



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, June 5, 2018 – 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 May 1, 2018
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)
7. Department Head Update

Reports

8. Preliminary Financial Statements dated April 30, 2018

Items for Discussion and Consideration:

9. Third Electronic Payment Policy
10. Solar Energy Update
11. Endorsement: Mutual Consent Fee
12. Endorsement: Revisions to Resale Policy
13. Other Endorsements from Standing Committees

Future Agenda Items

Audit of SCE Billing for Solar

Concluding Business:

14. Committee Member Comments
15. Date of Next Meeting – Tuesday, July 3, 2018 at 1:30 p.m.
16. Recess to Closed Session

Steven Parsons, Chair
Betty Parker, Staff Officer
Telephone: 949-597-4201



REPORT OF THE REGULAR OPEN MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE

Tuesday, May 1, 2018 – 1:30 p.m.
Laguna Woods Village Community Center Board Room, 24351 El Toro Road

MEMBERS PRESENT: Rosemarie diLorenzo – Chair, Bill Walsh, John Frankel, Bunny Carpenter, Roy Bruninghaus, Burt Baum, James Tung,
Advisors: Wei-Ming Tao, John Hess

MEMBERS ABSENT: Steven Parsons, Jules Zalon

STAFF PRESENT: Betty Parker, Christopher Swanson

Call to Order

Director diLorenzo, President, chaired the meeting and called it to order at 1:34 p.m.

Acknowledgment of Media

None.

Approve Meeting Agenda

A motion was made and carried unanimously to approve the agenda with following additional items:

- Solar Energy Update
- Budget Process

Approval of the Regular Meeting Report for April 3, 2018

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

Chair Remarks

Director diLorenzo noted that the Board has held two meetings for preliminary budget discussions and thanked board members for their participation.

Member Comments (Items Not on the Agenda)

None.

Department Head Update

Betty Parker, Financial Services Director, provided an update on interviews for the Controller Position and confirmed that the 2017 Audit Report was mailed to residents.

Director diLorenzo requested Board involvement in the future to review inserts before they are included with the semi-annual financial and budget mailings to residents.

Preliminary Financial Statements Dated March 31, 2018

The Committee reviewed and commented on the financial statements dated March 31, 2018 and requested the following updates:

- Landscape Committee to review unfavorable variance in operations, including water
- Prepare year-end projections for 2018 Q1
- Check on outstanding legal invoices.
- Review interest income account and confirm transfer to reserves
- Review consultant payments and charge to applicable reserve program.
- Review impact of accruals on water expense account
- Discuss contributions to Disaster Fund during budget review process

Financial Statements Dated December 31, 2017

The Committee reviewed and commented on the financial statements dated December 31, 2017 including the impact of post-close and audit adjustments on the operating deficit. Staff will follow up with further detail.

Third Electronic Payment Policy

The Committee discussed the implementation of a policy by GRF to accept credit card payments for assessments and chargeable services. The Committee requested recommendations from Staff regarding mutual-specific fees for United and Third at the next Finance Committee meeting.

Solar Energy Update

The Committee requested an audit of one solar system that has complete its relevant period to determine if a net credit or charge is expected based on energy generation versus total energy production. The Committee further requested a full audit of SCE billing of kWh versus usage reported by the monitoring service.

Budget Process

Director diLorenzo commented on the upcoming 2019 Budget Meetings for Landscape on May 23, 2018 at 1:30 p.m. and Maintenance on May 24, 9:30 a.m. in the Board Room. The Committee requested that Bruce Hartley, General Services Director be present at the special meetings to review his portions of the maintenance operating expenditures and reserves plan.

Committee Member Comments

None.

Date of Next Meeting

Tuesday, June 5, 2018 at 1:30 p.m. in the Board Room.

Recess to Closed Session

The meeting recessed to closed session at 3:10 p.m.



Rosemarie diLorenzo, Chair

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
4/30/2018
(\$ IN THOUSANDS)

			CURRENT MONTH			YEAR TO DATE			YTD 2017	ANNUAL
			ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:										
Assessments:										
1	Operating		\$1,573	\$1,573		\$6,293	\$6,293		\$6,141	\$18,879
2	Additions to restricted funds		1,096	1,096		4,385	4,385		4,465	13,154
3	Total assessments		2,669	2,669		10,678	10,678		10,606	32,034
Non-assessment revenues:										
4	Fees and charges for services to residents		48	47	1	191	188	4	103	563
5	Laundry		9	9		40	36	4	35	108
6	Interest income		36	31	5	146	123	24	117	369
7	Miscellaneous		52	48	3	184	194	(9)	233	581
8	Total non-assessment revenue		145	135	10	562	540	22	488	1,621
9	Total revenue		2,814	2,805	9	11,240	11,218	22	11,094	33,655
Expenses:										
10	Employee compensation and related		1,072	1,045	(27)	4,397	4,171	(226)	4,085	12,550
11	Materials and supplies		143	130	(13)	442	519	77	372	1,559
12	Utilities and telephone		323	416	93	1,618	1,548	(70)	1,529	5,065
13	Legal fees		(1)	24	25	20	97	77	33	290
14	Professional fees		14	13	(1)	90	52	(37)	48	157
15	Equipment rental		3	2	(1)	4	9	4	9	25
16	Outside services		487	855	369	1,284	3,087	1,803	1,283	10,459
17	Repairs and maintenance		26	27	1	102	108	6	64	333
18	Other Operating Expense		17	16	(2)	52	59	7	52	159
19	Insurance		109	110		438	439	1	368	1,316
20	Investment expense					10	10		10	10
21	Uncollectible Accounts		(9)	8	17	25	33	8	62	100
22	Depreciation and amortization		12	12		49	49		51	146
23	Net allocation to mutuals		96	105	9	403	422	18	282	1,279
24	Total expenses		2,293	2,764	471	8,934	10,603	1,669	8,247	33,449
25	Excess of revenues over expenses		\$521	\$41	\$480	\$2,305	\$615	\$1,690	\$2,847	\$205

**Third Laguna Hills Mutual
Operating Statement
4/30/2018
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$6,292,827	\$6,293,100	(\$273)	0.00%	\$18,879,302
Total Operating	6,292,827	6,293,100	(273)	0.00%	18,879,302
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	676,102	676,100	2	0.00%	2,028,305
41003000 - Monthly Assessments - Unappropriated Expenditures Fund	244,080	244,080	0	0.00%	732,240
41003500 - Monthly Assessments - Replacement Fund	3,295,080	3,295,080	0	0.00%	9,885,240
41004000 - Monthly Assessments - Elevator Replacement Fund	122,040	122,040	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	27,632	27,632	0	0.00%	82,896
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	19,872	19,872	0	0.00%	59,616
Total Additions To Restricted Funds	4,384,806	4,384,804	2	0.00%	13,154,417
Total Assessments	10,677,632	10,677,904	(272)	0.00%	32,033,719
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	33,419	22,500	10,919	48.53%	67,500
46501500 - Inspection Fee	25,065	19,053	6,012	31.55%	57,161
46502000 - Resident Maintenance Fee	132,776	146,196	(13,420)	(9.18%)	438,577
Total Fees and Charges for Services to Residents	191,259	187,749	3,510	1.87%	563,238
Laundry					
46005000 - Coin Op Laundry Machine	40,096	36,000	4,096	11.38%	108,000
Total Laundry	40,096	36,000	4,096	11.38%	108,000
Interest Income					
49001000 - Interest Income - Treasury Notes	34,038	16,440	17,598	107.05%	82,195
49001500 - Interest Income - Treasury Notes - Discretionary	80,827	93,650	(12,823)	(13.69%)	222,498
49002000 - Interest Income - Money Market	2,003	584	1,419	243.03%	2,918
49002500 - Interest Income - Gnma Securities - Discretionary	29,615	12,212	17,403	142.50%	61,068
Total Interest Income	146,483	122,886	23,597	19.20%	368,679
Miscellaneous					
46004500 - Resident Violations	825	0	825	0.00%	0
44501000 - Additional Occupant Fee	90	0	90	0.00%	0
44501510 - Lease Processing Fee - Third	76,800	68,000	8,800	12.94%	204,000
44502500 - Non-Sale Transfer Fee - Third	450	4,332	(3,882)	(89.61%)	13,000
44503520 - Resale Processing Fee - Third	53,486	64,632	(11,146)	(17.25%)	193,901
44505500 - Hoa Certification Fee	3,200	2,000	1,200	60.00%	6,000
44507000 - Golf Cart Electric Fee	21,984	22,668	(684)	(3.02%)	68,000
44507200 - Electric Vehicle Plug-In Fee	1,627	4,000	(2,373)	(59.33%)	12,000
44507500 - Cartport/Carport Space Rental Fee	1,600	1,000	600	60.00%	3,000
47001500 - Late Fee Revenue	21,180	16,000	5,180	32.38%	48,000
47002020 - Collection Administrative Fee - Third	500	3,000	(2,500)	(83.33%)	9,000
47002500 - Collection Interest Revenue	549	7,332	(6,783)	(92.51%)	22,000
47501000 - Recycling	2,248	800	1,448	181.04%	2,400
49009000 - Miscellaneous Revenue	(145)	0	(145)	0.00%	0
Total Miscellaneous	184,394	193,764	(9,370)	(4.84%)	581,301
Total Non-Assessment Revenue	562,233	540,399	21,833	4.04%	1,621,218
Total Revenue	11,239,865	11,218,303	21,562	0.19%	33,654,937

