



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, March 5, 2019 – 1:30 p.m.
Laguna Woods Village Community Center Board Room
24351 El Toro Road**

AGENDA

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

Reports:

8. Preliminary Financial Statements dated January 31, 2019

Items for Discussion and Consideration:

9. Investment Task Force Update
10. Audit Task Force Update
11. AB 2912 Update
12. Other Endorsements from Standing Committees
 - a. Alteration and Inspection Fees
 - b. Supplemental Funding for the 2019 Fumigation Program

Future Agenda Items:

2019 Reserve Study
2018 Solar System Update

Concluding Business:

13. Committee Member Comments
14. Date of Next Meeting – Tuesday, April 2, 2019 at 1:30 p.m.
15. Recess to Closed Session

Jack Connelly, Chair
Betty Parker, Staff Officer
Telephone: 949-597-4201



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

Tuesday, February 5, 2019 – 1:30 p.m.
Laguna Woods Village Community Center Sycamore Room, 24351 El Toro Road

MEMBERS PRESENT: Jack Connelly – Chair, Rosemarie diLorenzo, Steve Parsons, Roy Bruninghaus, Cush Bhada, John Frankel, John Pearlstone, Lynn Jarrett, Bunny Carpenter
Advisors: Wei-Ming Tao, John Hess, Michael Cunningham

MEMBERS ABSENT: None

STAFF PRESENT: Betty Parker, Steve Hormuth, Christopher Swanson

Call to Order

Director Jack Connelly, Treasurer, chaired the meeting and called it to order at 1:30 p.m.

Approval of Meeting Agenda

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

- Chargeable Services Billing

Approval of Meeting Report for January 8, 2019

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

Department Head Update

Betty Parker, Chief Financial Officer, advised of the BlackRock portfolio review scheduled at the upcoming February 20, 2019 GRF Finance Committee meeting and encouraged all board members to attend. Also, an update was given on the recruitment process for unfilled analyst position.

Preliminary Financial Statements Dated December 31, 2018

The Committee reviewed financials and a handout showing detail of compensation and related variances by work center. Questions were addressed, with a request for additional information on the following items: current month increase in chargeable service revenue, year-end variance in non-union medical, higher demand charges from SCE, and detail of legal fees and outside services.

Solar Update

The Committee reviewed a first-year billing summary for the Solar System for Buildings 2381, 2391, 2394, 3242 and 5510. The Committee requested a summary sheet showing credits received in the first year of operation for each system and similar information for 2018.

Chargeable Services Billing

Director Frankel commented on the Chargeable Services billing process, specifically the timing between completion of work and generation of an invoice, and asked staff to review for accuracy and opportunities for improvement.

Future Agenda Items

2018 Solar Updates

Committee Member Comments

Director diLorenzo proposed a written policy to prevent over-spending of the annual operating budgets. Ms. Parker will discuss this issue with the new CEO and improve awareness of financial results at standing committees.

Director Pearlstone requested an operating statement differentiating between operating and reserves.

Date of Next Meeting

Tuesday, March 5, 2019 at 1:30 p.m. in the Board Room.

Recess to Closed Session

The meeting recessed at 2:59 p.m.



Jack Connelly, Chair

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
1/31/2019
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			YTD 2017	ANNUAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$1,564	\$1,564		\$1,564	\$1,564		\$1,574	\$18,767
2	Additions to restricted funds	1,122	1,122		1,122	1,122		1,096	13,460
3	Total assessments	2,686	2,686		2,686	2,686		2,670	32,227
Non-assessment revenues:									
4	Fees and charges for services to residents	61	40	21	61	40	21	64	478
5	Laundry	10	18	(8)	10	18	(8)	4	220
6	Interest income	52	52		52	52		38	52
7	Miscellaneous	71	50	21	71	50	21	108	601
8	Total non-assessment revenue	195	161	34	195	161	34	213	1,352
9	Total revenue	2,881	2,846	34	2,881	2,846	34	2,883	33,578
Expenses:									
10	Employee compensation and related	1,139	1,113	(27)	1,139	1,113	(27)	1,181	13,088
11	Materials and supplies	90	129	40	90	129	40	90	1,554
12	Utilities and telephone	312	371	59	312	371	59	488	5,299
13	Legal fees	25	18	(6)	25	18	(6)	(15)	220
14	Professional fees	1	11	9	1	11	9	1	185
15	Equipment rental	1	4	3	1	4	3		40
16	Outside services	41	914	873	41	914	873	132	10,972
17	Repairs and maintenance	26	28	2	26	28	2	21	345
18	Other Operating Expense	8	15	7	8	15	7	7	181
19	Insurance	112	109	(3)	112	109	(3)	109	1,313
20	Uncollectible Accounts	(8)	12	20	(8)	12	20	6	138
21	Depreciation and amortization	12	12		12	12		12	12
22	Net allocation to mutuals	94	103	9	94	103	9	89	1,205
23	Total expenses	1,853	2,838	986	1,853	2,838	986	2,122	34,552
24	Excess of revenues over expenses	\$1,028	\$8	\$1,020	\$1,028	\$8	\$1,020	\$761	(\$974)

