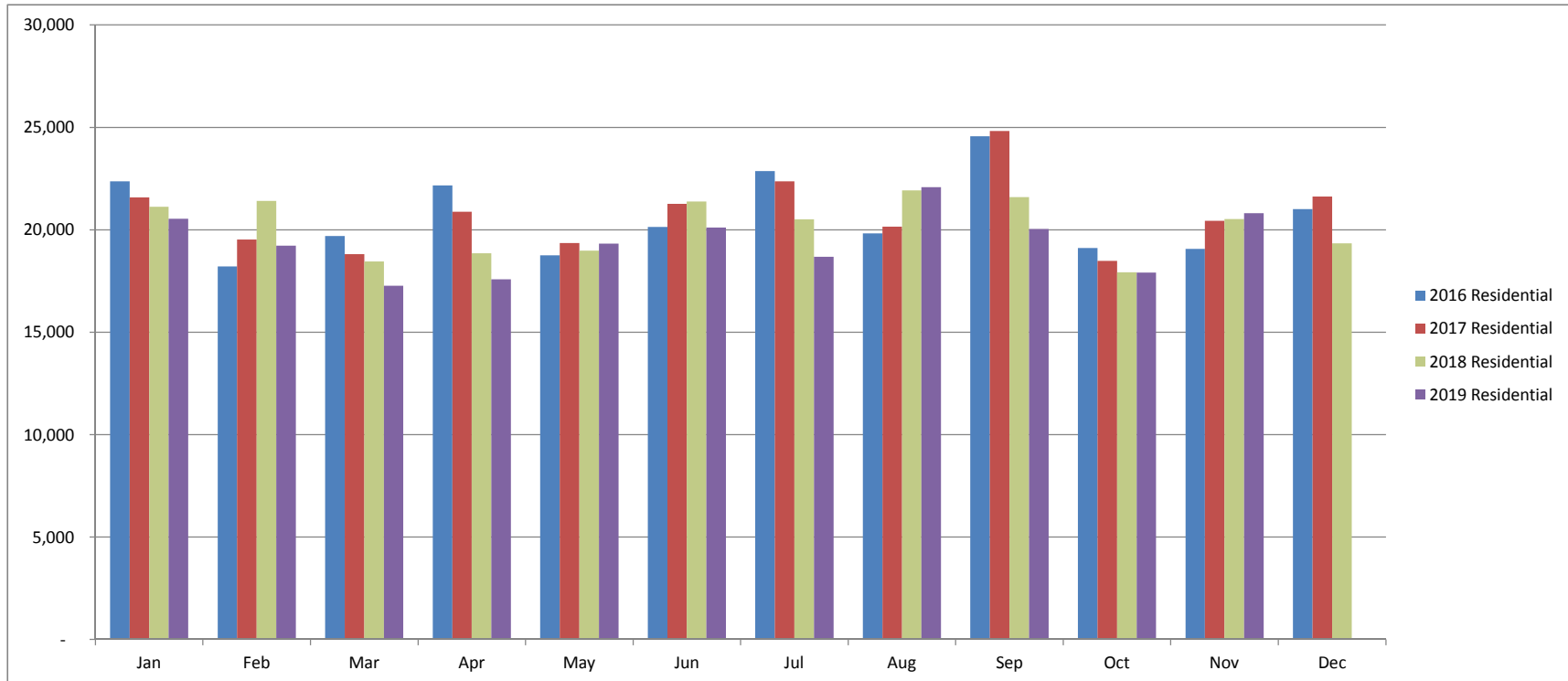
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016 Irrigation	6,329	5,349	17,506	15,776	30,280	38,926	55,543	52,976	43,024	41,402	24,192	21,779	331,303	353,082
2017 Irrigation	3,646	766	494	31,291	46,437	53,911	57,625	59,166	71,293	38,819	38,114	22,567	401,562	424,129
2018 Irrigation	31,368	17,039	21,814	13,332	43,653	39,833	54,254	68,843	69,176	43,741	30,171	17,434	433,224	450,658
2019 Irrigation	3,892	2,081	1,000	7,803	38,696	28,811	43,994	71,051	66,612	47,253	49,450	-	360,643	360,643