Expenses:

Employee Compensation

51011000 - Salaries & Wages - Regular	754,935	742,841	(12,094)	(1.63%)	2,276,484
51021000 - Union Wages - Regular	1,924,974	1,868,956	(56,018)	(3.00%)	5,684,742
51041000 - Wages - Overtime	11,860	13,431	1,571	11.70%	40,308
51051000 - Union Wages - Overtime	18,950	12,474	(6,475)	(51.91%)	37,449
51061000 - Holiday	287,004	105,578	(181,426)	(171.84%)	321,801
51071000 - Sick	110,163	86,129	(24,034)	(27.90%)	262,522

**Third Laguna Hills Mutual
Operating Statement
4/30/2018
THIRD LAGUNA HILLS MUTUAL**

	YEAR TO DATE				ANNUAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51091000 - Missed Meal Penalty	1,421	582	(839)	(144.13%)	1,758
51101000 - Temporary Help	42,809	17,956	(24,853)	(138.41%)	53,884
51981000 - Compensation Accrual	(194,118)	0	194,118	0.00%	0
Total Employee Compensation	2,957,998	2,847,947	(110,051)	(3.86%)	8,678,947
Compensation Related					
52411000 - F.I.C.A.	234,603	214,468	(20,135)	(9.39%)	647,182
52421000 - F.U.I.	7,772	9,701	1,929	19.89%	9,719
52431000 - S.U.I.	68,653	48,508	(20,145)	(41.53%)	48,533
52441000 - Union Medical	629,804	634,267	4,463	0.70%	1,902,800
52451000 - Workers' Compensation Insurance	241,126	204,922	(36,204)	(17.67%)	623,917
52461000 - Non Union Medical & Life Insurance	93,682	77,917	(15,765)	(20.23%)	233,653
52461500 - VUL Premium	12,705	0	(12,705)	0.00%	0
52461550 - VUL Interest	1,938	0	(1,938)	0.00%	0
52471000 - Union Retirement Plan	115,173	102,234	(12,939)	(12.66%)	310,962
52481000 - Non-Union Retirement Plan	18,386	30,836	12,450	40.38%	94,496
52981000 - Compensation Related Accrual	15,063	0	(15,063)	0.00%	0
Total Compensation Related	1,438,905	1,322,852	(116,053)	(8.77%)	3,871,261
Materials and Supplies					
53001000 - Materials & Supplies	180,476	119,351	(61,124)	(51.21%)	358,452
53002500 - Printed Membership Materials	0	64	64	100.00%	194
53003000 - Materials Direct	261,637	399,964	138,327	34.58%	1,200,324
53004000 - Freight	15	0	(15)	0.00%	0
Total Materials and Supplies	442,127	519,379	77,252	14.87%	1,558,970
Utilities and Telephone					
53301000 - Electricity	154,593	166,800	12,207	7.32%	325,000
53301500 - Sewer	563,850	553,200	(10,650)	(1.93%)	1,677,000
53302000 - Water	723,199	651,260	(71,939)	(11.05%)	2,532,507
53302500 - Trash	176,090	176,815	725	0.41%	530,455
Total Utilities and Telephone	1,617,731	1,548,075	(69,656)	(4.50%)	5,064,962
Legal Fees					
53401500 - Legal Fees	19,783	96,668	76,886	79.54%	290,000
Total Legal Fees	19,783	96,668	76,886	79.54%	290,000
Professional Fees					
53402000 - Audit & Tax Preparation Fees	34,000	16,000	(18,000)	(112.50%)	48,000
53403500 - Consulting Fees	168	11,538	11,369	98.54%	34,614
53403520 - Consulting Fees - Third	55,626	24,764	(30,862)	(124.62%)	74,300
Total Professional Fees	89,794	52,302	(37,492)	(71.69%)	156,914
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	4,384	8,760	4,376	49.96%	25,462
Total Equipment Rental	4,384	8,760	4,376	49.96%	25,462
Outside Services					
53601000 - Bank Fees	0	1,309	1,309	100.00%	3,929
53604500 - Marketing Expense	1,700	0	(1,700)	0.00%	0
54603500 - Outside Services CC	1,249,743	3,060,213	1,810,471	59.16%	10,377,739
53704000 - Outside Services	32,903	25,813	(7,090)	(27.47%)	77,476
Total Outside Services	1,284,346	3,087,336	1,802,990	58.40%	10,459,144
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	1,190	4,107	2,918	71.03%	12,108
53703000 - Elevator /Lift Maintenance	101,015	104,160	3,145	3.02%	320,480
Total Repairs and Maintenance	102,205	108,267	6,062	5.60%	332,588
Other Operating Expense					
53801000 - Mileage & Meal Allowance	1,202	2,555	1,354	52.98%	7,694
53801500 - Travel & Lodging	0	522	522	100.00%	1,574
53802000 - Uniforms	29,468	29,336	(132)	(0.45%)	70,674
53802500 - Dues & Memberships	549	1,062	513	48.30%	3,204
53803000 - Subscriptions & Books	573	615	42	6.81%	1,851
53803500 - Training & Education	1,220	3,663	2,443	66.70%	11,016
53901500 - Volunteer Support	0	392	392	100.00%	1,175

**Third Laguna Hills Mutual
Operating Statement
4/30/2018
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
53903000 - Safety	0	14	14	100.00%	41
54001000 - Board Relations	985	1,667	682	40.90%	5,000
54001020 - Board Relations - Third	1,329	1,332	3	0.25%	4,000
54001500 - Public Relations	12	0	(12)	0.00%	0
54002000 - Postage	16,161	16,968	807	4.76%	51,712
54002500 - Filing Fees / Permits	247	495	248	50.09%	1,497
Total Other Operating Expense	51,746	58,621	6,875	11.73%	159,438
Insurance					
54401000 - Hazard & Liability Insurance	129,415	134,655	5,239	3.89%	403,965
54401500 - D&O Liability	20,907	15,838	(5,069)	(32.01%)	47,514
54402000 - Property Insurance	286,354	285,915	(439)	(0.15%)	857,745
54403000 - General Liability Insurance	972	2,357	1,386	58.77%	7,072
Total Insurance	437,648	438,764	1,117	0.25%	1,316,295
Investment Expense					
54201000 - Investment Expense	10,446	10,446	0	0.00%	10,446
Total Investment Expense	10,446	10,446	0	0.00%	10,446
Uncollectible Accounts					
54602000 - Bad Debt Expense	25,237	33,332	8,095	24.29%	100,000
Total Uncollectible Accounts	25,237	33,332	8,095	24.29%	100,000
Depreciation and Amortization					
55001000 - Depreciation And Amortization	48,656	48,656	0	0.00%	145,968
Total Depreciation and Amortization	48,656	48,656	0	0.00%	145,968
Net Allocation to Mutuals					
54602500 - Allocated Expenses	403,362	421,811	18,449	4.37%	1,279,046
Total Net Allocation to Mutuals	403,362	421,811	18,449	4.37%	1,279,046
Total Expenses	8,934,368	10,603,216	1,668,849	15.74%	33,449,441
Excess of Revenues Over Expenses	\$2,305,497	\$615,087	\$1,690,410	274.82%	\$205,495