**Third Laguna Hills Mutual
Operating Statement
1/31/2019
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$1,563,909	\$1,563,886	\$23	0.00%	\$18,766,631
Total Operating	1,563,909	1,563,886	23	0.00%	18,766,631
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	169,025	169,025	0	0.00%	2,028,305
41003000 - Monthly Assessments - Unappropriated Expenditures Fund	48,816	48,816	0	0.00%	585,792
41003500 - Monthly Assessments - Replacement Fund	854,280	854,280	0	0.00%	10,251,360
41004000 - Monthly Assessments - Elevator Replacement Fund	36,612	36,612	0	0.00%	439,344
41004500 - Monthly Assessments - Laundry Replacement Fund	6,102	6,102	0	0.00%	73,224
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	6,831	6,831	0	0.00%	81,972
Total Additions To Restricted Funds	1,121,666	1,121,666	0	0.00%	13,459,997
Total Assessments	2,685,575	2,685,552	23	0.00%	32,226,628
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	8,926	6,049	2,877	47.56%	72,592
46501500 - Inspection Fee	6,113	4,330	1,783	41.17%	51,965
46502000 - Resident Maintenance Fee	46,144	29,672	16,472	55.51%	353,883
Total Fees and Charges for Services to Residents	61,182	40,051	21,131	52.76%	478,440
Laundry					
46005000 - Coin Op Laundry Machine	10,103	18,333	(8,230)	(44.89%)	220,000
Total Laundry	10,103	18,333	(8,230)	(44.89%)	220,000
Interest Income					
49001000 - Interest Income - Treasury Notes	21,819	21,819	0	0.00%	21,819
49001500 - Interest Income - Treasury Notes - Discretionary	23,953	23,953	0	0.00%	23,953
49002000 - Interest Income - Money Market	288	288	0	0.00%	288
49002500 - Interest Income - Gnma Securities - Discretionary	6,317	6,317	0	0.00%	6,317
Total Interest Income	52,377	52,377	0	0.00%	52,377
Miscellaneous					
46004500 - Resident Violations	22,500	833	21,667	2601.08%	10,000
44501510 - Lease Processing Fee - Third	16,795	18,750	(1,955)	(10.43%)	225,000
44502500 - Non-Sale Transfer Fee - Third	0	250	(250)	(100.00%)	3,000
44503520 - Resale Processing Fee - Third	15,712	16,666	(954)	(5.72%)	200,000
44505500 - Hoa Certification Fee	145	750	(605)	(80.67%)	9,000
44507000 - Golf Cart Electric Fee	5,582	5,667	(85)	(1.51%)	68,000
44507200 - Electric Vehicle Plug-In Fee	699	500	199	39.89%	6,000
44507500 - Cartport/Carport Space Rental Fee	360	250	110	44.00%	3,000
47001500 - Late Fee Revenue	8,620	5,000	3,620	72.40%	60,000
47002000 - Collection Administrative Fee	25	0	25	0.00%	0
47002020 - Collection Administrative Fee - Third	500	0	500	0.00%	0
47002500 - Collection Interest Revenue	427	1,000	(573)	(57.32%)	12,000
47501000 - Recycling	0	417	(417)	(100.00%)	5,000
49009000 - Miscellaneous Revenue	5	0	5	0.00%	0
Total Miscellaneous	71,369	50,083	21,286	42.50%	601,000
Total Non-Assessment Revenue	195,032	160,844	34,188	21.26%	1,351,816
Total Revenue	2,880,607	2,846,396	34,211	1.20%	33,578,444

Expenses:

Employee Compensation

51011000 - Salaries & Wages - Regular	141,743	207,010	65,267	31.53%	2,484,383
51021000 - Union Wages - Regular	348,442	469,526	121,084	25.79%	5,528,264
51041000 - Wages - Overtime	2,518	2,091	(427)	(20.44%)	25,095
51051000 - Union Wages - Overtime	5,074	3,103	(1,971)	(63.54%)	37,244
51061000 - Holiday	158,589	57,129	(101,460)	(177.60%)	676,533
51071000 - Sick	16,293	23,303	7,009	30.08%	275,954