Third Mutual

Residential Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016 Residential	22,363	18,216	19,692	22,159	18,759	20,143	22,872	19,829	24,567	19,104	19,069	21,007	226,773	247,780
2017 Residential	21,580	19,520	18,805	20,883	19,359	21,270	22,367	20,149	24,828	18,477	20,443	21,624	227,681	249,305
2018 Residential	21,127	21,407	18,449	18,851	18,978	21,381	20,502	21,924	21,600	17,920	20,522	19,343	222,661	242,004
2019 Residential	20,540	19,217	17,269	17,575	19,319	20,103	18,678	22,083	20,043	17,905	20,803	-	213,535	213,535





STAFF REPORT

DATE: January 7, 2020
FOR: Board of Directors
SUBJECT: Transfer of Funds to Discretionary Investments

RECOMMENDATION

Staff recommends transferring \$8,000,000 in cash from funds held at Bank of America to the discretionary investment account held and managed by SageView/Fidelity.

BACKGROUND

Third Laguna Hills Mutual investments are governed by a board-adopted Investment Policy, in which they are categorized as either Non-Discretionary or Discretionary Investments:

Non-Discretionary Investments are funds administered by the Managing Agent. These funds are intended to cover short-term obligations of the mutual but are invested to provide protection and interest earnings. Treasury bills or notes are purchased using the Bank of America treasury desk with trades initiated by the Controller and CFO. Funds are laddered to mature in months when the monies are needed. The term non-discretionary reflects policy restrictions that these investments are held to maturity unless otherwise directed by the Board.

Discretionary Investments are funds administered by an authorized investment manager. This investment policy gives the investment manager discretion to transact purchases and sales of investments consistent with provisions in the investment policy, including government-backed securities, government sponsored federal agencies, and investment grade corporate bonds. The balances maintained in the discretionary investment account are intended to fund long-term obligations of the mutual and have the potential for higher interest earnings.

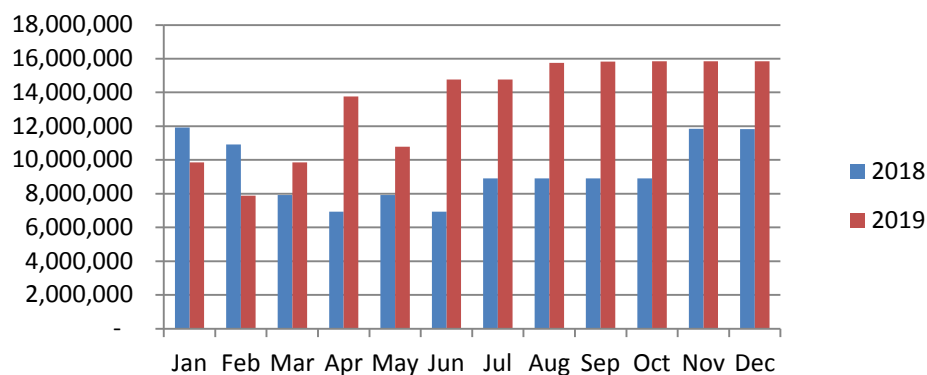
Third Mutual opened an account with Merrill Lynch (ML) in 1999 by transferring treasuries with an initial balance close to \$2 Million. Over the years, periodic transfers have been made to shift funds from the non-discretionary account to the discretionary account to achieve higher returns. Historical transfer activity has included:

- 1999 \$2,000,000 treasury securities transferred to ML account
- 2001 \$1,000,000 treasury securities transferred to ML account
- 2004 \$460,000 wired out of ML account
- 2010 \$5,000,000 treasury securities transferred to ML account
- 2015 \$2,000,000 cash transferred to ML account
- 2019 All holdings sold and reinvested with SageView as investment manager

DISCUSSION

As shown in the table below, Third Mutual has maintained a non-discretionary investment account balance ranging from a low of \$6.9 million to its current high of \$15.9 million over the past two years, far exceeding the needs for short-term operating cash. Transfers to the discretionary account have been delayed while the investment task force evaluated and the board adopted a new investment manager and strategy.

After evaluating forecasted expenditures, Staff recommends a transfer of \$8,000,000 cash to the discretionary account held by SageView/Fidelity, building a higher investment balance in the newly formed index funds portfolio with potentially higher returns.



FINANCIAL ANALYSIS

An additional \$8,000,000 invested by SageView may potentially earn 1% more than treasury bills, estimated at \$7,000 per month in revenue.

Prepared By: Steve Hormuth, Controller

Reviewed By: Betty Parker, Chief Financial Officer