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
4/30/2018**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$8,398,478	\$997,829
2	Non-discretionary investments	6,936,796	12,920,190
3	Discretionary investments	16,598,406	16,497,360
4	Receivable/(Payable) from mutuals	1,502,720	1,786,681
5	Accounts receivable and interest receivable	(60,208)	(39,341)
6	Prepaid expenses and deposits	158,140	260,788
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	5,555,135	5,603,791
10	Non-controlling interest in GRF	36,657,849	36,657,849
11	Total Assets	<u>\$75,747,316</u>	<u>\$74,685,148</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$1,014,815	\$2,385,414
13	Accrued compensation and related costs	677,476	677,476
14	Deferred income	1,073,494	946,225
15	Total liabilities	<u>\$2,765,785</u>	<u>\$4,009,114</u>
	Fund balances:		
16	Fund balance prior years	70,676,034	67,486,563
17	Change in fund balance - current year	2,305,497	3,189,471
18	Total fund balances	<u>72,981,531</u>	<u>70,676,034</u>
19	Total Liabilities and Fund Balances	<u>\$75,747,316</u>	<u>\$74,685,148</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
4/30/2018**

	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	\$8,398,478						\$8,398,478
2	Non-discretionary investments	6,936,796						6,936,796
3	Discretionary investments	16,598,406						16,598,406
4	Receivable/(Payable) from mutuals	1,502,720						1,502,720
5	Receivable/(Payable) from operating fund	(30,021,522)	3,020,245	9,291,307	15,061,819	1,757,706	810,462	79,983
6	Accounts receivable and interest receivable	(60,208)						(60,208)
7	Prepaid expenses and deposits	158,140						158,140
8	Property and equipment	141,239						141,239
9	Accumulated depreciation property and equipment	(141,239)						(141,239)
10	Beneficial interest in GRF of Laguna Hills Trust	5,555,135						5,555,135
11	Non-controlling interest in GRF	36,657,849						36,657,849
12	Total Assets	\$45,725,794	\$3,020,245	\$9,291,307	\$15,061,819	\$1,757,706	\$810,462	\$79,983
Liabilities and Fund Balances								
Liabilities:								
13	Accounts payable and accrued expenses	\$1,012,307			\$2,508			\$1,014,815
14	Accrued compensation and related costs	677,476						677,476
15	Deferred income	1,073,494						1,073,494
16	Total liabilities	\$2,763,277			\$2,508			\$2,765,785
Fund balances:								
17	Fund balance prior years	42,582,338	2,762,889	8,728,230	14,097,025	1,627,889	814,024	63,639
18	Change in fund balance - current year	380,179	257,357	563,076	962,285	129,816	(3,562)	16,345
19	Total fund balances	42,962,518	3,020,245	9,291,307	15,059,311	1,757,706	810,462	79,983
20	Total Liabilities and Fund Balances	\$45,725,794	\$3,020,245	\$9,291,307	\$15,061,819	\$1,757,706	\$810,462	\$79,983

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
4/30/2018**

	<u>Operating Fund</u>	<u>Unappropriated Expenditures Fund</u>	<u>Disaster Fund</u>	<u>Replacement Fund</u>	<u>Elevator Replacement Fund</u>	<u>Laundry Replacement Fund</u>	<u>Garden Villa Rec Room Fund</u>	<u>Total</u>
Revenues:								
Assessments:								
1 Operating	\$6,292,827							\$6,292,827
2 Additions to restricted funds		244,080	676,102	3,295,080	122,040	27,632	19,872	4,384,806
3 Total assessments	<u>6,292,827</u>	<u>244,080</u>	<u>676,102</u>	<u>3,295,080</u>	<u>122,040</u>	<u>27,632</u>	<u>19,872</u>	<u>10,677,632</u>
Non-assessment revenues:								
4 Fees and charges for services to residents	191,259							191,259
5 Laundry	40,096							40,096
6 Interest income		14,295	45,539	73,688	8,374	4,046	541	146,483
7 Miscellaneous	184,394							184,394
8 Total non-assessment revenue	<u>415,749</u>	<u>14,295</u>	<u>45,539</u>	<u>73,688</u>	<u>8,374</u>	<u>4,046</u>	<u>541</u>	<u>562,233</u>
9 Total revenue	<u>6,708,576</u>	<u>258,375</u>	<u>721,641</u>	<u>3,368,768</u>	<u>130,414</u>	<u>31,678</u>	<u>20,413</u>	<u>11,239,865</u>
Expenses:								
10 Employee compensation and related	3,104,368		1,306	1,276,099		12,230	2,902	4,396,904
11 Materials and supplies	263,348		73	160,732		17,065	909	442,127
12 Utilities and telephone	1,618,788		(9)	(1,046)			(1)	1,617,731
13 Legal fees	19,783							19,783
14 Professional fees	46,564			43,230				89,794
15 Equipment rental	1,555		3	2,824			2	4,384
16 Outside services	278,906		153,920	846,519		5,000	1	1,284,346
17 Repairs and maintenance	101,570		1	622		12	1	102,205
18 Other Operating Expense	43,356		4	8,258		111	17	51,746
19 Insurance	437,648							437,648
20 Investment expense		1,018	3,224	5,278	597	291	38	10,446
21 Uncollectible Accounts	25,237							25,237
22 Depreciation and amortization	48,656							48,656
23 Net allocations to mutuals	338,619		43	63,968		532	200	403,362
24 Total expenses	<u>6,328,397</u>	<u>1,018</u>	<u>158,564</u>	<u>2,406,483</u>	<u>597</u>	<u>35,240</u>	<u>4,068</u>	<u>8,934,368</u>
25 Excess of revenues over expenses	<u>\$380,179</u>	<u>\$257,357</u>	<u>\$563,076</u>	<u>\$962,285</u>	<u>\$129,816</u>	<u>(\$3,562)</u>	<u>\$16,345</u>	<u>\$2,305,497</u>
26 Excluding depreciation	<u>\$428,835</u>	<u>\$257,357</u>	<u>\$563,076</u>	<u>\$962,285</u>	<u>\$129,816</u>	<u>(\$3,562)</u>	<u>\$16,345</u>	<u>\$2,354,153</u>

THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of April 30, 2018

Month	Delinquent Assessments	Assessments Write-Offs	Bad Debt Small Claims	Delinquent Fines, Fees, and Chargeable Services	Chargeable Services Write-Offs	Change in Provision	Total Delinquent Units *
December-17	304,394			45,324			44
January-18	311,578	1,000	-	45,324		6,184	32
February-18	311,696	(2,643)	-	49,141	-	6,578	35
March-18	305,389	-	-	76,605	-	21,157	27
April-18	306,918	11,676	-	78,070	-	(8,682)	29
May-18		-	-		-	-	
June-18		-	-		-	-	
July-18		-	-		-	-	
August-18		-	-		-	-	
September-18		-	-		-	-	
October-18		-	-		-	-	
November-18		-	-		-	-	
December-18		-	-		-	-	
YTD TOTAL						25,237	

* units reported on the Assessments - Monthly Delinquency Report

**THIRD LAGUNA HILLS MUTUAL
NON-DISCRETIONARY ACCOUNT HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
4/30/18**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
912796MB2	U.S. TREASURY BILL	0.00%	08-11-17	05-24-18	2,000,000.00	1.05%	1,983,634.44	
912796PM5	U.S. TREASURY BILL	0.00%	01-24-18	06-28-18	1,000,000.00	1.46%	993,821.53	
912796MK2	U.S. TREASURY BILL	0.00%	08-11-17	07-19-18	4,000,000.00	1.09%	3,959,340.00	
TOTAL FOR NON-DISCRETIONARY INVESTMENTS					\$ 7,000,000.00		\$ 6,936,795.97	1.08%