**Third Laguna Hills Mutual
Operating Statement
1/31/2019**
THIRD LAGUNA HILLS MUTUAL

	YEAR TO DATE				ANNUAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51091000 - Missed Meal Penalty	56	71	15	21.20%	858
51101000 - Temporary Help	8,828	3,055	(5,773)	(188.99%)	36,664
51981000 - Compensation Accrual	103,559	485	(103,074)	(21253.29%)	5,826
Total Employee Compensation	785,102	765,770	(19,331)	(2.52%)	9,070,822
Compensation Related					
52411000 - F.I.C.A.	50,697	57,908	7,211	12.45%	677,880
52421000 - F.U.I.	3,918	2,502	(1,416)	(56.61%)	13,091
52431000 - S.U.I.	34,616	12,509	(22,107)	(176.73%)	56,129
52441000 - Union Medical	152,120	159,434	7,314	4.59%	1,913,209
52451000 - Workers' Compensation Insurance	48,612	56,541	7,928	14.02%	668,020
52461000 - Non Union Medical & Life Insurance	24,257	22,268	(1,989)	(8.93%)	267,211
52471000 - Union Retirement Plan	28,804	26,555	(2,249)	(8.47%)	312,663
52481000 - Non-Union Retirement Plan	3,734	9,036	5,302	58.67%	108,438
52981000 - Compensation Related Accrual	7,413	80	(7,333)	(9159.68%)	970
Total Compensation Related	354,172	346,832	(7,340)	(2.12%)	4,017,611
Materials and Supplies					
53001000 - Materials & Supplies	26,677	38,838	12,161	31.31%	466,289
53003000 - Materials Direct	63,282	90,639	27,357	30.18%	1,088,103
Total Materials and Supplies	89,959	129,477	39,518	30.52%	1,554,392
Utilities and Telephone					
53301000 - Electricity	53,728	31,028	(22,700)	(73.16%)	325,000
53301500 - Sewer	121,513	141,600	20,087	14.19%	1,716,600
53302000 - Water	92,374	152,750	60,376	39.53%	2,710,627
53302500 - Trash	44,290	45,556	1,266	2.78%	546,690
Total Utilities and Telephone	311,906	370,934	59,028	15.91%	5,298,917
Legal Fees					
53401500 - Legal Fees	24,735	18,333	(6,402)	(34.92%)	220,000
Total Legal Fees	24,735	18,333	(6,402)	(34.92%)	220,000
Professional Fees					
53402000 - Audit & Tax Preparation Fees	0	0	0	0.00%	57,600
53403500 - Consulting Fees	0	504	504	100.00%	6,053
53403520 - Consulting Fees - Third	1,250	10,076	8,826	87.59%	120,936
Total Professional Fees	1,250	10,580	9,330	88.19%	184,589
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	931	3,624	2,692	74.29%	40,090
Total Equipment Rental	931	3,624	2,692	74.29%	40,090
Outside Services					
53601000 - Bank Fees	0	327	327	100.00%	3,929
53604500 - Marketing Expense	480	0	(480)	0.00%	0
54603500 - Outside Services CC	39,409	903,858	864,449	95.64%	10,846,711
53704000 - Outside Services	1,247	10,119	8,873	87.68%	121,480
Total Outside Services	41,136	914,305	873,169	95.50%	10,972,120
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	78	1,350	1,272	94.22%	16,240
53703000 - Elevator /Lift Maintenance	26,410	26,710	300	1.12%	328,520
Total Repairs and Maintenance	26,488	28,060	1,572	5.60%	344,760
Other Operating Expense					
53801000 - Mileage & Meal Allowance	320	1,269	949	74.79%	15,252
53801500 - Travel & Lodging	0	80	80	100.00%	968
53802000 - Uniforms	3,390	6,650	3,260	49.03%	82,843
53802500 - Dues & Memberships	40	151	111	73.66%	1,992
53803000 - Subscriptions & Books	0	167	167	100.00%	2,004
53803500 - Training & Education	893	1,240	347	27.98%	14,902
53901500 - Volunteer Support	0	0	0	0.00%	1,175
53903000 - Safety	0	15	15	100.00%	186
54001000 - Board Relations	186	305	119	38.95%	3,666
54001020 - Board Relations - Third	10	833	823	98.84%	10,000
54002000 - Postage	2,931	3,973	1,041	26.21%	47,672