*Yield is based on all investments held during the year

**THIRD LAGUNA HILLS MUTUAL
DISCRETIONARY ACCOUNT - BLACKROCK/MERRILL LYNCH
SCHEDULE OF INVESTMENTS
4/30/18**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
	M.L. MONEY MARKET				\$ 477,666.86		\$ 477,666.86	
20030NAW1	CorpBond-Comcast Corp	5.70%	07-09-14	05-15-18	100,000.00	1.66%	114,972.00	
20030NAW1	CorpBond-Comcast Corp	5.70%	10-23-17	05-15-18	50,000.00	1.52%	51,161.00	
912828VK3	U.S. TREASURY NOTE	1.38%	07-10-13	06-30-18	275,000.00	1.48%	273,529.24	
912828N22	U.S. TREASURY NOTE	1.25%	12-24-15	12-15-18	250,000.00	1.32%	249,453.55	
718172BF5	CorpBond-Philip Morris Intl Inc	1.88%	11-13-14	01-15-19	150,000.00	1.90%	149,848.50	
46625HJR2	CorpBond-JP Morgan Chase & Co	2.35%	07-09-14	01-28-19	200,000.00	2.14%	201,734.00	
494974BFU9	CorpBond-Wells Fargo Company	2.13%	07-09-14	04-22-19	200,000.00	2.15%	199,726.00	
912828KQ2	U.S. TREASURY NOTE	3.13%	06-24-09	05-15-19	769,000.00	3.77%	727,847.11	
912828KQ2	U.S. TREASURY NOTE	3.13%	07-15-10	05-15-19	216,000.00	2.93%	219,181.80	
02665WBE0	CorpBond-American Honda Finance	1.20%	08-01-17	07-12-19	100,000.00	1.57%	99,280.00	
913017CF4	CorpBond-United Technologies Corp	1.50%	01-09-17	11-01-19	100,000.00	1.76%	99,267.00	
9128283N8	U.S. TREASURY NOTE	1.88%	01-02-18	12-31-19	400,000.00	1.90%	399,766.30	
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	
747525AP8	CorpBond-Qual Comm Inc	2.10%	07-13-17	05-20-20	100,000.00	2.08%	100,530.00	
912828XE5	U.S. TREASURY NOTE	1.50%	06-08-15	05-31-20	350,000.00	1.73%	346,117.78	
17275RAX0	CorpBond-Cisco System Inc	2.45%	08-21-17	06-15-20	150,000.00	1.73%	152,925.00	
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	
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	
035242AJ5	CorpBond-Anheuser-Busch Inbev Fin	2.65%	11-01-16	02-01-21	100,000.00	2.03%	102,436.00	
035242AJ5	CorpBond-Anheuser-Busch Inbev Fin	2.65%	08-18-17	02-01-21	100,000.00	2.17%	101,522.00	
035242AJ5	CorpBond-Anheuser-Busch Inbev Fin	2.65%	10-24-17	02-01-21	25,000.00	2.20%	25,342.50	
63946BAE0	CorpBond-BC Universal Media LLC	4.38%	12-08-15	04-01-21	100,000.00	2.50%	109,238.00	
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	
857477AV5	CorpBond-State Street Corp	1.95%	10-23-17	05-19-21	50,000.00	2.06%	49,801.00	
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	

**THIRD LAGUNA HILLS MUTUAL
DISCRETIONARY ACCOUNT - BLACKROCK/MERRILL LYNCH
SCHEDULE OF INVESTMENTS
4/30/18**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
585055BR6	CorpBond-Medtronic Inc	3.15%	12-16-15	03-15-22	150,000.00	3.15%	151,413.00	
585055BR6	CorpBond-Medtronic Inc	3.15%	07-19-16	03-15-22	100,000.00	1.82%	107,149.00	
913017BV0	CorpBond-United Technologies Corp	3.10%	04-01-16	06-01-22	150,000.00	2.13%	158,292.00	
20030NBD2	CorpBond-Comcast Corp	3.13%	07-09-14	07-15-22	100,000.00	2.97%	101,063.00	
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	
912828L24	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	
035242AL0	CorpBond-Anheuser-Busch Inbev Fin	3.30%	04-01-16	02-01-23	150,000.00	2.69%	155,475.00	
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	
36290YWE4/P621745	GNMA SECURITIES	5.50%	01-18-06	07-15-18	2,153.68	0.95%	12,524.83	
36201TAZ0/P592324	GNMA SECURITIES	4.00%	02-17-10	10-15-18	627.76	0.37%	6,840.01	
36200M6T5/P604882	GNMA SECURITIES	5.00%	12-29-03	12-15-18	1,944.04	0.57%	16,944.04	
36225B3R7/P781708	GNMA SECURITIES	5.00%	05-18-04	05-15-19	5,764.72	3.50%	8,225.92	
36290YBU1/P621151	GNMA SECURITIES	5.50%	05-29-07	05-15-22	50,790.78	5.50%	50,790.78	
36296DDR6/P687812	GNMA SECURITIES	5.50%	09-22-08	08-15-23	42,658.45	3.96%	59,315.94	
36202FD78/P004626	GNMA SECURITIES	4.50%	02-24-10	02-20-25	115,318.42	3.32%	156,521.55	
36202FD78/P004626	GNMA SECURITIES	4.50%	09-17-13	02-20-25	128,246.95	3.63%	158,905.96	
36202FJC1/P004759	GNMA SECURITIES	4.00%	02-16-12	08-20-25	109,323.39	2.71%	161,299.02	
36202FJC1/P004759	GNMA SECURITIES	4.00%	03-19-12	08-20-25	45,989.24	2.72%	67,538.21	
3620AS6G9/P738971X	GNMA SECURITIES	3.00%	04-29-15	11-15-26	193,423.06	2.72%	213,475.81	
36202F2H8/P005276M	GNMA SECURITIES	3.00%	11-12-14	01-20-27	91,909.62	2.70%	102,231.56	
36179MAG5/PMA0007M	GNMA SECURITIES	3.00%	08-20-12	04-20-27	187,468.24	2.45%	229,491.20	
36179MGN4/PMA0205M	GNMA SECURITIES	3.00%	07-31-12	07-20-27	200,405.66	2.47%	243,667.38	
36179MP53/PMA0444M	GNMA SECURITIES	3.00%	12-18-12	10-20-27	302,615.10	2.50%	363,547.88	
36179MSB7/PMA0514M	GNMA SECURITIES	3.00%	05-14-14	11-20-27	222,955.58	2.70%	247,369.97	
36179MU32/PMA0602M	GNMA SECURITIES	3.00%	01-17-13	12-20-27	461,452.52	2.53%	546,767.92	
36179MZW3/PMA0757M	GNMA SECURITIES	3.00%	04-16-13	02-20-28	210,805.29	2.55%	248,002.43	
36179NMP0/PMA1266M	GNMA SECURITIES	3.50%	10-21-13	09-20-28	112,295.62	3.01%	130,407.13	
36202T7B6/P609390x	GNMA SECURITIES	5.50%	09-22-03	09-15-33	33,660.36	3.75%	49,411.21	
36213CZ52/P550764	GNMA SECURITIES	5.50%	09-19-07	09-15-35	41,199.82	6.55%	34,575.31	
36202EYL7/P004315	GNMA SECURITIES	5.50%	11-18-10	11-18-38	101,291.23	2.56%	217,833.09	
36297F6L1/P711075	GNMA SECURITIES	4.50%	09-21-10	09-15-40	179,309.45	3.49%	231,472.64	
36179QJT9/PMA2074M	GNMA SECURITIES	4.00%	11-13-17	07-20-44	162,787.13	3.76%	173,386.43	
36179QL74/PMA2150M	GNMA SECURITIES	4.50%	09-11-14	08-20-44	74,801.75	3.46%	97,391.11	
36179QT50/PMA2372M	GNMA SECURITIES	4.00%	12-22-14	11-20-44	155,730.45	3.28%	189,691.11	
36179RTA7/PMA3245m	GNMA SECURITIES	4.00%	12-17-15	11-20-45	195,635.50	3.54%	221,258.46	
36179SUV7/PMA4196m	GNMA SECURITIES	3.50%	02-28-17	01-20-47	215,923.94	3.33%	226,912.10	
TOTAL FOR DISCRETIONARY INVESTMENTS					15,679,154.61		16,598,405.68	2.23%
TOTAL INVESTMENTS					\$ 22,679,154.61		\$ 23,535,201.65	1.81%

**Third Laguna Hills Mutual
Supplemental Appropriation Schedule
Period Ending: 04/30/2018**

ITEM	RESOLUTION #	BUDGET	EXPENDITURES		
		TOTAL Appropriations	I-T-D*	REMAINING Encumbrance	CURRENT STATUS

Replacement Fund

Garden Villa Breezeway Recessed Areas	03-17-54	\$150,000	0	\$150,000	Open
Shepherds Crook Fencing on Ridge Route	03-18-46	\$175,335	0	\$175,335	Open
Totals		\$325,335	\$0	\$325,335	

Garden Villa Rec. Room Fund

Painting Garden Villa Rec Rooms	03-17-52	\$8,000	0	\$8,000	Open
Garden Villa Recreation Room Flooring	03-17-109	10,500	0	10,500	Open
Garden Villa Recreation Room Renovation	03-17-110	8,000	0	8,000	Open
Totals		\$26,500	\$0	\$26,500	

Unappropriated Expenditures Fund

Curb Cut Requests	03-17-51	62,500	38,116	24,384	Closed
3-Story Building Trash Chute Repairs	03-18-36	336,680	0	336,680	Open
Totals		\$399,180	\$38,116	\$361,064	