**Third Laguna Hills Mutual
Operating Statement
1/31/2019
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
54002500 - Filing Fees / Permits	0	38	38	100.00%	761
Total Other Operating Expense	7,770	14,720	6,951	47.22%	181,422
Insurance					
54401000 - Hazard & Liability Insurance	33,539	33,766	227	0.67%	405,194
54401500 - D&O Liability	5,210	3,985	(1,225)	(30.75%)	47,818
54402000 - Property Insurance	72,934	71,060	(1,874)	(2.64%)	852,719
54403000 - General Liability Insurance	393	589	196	33.33%	7,072
Total Insurance	112,076	109,400	(2,676)	(2.45%)	1,312,803
Uncollectible Accounts					
54602000 - Bad Debt Expense	(8,341)	11,517	19,858	172.42%	138,200
Total Uncollectible Accounts	(8,341)	11,517	19,858	172.42%	138,200
Depreciation and Amortization					
55001000 - Depreciation And Amortization	11,921	11,921	0	0.00%	11,921
Total Depreciation and Amortization	11,921	11,921	0	0.00%	11,921
Net Allocation to Mutuals					
54602500 - Allocated Expenses	93,526	102,951	9,424	9.15%	1,204,782
Total Net Allocation to Mutuals	93,526	102,951	9,424	9.15%	1,204,782
Total Expenses	1,852,630	2,838,424	985,794	34.73%	34,552,429
Excess of Revenues Over Expenses	\$1,027,977	\$7,972	\$1,020,005	12794.49%	(\$973,984)

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
1/31/2019**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$3,376,063	\$3,321,543
2	Non-discretionary investments	9,850,356	11,831,351
3	Discretionary investments	16,862,465	16,831,676
4	Receivable/(Payable) from mutuals	3,213,989	1,605,868
5	Accounts receivable and interest receivable	(215,632)	(386,734)
6	Prepaid expenses and deposits	185,258	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	5,448,821	5,460,742
10	Non-controlling interest in GRF	37,030,124	37,030,124
11	Total Assets	<u>\$75,751,444</u>	<u>\$75,889,686</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$1,169,622	\$2,621,461
13	Accrued compensation and related costs	646,315	646,315
14	Deferred income	1,102,996	817,376
15	Total liabilities	<u>\$2,918,934</u>	<u>\$4,085,153</u>
	Fund balances:		
16	Fund balance prior years	71,804,534	70,676,034
17	Change in fund balance - current year	1,027,977	1,128,500
18	Total fund balances	<u>72,832,511</u>	<u>71,804,534</u>
19	Total Liabilities and Fund Balances	<u>\$75,751,444</u>	<u>\$75,889,686</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
1/31/2019**

	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	\$3,376,063							\$3,376,063
2 Non-discretionary investments	9,850,356							9,850,356
3 Discretionary investments	16,862,465							16,862,465
4 Receivable/(Payable) from mutuals	3,213,989							3,213,989
5 Receivable/(Payable) from operating fund	(30,198,412)	3,267,538	9,391,470	15,010,654	1,748,275	714,413	66,061	(215,632)
6 Accounts receivable and interest receivable	(215,632)							185,258
7 Prepaid expenses and deposits	185,258							141,239
8 Property and equipment	141,239							(141,239)
9 Accumulated depreciation property and equipment	(141,239)							5,448,821
10 Beneficial interest in GRF of Laguna Hills Trust	5,448,821							37,030,124
11 Non-controlling interest in GRF	37,030,124							
12 Total Assets	<u>\$45,553,032</u>	<u>\$3,267,538</u>	<u>\$9,391,470</u>	<u>\$15,010,654</u>	<u>\$1,748,275</u>	<u>\$714,413</u>	<u>\$66,061</u>	<u>\$75,751,444</u>
Liabilities and Fund Balances								
Liabilities:								
13 Accounts payable and accrued expenses	\$1,020,245		\$1,059	\$148,318				\$1,169,622
14 Accrued compensation and related costs	646,315							646,315
15 Deferred income	1,102,996							1,102,996
16 Total liabilities	<u>\$2,769,557</u>		<u>\$1,059</u>	<u>\$148,318</u>				<u>\$2,918,934</u>
Fund balances:								
17 Fund balance prior years	42,544,131	3,212,971	9,216,777	14,346,897	1,708,605	713,855	61,299	71,804,534
18 Change in fund balance - current year	239,344	54,567	173,635	515,439	39,670	559	4,762	1,027,977
19 Total fund balances	<u>42,783,475</u>	<u>3,267,538</u>	<u>9,390,412</u>	<u>14,862,336</u>	<u>1,748,275</u>	<u>714,413</u>	<u>66,061</u>	<u>72,832,511</u>
20 Total Liabilities and Fund Balances	<u>\$45,553,032</u>	<u>\$3,267,538</u>	<u>\$9,391,470</u>	<u>\$15,010,654</u>	<u>\$1,748,275</u>	<u>\$714,413</u>	<u>\$66,061</u>	<u>\$75,751,444</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
1/31/2019**

	<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	\$1,563,909							\$1,563,909
2 Additions to restricted funds		48,816	169,025	854,280	36,612	6,102	6,831	1,121,666
3 Total assessments	<u>1,563,909</u>	<u>48,816</u>	<u>169,025</u>	<u>854,280</u>	<u>36,612</u>	<u>6,102</u>	<u>6,831</u>	<u>2,685,575</u>
Non-assessment revenues:								
4 Fees and charges for services to residents	61,182							61,182
5 Laundry	10,103							10,103
6 Interest income		5,751	16,498	25,681	3,058	1,278	110	52,377
7 Miscellaneous	71,369							71,369
8 Total non-assessment revenue	<u>142,655</u>	<u>5,751</u>	<u>16,498</u>	<u>25,681</u>	<u>3,058</u>	<u>1,278</u>	<u>110</u>	<u>195,032</u>
9 Total revenue	<u>1,706,564</u>	<u>54,567</u>	<u>185,524</u>	<u>879,961</u>	<u>39,670</u>	<u>7,380</u>	<u>6,941</u>	<u>2,880,607</u>
Expenses:								
10 Employee compensation and related	837,198		1,542	297,537		1,209	1,788	1,139,274
11 Materials and supplies	49,824		119	34,127		5,562	327	89,959
12 Utilities and telephone	311,906							311,906
13 Legal fees	24,735							24,735
14 Professional fees	1,250							1,250
15 Equipment rental	73		3	852			3	931
16 Outside services	9,010		10,168	21,958				41,136
17 Repairs and maintenance	26,426		1	61				26,488
18 Other Operating Expense	6,409		6	1,342		4	7	7,770
19 Insurance	112,076							112,076
20 Uncollectible Accounts	(8,341)							(8,341)
21 Depreciation and amortization	11,921							11,921
22 Net allocations to mutuals	84,733		49	8,644		47	53	93,526
23 Total expenses	<u>1,467,219</u>		<u>11,889</u>	<u>364,522</u>		<u>6,821</u>	<u>2,178</u>	<u>1,852,630</u>
24 Excess of revenues over expenses	<u>\$239,344</u>	<u>\$54,567</u>	<u>\$173,635</u>	<u>\$515,439</u>	<u>\$39,670</u>	<u>\$559</u>	<u>\$4,762</u>	<u>\$1,027,977</u>
25 Excluding depreciation	<u>\$251,265</u>	<u>\$54,567</u>	<u>\$173,635</u>	<u>\$515,439</u>	<u>\$39,670</u>	<u>\$559</u>	<u>\$4,762</u>	<u>\$1,039,898</u>

THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of January 31, 2019

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-18	258,868			84,233			19
January-18	227,406	(26,803)	(2,779)	81,244	(2,087)	(8,341)	18
February-18	-	-	-	-	-	-	
March-18	-	-	-	-	-	-	
April-18	-	-	-	-	-	-	
May-18	-	-	-	-	-	-	
June-18	-	-	-	-	-	-	
July-18	-	-	-	-	-	-	
August-18	-	-	-	-	-	-	
September-18	-	-	-	-	-	-	
October-18	-	-	-	-	-	-	
November-18	-	-	-	-	-	-	
December-18	-	-	-	-	-	-	
YTD TOTAL						(8,341)	

* units reported on the Assessments - Monthly Delinquency Report

**THIRD LAGUNA HILLS MUTUAL
NON-DISCRETIONARY ACCOUNT HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
1/31/19**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
912796PT0	U.S. TREASURY BILL	0.00%	07-30-18	02-28-19	2,000,000.00	2.06%	1,976,191.33	
912796QH5	U.S. TREASURY BILL	0.00%	11-30-18	05-23-19	3,000,000.00	2.42%	2,965,693.00	
912796RA9	U.S. TREASURY BILL	0.00%	11-30-18	09-12-19	3,000,000.00	2.47%	2,942,645.08	
912796RA9	U.S. TREASURY BILL	0.00%	12-27-18	09-12-19	2,000,000.00	2.44%	1,965,826.39	
TOTAL FOR NON-DISCRETIONARY INVESTMENTS					\$ 10,000,000.00		\$ 9,850,355.80	2.66%