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF APRIL 30, 2018**

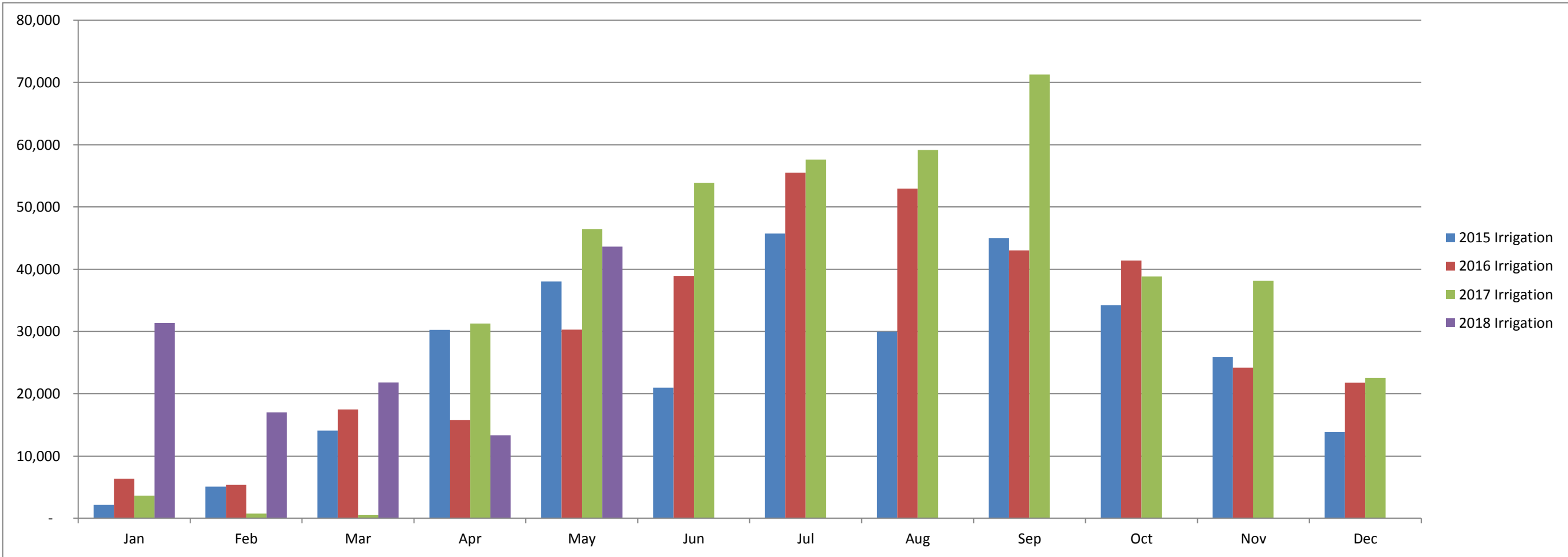
DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	%	VARIANCE		YEAR END PROJECTIONS
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%	
REPLACEMENT FUND									
ALARM SYSTEMS	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%	\$0
BUILDING NUMBERS	0	2,830	1,134	11,320	33,970	3%	10,186	90%	33,970
BUILDING STRUCTURES	75,709	262,618	459,383	1,050,468	3,152,326	15%	591,085	56%	2,360,690
ELECTRICAL SYSTEMS	0	4,586	1,950	18,344	55,046	4%	16,394	89%	55,046
ENERGY PROJECTS	0	4,166	(0)	16,664	50,000	0%	16,664	100%	50,000
EXTERIOR LIGHTING	234	41,666	446	166,664	500,000	0%	166,218	100%	500,000
FENCING	5,407	0	21,576	0	0	0%	(21,576)	0%	21,576
GARDEN VILLA LOBBY	22,390	9,505	71,383	38,022	114,126	63%	(33,362)	(88%)	147,487
GARDEN VILLA MAILROOM	9,459	1,967	53,309	7,866	23,649	225%	(45,443)	(578%)	69,092
GARDEN VILLA RECESSED AREA	0	16,250	0	65,000	195,000	0%	65,000	100%	130,000
GV REC ROOM WATER HEATER/HEAT PUMP	0	1,500	1,318	6,000	18,000	7%	4,682	78%	9,000
GUTTER REPLACEMENTS	1,582	11,422	26,464	45,687	137,118	19%	19,223	42%	117,896
LANDSCAPE MODERNIZATION	0	20,833	0	83,333	250,000	0%	83,333	100%	250,000
MAILBOXES	0	1,612	15	6,447	19,389	0%	6,431	100%	16,660
PAINT PROGRAM - EXTERIOR	149,837	133,331	525,119	533,312	1,602,744	33%	8,193	2%	1,594,549
PRIOR TO PAINT	76,490	71,260	412,749	285,034	857,243	48%	(127,716)	(45%)	991,418
PAVING	0	0	0	0	597,000	0%	0	0%	597,000
ROOF REPLACEMENTS	103,600	174,119	307,196	379,215	1,598,050	19%	72,019	19%	1,598,050
TREE MAINTENANCE	94,782	68,464	421,962	276,001	826,476	51%	(145,960)	(53%)	826,476
WALL REPLACEMENTS	0	6,250	0	24,999	75,000	0%	24,999	100%	62,500
WASTE LINE REMEDIATION	81,270	62,500	98,202	250,000	750,000	13%	151,798	61%	750,000
WATER LINES - COPPER PIPE REMEDIATION	0	8,333	(1,000)	33,332	100,000	-1%	34,332	103%	100,000
OTHER - INVESTMENT EXPENSE	16,857	0	5,278	5,278	5,278	100%	0	0%	0
TOTAL REPLACEMENT FUND	\$637,617	\$903,211	\$2,406,483	\$3,302,984	\$10,960,415	22%	\$896,501	27%	\$10,281,410
ELEVATOR REPLACEMENT FUND									
ELEVATOR REPLACEMENT	\$0	\$27,515	\$0	\$110,060	\$330,189	0%	\$110,060	100%	\$330,189
OTHER - INVESTMENT EXPENSE	0	0	597	597	597	100%	0	0%	0
TOTAL ELEVATOR REPLACEMENT FUND	\$0	\$27,515	\$597	\$110,657	\$330,786	0%	\$110,060	99%	\$330,189
LAUNDRY REPLACEMENT FUND									
LAUNDRY APPLIANCES	\$11,074	\$2,056	\$15,220	\$8,223	\$24,714	62%	(\$6,997)	(85%)	\$31,711
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	14,712	2,886	19,730	11,546	34,688	57%	(8,184)	(71%)	42,872
OTHER - INVESTMENT EXPENSE	0	0	291	291	291	100%	0	0%	0
TOTAL LAUNDRY REPLACEMENT FUND	\$25,786	\$4,942	\$35,240	\$20,059	\$59,693	59%	(\$15,181)	(76%)	\$74,583
GARDEN VILLA RECREATION ROOM FUND									
GARDEN VILLA RECREATION ROOMS	\$771	\$5,748	\$4,030	\$22,991	\$69,139	6%	\$18,961	82%	\$66,930
OTHER - INVESTMENT EXPENSE	0	0	39	39	39	100%	0	0%	0
TOTAL GARDEN VILLA REC ROOMS FUND	\$771	\$5,748	\$4,069	\$23,029	\$69,178	6%	\$18,961	82%	\$66,930