*Yield is based on all investments held during the year

**THIRD LAGUNA HILLS MUTUAL
DISCRETIONARY ACCOUNT - BLACKROCK/MERRILL LYNCH
SCHEDULE OF INVESTMENTS
1/31/19**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
	M.L. MONEY MARKET				\$ 356,374.54		\$ 356,374.54	
912796UP2	U.S. TREASURY BILL	0.00%	01-28-19	02-19-19	650,000.00	2.32%	649,091.16	
94974BFU9	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	
02665VBE0	CorpBond-American Honda Finance	1.20%	08-01-17	07-12-19	100,000.00	1.57%	99,280.00	
822582AJ1	CorpBond-Shell International Fin	4.30%	08-06-18	09-22-19	150,000.00	2.63%	152,746.50	
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	
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	
035242AJ5	CorpBond-Anheuser-Busch Inbev Fin	2.65%	08-18-17	02-01-21	100,000.00	2.17%	86,293.70	
035242AJ5	CorpBond-Anheuser-Busch Inbev Fin	2.65%	10-24-17	02-01-21	25,000.00	2.20%	25,342.50	
05531FAZ6	CorpBond-BB&T Corporation Ser Mtn	2.15%	08-21-18	02-01-21	150,000.00	3.10%	146,644.50	
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	
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	

**THIRD LAGUNA HILLS MUTUAL
DISCRETIONARY ACCOUNT - BLACKROCK/MERRILL LYNCH
SCHEDULE OF INVESTMENTS
1/31/19**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
375558AU7	CorpBond-Gilead Sciences Inc	4.40%	12-29-15	12-01-21	150,000.00	2.85%	162,072.00	
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	
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	
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	
36225B3R7/P781708	GNMA SECURITIES	5.00%	05-18-04	05-15-19	16.79	0.03%	2,477.99	
36290YBU1/P621151	GNMA SECURITIES	5.50%	05-29-07	05-15-22	36,151.39	5.50%	36,151.39	
36296DDR6/P687812	GNMA SECURITIES	5.50%	09-22-08	08-15-23	33,075.16	3.66%	49,732.65	
36202FD78/P004626	GNMA SECURITIES	4.50%	02-24-10	02-20-25	95,046.40	3.14%	136,249.53	
36202FD78/P004626	GNMA SECURITIES	4.50%	09-17-13	02-20-25	105,702.13	3.49%	136,361.14	
36202FJC1/P004759	GNMA SECURITIES	4.00%	02-16-12	08-20-25	86,847.47	2.50%	138,823.10	
36202FJC1/P004759	GNMA SECURITIES	4.00%	03-19-12	08-20-25	36,534.23	2.52%	58,083.20	
3620AS6G9/P738971X	GNMA SECURITIES	3.00%	04-29-15	11-15-26	157,838.74	2.66%	177,891.49	
36202F2H8/P005276M	GNMA SECURITIES	3.00%	11-12-14	01-20-27	75,194.66	2.64%	85,516.60	
36179MAG5/PMA0007M	GNMA SECURITIES	3.00%	08-20-12	04-20-27	156,135.45	2.36%	198,158.41	
36179MGN4/PMA0205M	GNMA SECURITIES	3.00%	07-31-12	07-20-27	169,213.65	2.39%	212,475.37	
36179MP53/PMA0444M	GNMA SECURITIES	3.00%	12-18-12	10-20-27	254,446.82	2.42%	315,379.60	
36179MSB7/PMA0514M	GNMA SECURITIES	3.00%	05-14-14	11-20-27	187,548.87	2.65%	211,963.26	
36179MU32/PMA0602M	GNMA SECURITIES	3.00%	01-17-13	12-20-27	387,672.47	2.46%	472,987.87	
36179MW3/PMA0757M	GNMA SECURITIES	3.00%	04-16-13	02-20-28	178,439.87	2.48%	215,637.01	
36179NMP0/PMA1266M	GNMA SECURITIES	3.50%	10-21-13	09-20-28	93,589.62	2.93%	111,701.13	
36179TY90/PMA5236M	GNMA SECURITIES	3.50%	06-13-18	06-20-33	298,691.62	3.41%	306,443.57	
36202T7B6/P609390x	GNMA SECURITIES	5.50%	09-22-03	09-15-33	31,938.70	3.68%	47,689.55	
36213CZ52/P550764	GNMA SECURITIES	5.50%	09-19-07	09-15-35	35,848.25	6.75%	29,223.74	
36202EYL7/P004315	GNMA SECURITIES	5.50%	11-18-10	11-18-38	87,486.00	2.36%	204,027.86	
36297F6L1/P711075	GNMA SECURITIES	4.50%	09-21-10	09-15-40	158,114.89	3.38%	210,278.08	
36179QJ7/PMA2074M	GNMA SECURITIES	4.00%	11-13-17	07-20-44	140,357.44	3.72%	150,956.74	
36179QL74/PMA2150M	GNMA SECURITIES	4.50%	09-11-14	08-20-44	65,149.20	3.34%	87,738.56	
36179QT50/PMA2372M	GNMA SECURITIES	4.00%	12-22-14	11-20-44	134,678.19	3.19%	168,638.85	
36179RTA7/PMA3245m	GNMA SECURITIES	4.00%	12-17-15	11-20-45	168,711.22	3.47%	194,334.18	
36179SUV7/PMA4196m	GNMA SECURITIES	3.50%	02-28-17	01-20-47	194,930.78	3.31%	205,918.94	
TOTAL FOR DISCRETIONARY INVESTMENTS					16,005,734.55		16,862,465.02	2.17%
TOTAL INVESTMENTS					\$ 26,005,734.55		\$ 26,712,820.82	2.35%