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF APRIL 30, 2018**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE		YEAR END PROJECTIONS
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%	
OPERATING FUND									
APPLIANCE REPAIRS	\$8,584	\$7,803	\$34,450	\$31,197	\$93,901	37%	(\$3,253)	(10%)	\$102,000
BALCONY/BREEZEWAY RESURFACING	15,823	34,165	42,628	136,656	411,008	10%	94,028	69%	316,978
BUILDING REHAB/DRY ROT	9,685	26,665	28,945	106,657	320,666	9%	77,712	73%	245,414
CARPENTRY SERVICE	33,680	30,837	107,350	123,345	370,816	29%	15,994	13%	354,821
CONCRETE REPAIR/REPLACEMENT	44,976	23,103	174,954	92,410	277,636	63%	(82,544)	(89%)	360,180
CURB CUT/SIDEWALK RAMPS	0	1,666	0	6,664	20,000	0%	6,664	100%	12,000
ELECTRICAL SERVICE	8,868	11,827	36,839	47,292	142,279	26%	10,454	22%	110,000
FIRE PROTECTION	23,782	8,398	28,009	33,592	100,820	28%	5,583	17%	56,812
GUTTER CLEANING	1,165	2,283	7,575	9,130	166,799	5%	1,555	17%	139,364
GV MAILROOM RENOVATIONS	29	0	29	0	0	0%	(29)	0%	0
JANITORIAL SERVICE	69,720	65,440	277,911	262,015	785,925	35%	(15,896)	(6%)	801,821
MISC REPAIRS BY OUTSIDE SERVICE	3,043	5,505	26,509	22,020	66,061	40%	(4,488)	(20%)	70,549
PAINT - TOUCH UP	12,306	9,816	72,724	39,263	118,034	62%	(33,462)	(85%)	151,497
PAVING MAINTENANCE & REPAIRS	2,753	13,628	13,751	54,509	163,751	8%	40,759	75%	122,992
PEST CONTROL FOR TERMITES	750	24,912	9,506	99,648	298,968	3%	90,142	90%	296,694
PLUMBING SERVICE	55,655	46,731	232,100	186,889	562,159	41%	(45,211)	(24%)	675,000
ROOF REPAIRS	57	24,166	90,568	96,664	290,000	31%	6,096	6%	290,000
SOLAR MAINTENANCE	1,926	3,333	5,034	13,333	40,000	13%	8,300	62%	20,000
STAIR TREAD REPLACEMENTS	270	702	1,083	2,807	8,431	13%	1,724	61%	6,707
TRAFFIC CONTROL	4,067	2,474	10,945	9,896	29,721	37%	(1,049)	(11%)	30,770
WELDING	2,557	5,542	21,825	22,168	66,615	33%	344	2%	66,272
TOTAL MAINTENANCE PROGRAMS	\$299,695	\$348,995	\$1,222,732	\$1,396,156	\$4,333,590	28%	\$173,423	12%	\$4,229,871
DISASTER FUND									
MOISTURE INTRUSION - RAIN LEAKS	\$10,204	\$25,833	\$72,211	\$103,332	\$310,000	23%	\$31,121	30%	\$310,000
MOISTURE INTRUSION - PLUMBING LEAKS	83,512	62,500	211,553	250,000	750,000	28%	38,447	15%	262,500
MOISTURE INTRUSION - PLUMBING STOPPAGES	13,435	20,444	31,074	81,776	245,338	13%	50,702	62%	220,804
MOISTURE INTRUSION - MISCELLANEOUS	9,652	5,905	20,758	23,620	70,869	29%	2,862	12%	23,620
DAMAGE RESTORATION SERVICES	(6,642)	30,910	(180,255)	123,641	371,133	-49%	303,896	246%	185,774
OTHER - INVESTMENT EXPENSE	0	0	3,224	3,224	3,224	100%	0	0%	0
TOTAL DISASTER FUND	\$110,162	\$145,592	\$158,564	\$585,593	\$1,750,563	9%	\$427,029	73%	\$1,002,698
UNAPPROPRIATED EXPENDITURES FUND									
SUPPELMENTAL APPROPRIATIONS	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%	\$0
OTHER - INVESTMENT EXPENSES	0	0	1,018	1,018	1,018	100%	0	0%	0
TOTAL DISASTER FUND	\$0	\$0	\$1,018	\$1,018	\$1,018	100%	\$0	0%	\$0

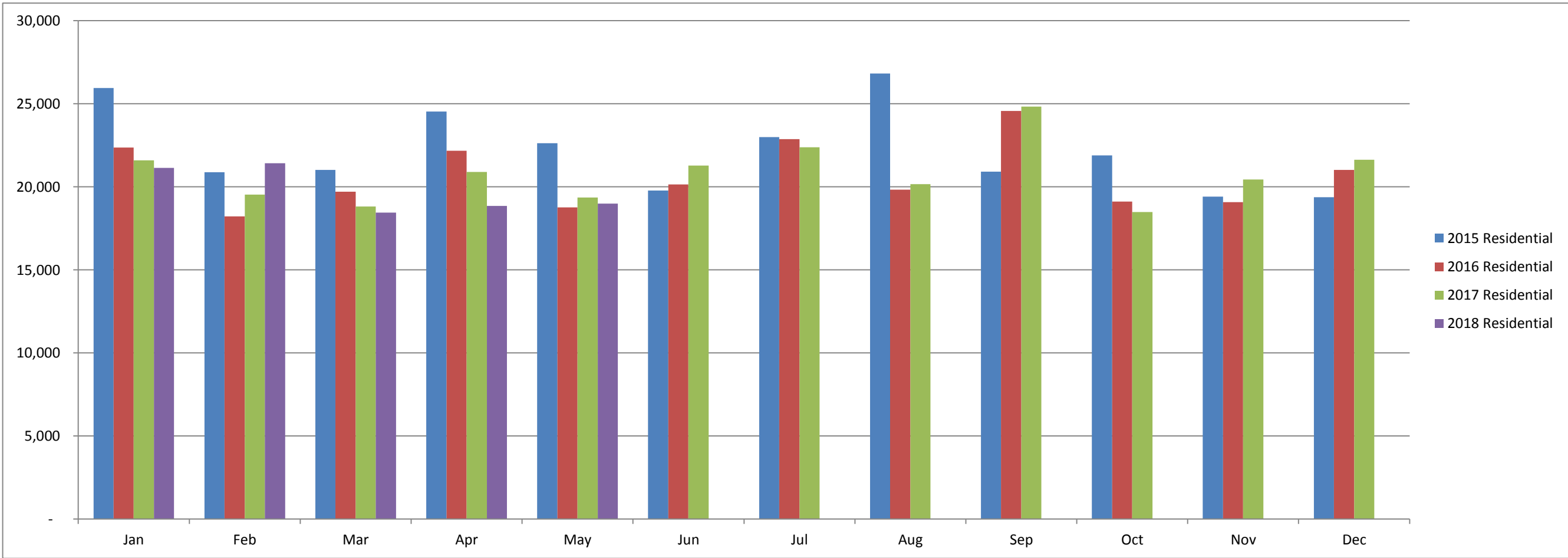
Third Mutual
Irrigation Water Usage in 100 cubic feet units

Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015 Irrigation	2,158	5,098	14,089	30,250	38,046	21,002	45,731	29,957	44,995	34,212	25,883	13,854	305,275
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	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	424,129
2018 Irrigation	31,368	17,039	21,814	13,332	43,653	-	-	-	-	-	-	-	127,206



**Third Mutual
Residential Water Usage in 100 cubic feet units**

Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015 Residential	25,944	20,864	21,013	24,517	22,627	19,764	22,993	26,817	20,905	21,888	19,410	19,363	266,105
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	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	249,305
2018 Residential	21,127	21,407	18,449	18,851	18,978	-	-	-	-	-	-	-	98,812





STAFF REPORT

DATE: June 5, 2018
FOR: Finance Committee
SUBJECT: Electronic Payment Policy

RECOMMENDATION

Review usage of credit card payments for assessments and chargeable services six months after implementation.

BACKGROUND

GRF offers an electronic payment method for monthly assessments called EZ Pay and 70 percent of Laguna Woods Village members take advantage of this free auto-debit service to automatically deduct assessments from their bank account. Some residents also use their own online banking to generate electronic payments and “push” them to GRF electronic banking services. Although these electronic assessment payments generate incidental service fees (\$.06-\$.11 per transaction), these long-standing payment options help alleviate administrative costs and transaction fees are paid by the corporation.

To date, credit card and ACH payments have not allowed for assessments due to the need for a resident portal (online payments) and a merchant provider that interacts with the new financial software system, Microsoft Dynamics AX.

To provide additional electronic payment options, GRF initiated a service agreement with RevoPay to process assessment and chargeable service payments by credit card or ACH via the Community’s resident portal, or by credit card in person at the Community Center. These services will be activated once the technology infrastructure is in place, expected in summer 2018. On May 1, 2018, Resolution 90-18-21 adopted a policy to charge users a convenience fee equal to an amount necessary to offset all processing fees contracted with the merchant provider.

DISCUSSION

The new payment service through RevoPay will cost 2.95% per credit card transaction and \$1.95 per ACH (e-check) transaction, which will be passed on to the user as a convenience fee. The fee amounts will be updated as needed based on contractual agreements. An example assessment payment of \$600 would generate a credit card fee of \$17.70 or an ACH fee of \$1.95.

Waiving the fee for assessment payments would create a considerable banking expense for the Mutual, as users would likely migrate from the less expensive EZ Pay to credit cards for convenience or to earn points on a rewards program.

FINANCIAL IMPACT

None. All merchant processing fees for the new credit card and ACH services will be passed on to members. Staff will provide an analysis six months after implementation to determine frequency of credit card and online ACH usage to determine financial impact if the Mutual were to waive convenience fees.