*Yield is based on all investments held during the year

**Third Laguna Hills Mutual
Supplemental Appropriation Schedule
Period Ending: 1/31/2019**

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	147,152	\$0	Completed
Walkway Lighting Upgrades Gates 5,6,7 & 8	03-18-83	\$125,000	126,007	\$0	Completed
Ridge Route Perimeter Wall Improvements	03-18-84	\$330,000	78,893	\$251,107	In Progress
Tree Trimming	03-18-147	\$150,000	0	\$150,000	Open
	Totals	\$755,000	\$352,053	\$401,107	

Laundry Replacement Fund

Coin-Operated Dryers and Laundry Pedestals	03-18-171	\$377,000	97,353	\$279,647	Open
	Totals	\$377,000	\$97,353	\$279,647	

Unappropriated Expenditures Fund

3-Story Building Trash Chute Repairs	03-18-36	336,680	227,208	109,472	In Progress
OCFA Fire Fuel Risk Reduction	03-18-96	200,000	98,820	101,180	In Progress
		\$536,680	\$326,028	\$210,652	

*Incurred To Date

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF JANUARY 31, 2019**

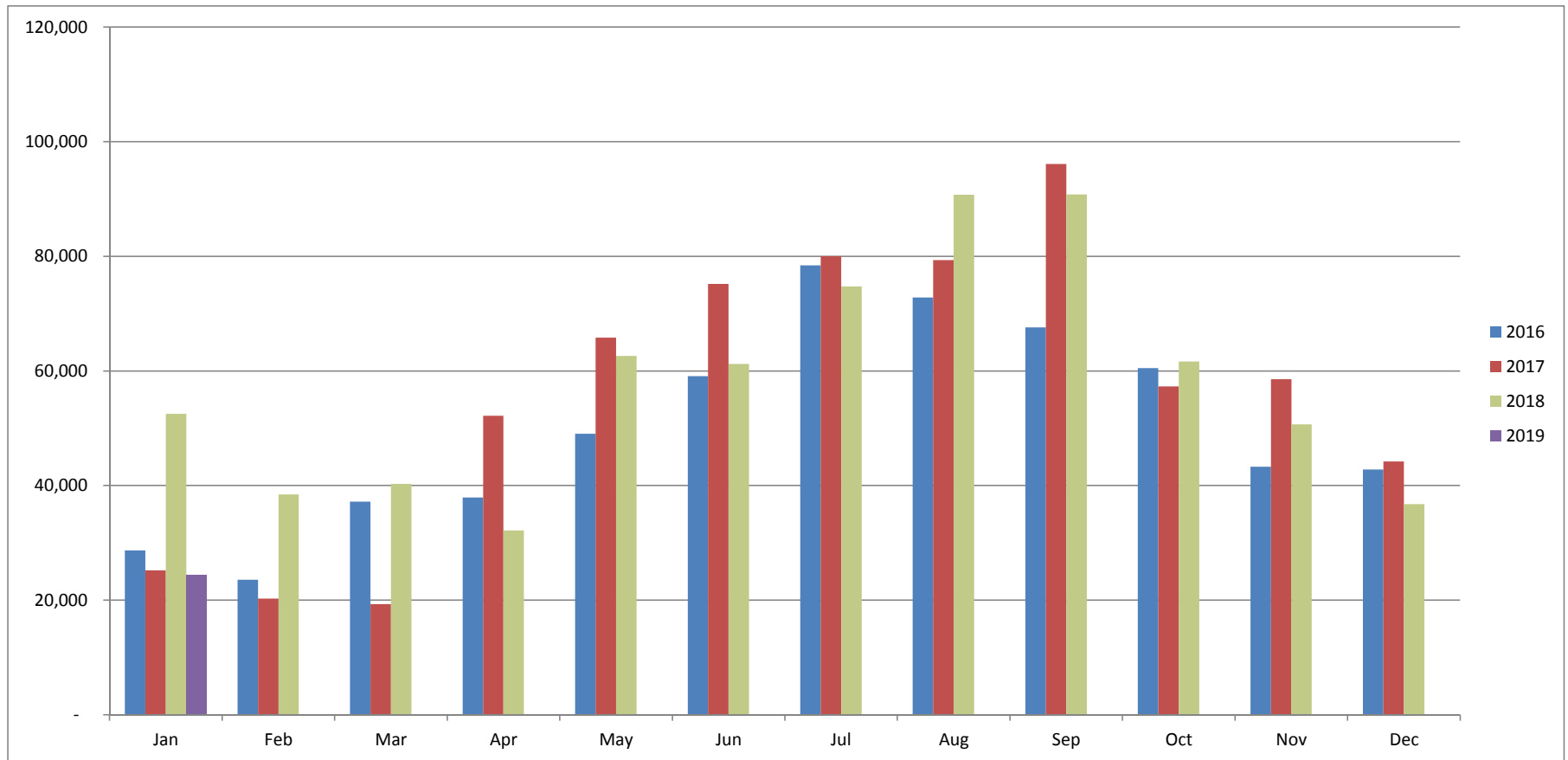
DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
REPLACEMENT FUND								
ALARM SYSTEMS	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
BUILDING NUMBERS	0	2,830	0	2,830	33,970	0%	2,830	100%
BUILDING STRUCTURES	71,475	228,444	71,475	228,444	2,732,992	3%	156,969	69%
ELECTRICAL SYSTEMS	0	4,883	0	4,883	58,610	0%	4,883	100%
ENERGY PROJECTS	0	4,166	0	4,166	50,000	0%	4,166	100%
EXTERIOR LIGHTING	0	66,666	0	66,666	800,000	0%	66,666	100%
FENCING	0	11,611	0	11,611	136,817	0%	11,611	100%