Prepared By: Betty Parker, Financial Services Director

ATTACHMENT(s):

ATT 1 – GRF Resolution 90-18-21 Electronic Payment Policy

RESOLUTION 90-18-21

ELECTRONIC PAYMENT POLICY

WHEREAS, Golden Rain Foundation of Laguna Woods Village (GRF) has adopted several electronic payment methods over the years; and

WHEREAS, credit card payments are accepted at several point-of-sale locations, such as those used at the Village Greens (Resolution 90-11-102), Broadband Services (Resolution 90-12-130), and the Performing Arts Center (Resolution 90-14-01), with the associated merchant processing fees absorbed into operations at these revenue-generating operations; and

WHEREAS, GRF offers an electronic payment method for monthly assessments called EZPay and 70 percent of Laguna Woods Village members take advantage of this free auto-debit service to automatically deduct assessments from their bank account; and

WHEREAS, GRF desires to increase electronic payment options for assessments and introduce options for chargeable services; and

WHEREAS, GRF has initiated a service agreement with RevoPay to process electronic payments via the Community's resident portal and in person at the Community Center, which will be activated once the technology infrastructure is in place;

NOW THEREFORE BE IT RESOLVED, on May 1, 2018, that GRF adopts the acceptance of electronic payments for assessments, fines, fees, and chargeable services with the payor being charged a convenience fee equal to an amount necessary to offset all processing fees contracted with the merchant provider; and

RESOLVED FURTHER, fees will start at 2.95 percent per credit card transaction and \$1.95 per eCheck/ACH transaction and will be updated, as needed, based on contractual agreements and passed on to the payor without further resolution updates; and

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



STAFF REPORT

DATE: June 19, 2018
FOR: Board of Directors
SUBJECT: After-the-Fact Mutual Consent Fee

RECOMMENDATION

Approve the After-the-Fact Mutual Consent Fee.

BACKGROUND

On October 20, 2017, the Board passed Resolution 03-17-120, which adjusted the processing fees for Mutual Consents based on actual costs. Since that time, the Mutual has experienced an increase in alteration work being performed without proper Mutual Consents.

Article III §8 and Article X of the CC&Rs require approval of the Board prior to performing any alteration.

On May 29, 2018, the ACSC reviewed this Staff Report and Resolution. The Committee voted to recommend the item for approval by the Board.

DISCUSSION

At the direction of the Board, the Alterations Division has worked closely with Security and Compliance Staff to enforce Mutual Rules and Regulations regarding alterations and construction activity. As a result of these efforts, Staff has seen an increase in requests for Mutual Consents for work that has been started or completed without prior authorization.

When un-authorized work is discovered, an Alterations Inspector is dispatched to the manor and investigates the circumstances. A Stop Work Notice is issued, complete documentation is performed, and a ticket is entered into the system for the Compliance Division follow-up to begin the hearing process.

After the Alterations Inspector completes the initial investigation and documentation, Compliance is notified. Compliance staff performs a follow up investigation, and if evidence of a violation is found, a notice is sent to the offending party describing the allegations and the disciplinary action that may ensue if not corrected. The matter is scheduled for a disciplinary hearing with the Board of Directors to determine if member-discipline is merited.

Compliance staff compiles the necessary documentation for a report to the Executive Hearing Committee. The Alterations Inspector returns to the manor within the following week to ensure that work has stopped.

On October 20, 2017, the Board passed Resolution 03-17-120, which adjusted the processing fees for Mutual Consents. The new fees were based on the administrative costs to process the documentation required for the Mutual Consents. Due to the extended processes and additional staff involvement, processing after-the-fact Mutual Consents adds additional administrative costs that were not included in the Resolution.

Based on advice from legal counsel, the Mutual may charge fees to defray the costs for administering a service. The Compliance Division estimates that an average of five hours of staff time is spent processing each case; the Alterations Division estimates an average of three hours of staff time for each incident. Based on actual administrative costs incurred, Staff proposes to charge an additional fee of \$300 for processing after-the-fact Mutual Consents.

FINANCIAL ANALYSIS

Additional fee revenue will offset existing administrative costs in operations, as outlined above.

Prepared By: Kurt Wiemann, P.I.R. Manager

Reviewed By: Eve Morton, Alterations Coordinator

Attachments:

Attachment 1: Proposed Resolution 03-18-XX

RESOLUTION 03-18-XX

After-the-Fact Mutual Consent Fee

WHEREAS, the Mutual has seen an increase in unauthorized alterations; and,

WHEREAS, significant administrative staff time is necessary to investigate, document and process un-authorized alteration incidents.

NOW THEREFORE BE IT RESOLVED, June 19, 2018, that the Board of Directors hereby introduces the After-the-Fact Mutual Consent Fee;

RESOLVED FURTHER, effective September 1, 2018, the administrative fee for processing Mutual Consents after-the-fact will be \$300;

RESOLVED FURTHER, the fee shall be in addition to Board approved Mutual Consent processing fees;

RESOLVED FURTHER, payment of the after-the-fact processing fee does not preclude the Member from disciplinary action by the Board;

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.

After the Fact Permit Fees

Staff	Work Center	Hours	2018 Rate	Sub Total
Alterations	925	3	\$ 37.88	\$ 113.64
Compliance	220	5	\$ 31.80	\$ 159.00
Security Response	400	1	\$ 16.98	\$ 16.98
Total Cost				\$ 289.62



STAFF REPORT

DATE: June 19, 2018
FOR: Board of Directors
SUBJECT: Revisions to Resale Policy

RECOMMENDATION

Approve a resolution to introduce the Resale Policy.

BACKGROUND

On September 16, 2003, the Board of Directors approved Resolution 03-03-59 establishing criteria for the Resale Policy; on May 20, 2014 the Board of Directors approved Resolution 03-14-53, revising the Resale Policy (Attachment 1). The revisions include, among other items, a security deposit for resale inspections.

The proposed Resolution (Attachment 2) revises only the Security Deposit section of the policy. The remainder of the policy remains functional and unchanged.

On May 29, 2018, the ACSC reviewed this Staff Report and Resolution. The Committee voted to recommend the item for approval by the Board.

DISCUSSION

The 2014 revisions to the Resale Policy established a security deposit for "...architectural violation, failure to maintain an alteration, or other damage to common area caused by the member or member's occupants." The Policy also states that surplus funds from the deposit "...shall be returned to the appropriate party."

Under the current program, when a manor is put on the market for resale, Staff inspects the manor and notes in the inspection report any non-conforming conditions or alterations found. These are listed as corrections and can be damage to Mutual property, non-maintained alterations, or non-conforming landscape. These items are then listed in the Correction Report which accompanies the First Inspection Report and is provided to both the buyer and seller.

The inspector then determines the cost of each correction based upon predetermined costs; these costs are based on materials and staff chargeable service rates. The seller is responsible for ensuring the necessary repairs or corrections are completed. If the corrections are not made by the final inspection, adequate funds to perform the repairs are withheld; a check is issued to the Mutual at close of escrow as a deposit for the corrections.

The current policy and procedures do not state who is responsible for the corrections once escrow closes. The current procedure gives the buyer the option to make the repairs and be reimbursed for all verified costs up to the deposit amount. Historically, the remaining repairs have been referred to Staff; current staffing and service levels preclude Staff from completing the repairs in a timely manner. Consequently, the majority of the repairs are not completed and funds are held for long periods of time.

The policy also states that the funds are to be returned to “the appropriate party” without distinguishing that party.

Staff recommends creating a policy which directly addresses these issues. The proposed policy will identify the responsibility of the repairs, set a time frame for the repairs, and eliminate the need for a deposit in most cases.

If damage has occurred to Mutual property, the seller will be held responsible for the repair. Per the CC&Rs, the seller will also be held responsible for repairs and maintenance of alterations. Since landscaping in the Village is only performed by Staff, non-conforming landscape corrections will be performed by Staff and charged to the seller at chargeable service rates.

Additionally, Staff proposes to require repair or correction of all items listed in the Correction Report by the close of escrow, per the Agreement. In the proposed policy, as in the current procedures, the resale inspector will note corrections and assign the predetermined cost to correct the deficiencies.

In the event that a Member is unable to ensure the repairs are completed by close of escrow, due to illness or circumstances beyond their control, Staff proposes to engage a contractor on an on-call basis to complete the listed repairs. The Member will be required to request a variance from the Board and provide adequate documentation of the circumstances. Per the CC&Rs, the Mutual has the right to perform the repairs and charge the Member. At the close of escrow, a sum equal to amount necessary to complete the repairs will be charged to the escrow account and used to effect the repairs.

To allow ample time to educate the membership, realtors and escrow companies, Staff proposes to make the policy effective September 1, 2018.

FINANCIAL ANALYSIS

None.

Prepared By: Kurt Wiemann, Permits, Inspections and Restoration Manager

Reviewed By: Eve Morton, Alterations Coordinator

ATTACHMENT(S)

Attachment 1 Resolution 03-14-53 - Existing Resale Policy
Attachment 2: Proposed Resolution for Revisions to Resale Policy 03-18-XX
Attachment 3: Proposed Revised Resale Policy

Resolution 03-14-53

Current Resale Policy

WHEREAS, it is the policy of the Third Laguna Hills Mutual that the Seller of a condominium property in Third Mutual, or his agent, must adhere to the established Resale Policy to allow for an orderly transfer of ownership;

NOW THEREFORE BE IT RESOLVED, May 20, 2014 that the Board of Directors of this Corporation hereby approves the Proposed Resale Policy as attached to the official meeting minutes; and

RESOLVED FURTHER, that Resolutions 03-03-59 and 03-03-60 are hereby superseded and cancelled; and

RESOLVED FURTHER, that staff shall take the necessary steps to inform the realty community and the residents of Third Mutual; 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.

RESALE POLICY – THIRD LAGUNA HILLS MUTUAL

It is the policy of the Third Laguna Hills Mutual housing corporation that transfers of property through the resale process shall be handled as expeditiously as possible, in accordance with Mutual review and approval processes.

Further, it is the policy of the Mutual that the Seller of a condominium property in Third Mutual, or his agent, should:

Within two business days after listing or making the property available for sale, the Seller or Seller's authorized agent should notify the Resale Inspection Office, in writing of the listing and submit to the Resale Department a "Request for 1st Inspection Report". The notification shall include the name of the listing real estate agent or personal agent of the seller, Seller's address and telephone number, the listing contract date, and Seller's current address and telephone number if seller is not residing in the manor being listed for sale; and at least one week prior to close of escrow, the Seller or his Agent will request that a Final Inspection be scheduled.

Seller's Authorization to Release Information

Seller, or authorized agent, shall execute and deliver the Seller's Authorization for Release of Information to the Managing Agent. No information will be released by the Mutual or the Managing Agent to any party until the Managing Agent receives the Release.

Mutual Board's Review of Buyer's Qualifications

Upon receipt of all requisite documents from the Escrow Office handling the resale transaction, and completion of the First Inspection, the Mutual will have fifteen (15) calendar days to review and approve or deny the buyer's application for membership.

Occupancy by Buyer Prior to Close of Escrow

A buyer is not be permitted to occupy a manor prior to Board approval of the Buyer's membership qualifications except by receiving Board approval of a Lease Permit through the GRF Lease Permit Office.

If a Seller agrees to permit the Buyer to occupy the manor after Board approval, and prior to close of escrow, both parties shall execute and present a Hold Harmless Agreement through the Security Division. Early occupancy based on the Hold Harmless Agreement shall be limited to fifteen (15) calendar days. Buyers who intend to occupy the manor for more than fifteen (15) days prior to close of escrow shall obtain a Lease Permit approved by the Board through the GRF Lease Permit Office.

Carryover Occupancy by Seller

If Buyer and Seller agree that Seller may continue to occupy the manor after close of escrow, such occupancy shall be limited to fifteen (15) calendar days. Seller who intends to carry over occupancy for more that fifteen (15) days following close of escrow shall obtain a Lease Permit approved by the Board through the GRF Lease Permit Office.

Security Deposit

If the inspection reveals an architectural violation, failure to maintain an alteration, or other damage to common area caused by the member or member's occupants, or if at the time of the inspection the member owes the Mutual unpaid assessments, fines or other amounts, the amounts sufficient to rectify the member's indebtedness to the Mutual will be held at escrow in a holding account. Any surplus funds shall be returned to the appropriate party.

RESOLUTION 03-18-XX

RESALE POLICY

WHEREAS, on May 20, 2014, the Board of Directors approved Resolution 03-14-53, establishing a security deposit for resale inspections;

WHEREAS, resale inspections and inspection reports are an integral part of the resale process and corrections noted on the inspection reports are vital for the protection of Mutual property and assets; and,

WHEREAS, Staff has found the current security deposit section of the resale policy to be administratively burdensome and withholds funds from members for an unreasonable length of time.

NOW THEREFORE BE IT RESOLVED, June 19, 2018, that the Board of Directors hereby introduces the Proposed Resale Policy as attached to the official meeting minutes;

RESOLVED FURTHER, corrections and deficiencies found in the resale inspection will be noted in the report and will be provided to the seller;

RESOLVED FURTHER, the seller will be held responsible for the corrections and deficiencies;

RESOLVED FURTHER, corrections and repairs to Mutual property and assets shall be completed by the close of escrow;

RESOLVED FURTHER, that Resolution 03-14-53, adopted May 20, 2014, is hereby superseded in its entirety and no longer in effect; 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.

PROPOSED RESALE POLICY

It is the policy of the Third Laguna Hills Mutual housing corporation that transfers of property through the resale process shall be handled as expeditiously as possible, in accordance with Mutual review and approval processes.

Further, it is the policy of the Mutual that the Seller of a condominium property in Third Mutual, or his agent, should:

Within two business days after listing or making the property available for sale, the Seller or Seller's authorized agent should notify the Resale Inspection Office, in writing of the listing and submit to the Resale Department a "Request for 1st Inspection Report". The notification shall include the name of the listing real estate agent or personal agent of the seller, Seller's address and telephone number, the listing contract date, and Seller's current address and telephone number if seller is not residing in the manor being listed for sale; and at least one week prior to close of escrow, the Seller or his Agent will request that a Final Inspection be scheduled.

Seller's Authorization to Release Information

Seller, or authorized agent, shall execute and deliver the Seller's Authorization for Release of Information to the Managing Agent. No information will be released by the Mutual or the Managing Agent to any party until the Managing Agent receives the Release.

Mutual Board's Review of Buyer's Qualifications

Upon receipt of all requisite documents from the Escrow Office handling the resale transaction, and completion of the First Inspection, the Mutual will have fifteen (15) calendar days to review and approve or deny the buyer's application for membership.

Occupancy by Buyer Prior to Close of Escrow

A buyer is not be permitted to occupy a manor prior to Board approval of the Buyer's membership qualifications except by receiving Board approval of a Lease Permit through the GRF Lease Permit Office.

If a Seller agrees to permit the Buyer to occupy the manor after Board approval, and prior to close of escrow, both parties shall execute and present a Hold Harmless Agreement or similar Mutual Issued document through the Security Division. Early occupancy based on the Hold Harmless Agreement shall be limited to fifteen (15) calendar days. Buyers who intend to occupy the manor for more than fifteen (15) days prior to close of escrow shall obtain a Lease Permit approved by the Board through the GRF Lease Permit Office.

Carryover Occupancy by Seller

If Buyer and Seller agree that Seller may continue to occupy the manor after close of escrow, such occupancy shall be limited to fifteen (15) calendar days. Seller who intends to carry over

occupancy for more that fifteen (15) days following close of escrow shall obtain a Lease Permit approved by the Board through the GRF Lease Permit Office.

Security Deposit

~~If the inspection reveals an architectural violation, failure to maintain an alteration, or other damage to common area caused by the member or member's occupants, or if at the time of the inspection the member owes the Mutual unpaid assessments, fines or other amounts, the amounts sufficient to rectify the member's indebtedness to the Mutual will be held at escrow in a holding account. Any surplus funds shall be returned to the appropriate party.~~

Resale Corrections

~~If the inspection reveals an architectural violation, failure to maintain an alteration, or other damage to common area caused by the member or member's occupants, the member shall be responsible for such violations, alteration maintenance, and damage to common area. The member must make all corrections before the close of escrow. The Mutual will make all corrections to landscaping; the cost of which shall be paid to the Mutual prior to close of escrow.~~

~~In the event that a Member is unable to ensure the repairs are completed by close of escrow, due to illness or circumstances beyond their control, the Member will be required to request a variance from the Board and provide adequate documentation of the circumstances.~~

~~If at the time of the inspection the member owes the Mutual unpaid assessments, fines or other amounts, the amounts sufficient to rectify the member's indebtedness to the Mutual will be held at escrow in a holding account.~~