GARDEN VILLA LOBBY	0	9,963	0	9,963	119,560	0%	9,963	100%
GARDEN VILLA MAILROOM	0	5,943	0	5,943	70,173	0%	5,943	100%
GARDEN VILLA RECESSED AREA	0	20,870	0	20,870	250,440	0%	20,870	100%
GV REC ROOM WATER HEATER/HEAT PUMP	119	1,626	119	1,626	19,505	1%	1,507	93%
GUTTER REPLACEMENTS	2,009	3,083	2,009	3,083	37,000	5%	1,074	35%
LANDSCAPE MODERNIZATION	7,274	91,785	7,274	91,785	1,099,890	1%	84,512	92%
MAILBOXES	0	3,061	0	3,061	36,483	0%	3,061	100%
PAINT PROGRAM - EXTERIOR	179,297	170,602	179,297	170,602	2,008,631	9%	(8,695)	(5%)
PRIOR TO PAINT	98,429	108,304	98,429	108,304	1,277,033	8%	9,875	9%
PAVING	1,489	70,531	1,489	70,531	844,499	0%	69,042	98%
ROOF REPLACEMENTS	2,290	109,326	2,290	109,326	1,311,937	0%	107,036	98%
SUPPLEMENTAL APPROPRIATIONS	(5,507)	(5,507)	(5,507)	(5,507)	(5,507)	100%	0	0%
TREE MAINTENANCE	6,758	18,158	6,758	18,158	213,630	3%	11,400	63%
WALL REPLACEMENTS	0	16,666	0	16,666	200,000	0%	16,666	100%
WASTE LINE REMEDIATION	889	62,500	889	62,500	750,000	0%	61,611	99%
WATER LINES - COPPER PIPE REMEDIATION	0	16,666	0	16,666	200,000	0%	16,666	100%
TOTAL REPLACEMENT FUND	\$364,522	\$1,022,178	\$364,522	\$1,022,178	\$12,245,664	3%	\$657,656	64%
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$28,891	\$0	\$28,891	\$346,698	0%	\$28,891	100%
TOTAL ELEVATOR REPLACEMENT FUND	\$0	\$28,891	\$0	\$28,891	\$346,698	0%	\$28,891	100%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$6,222	\$823	\$6,222	\$823	\$9,844	63%	(\$5,399)	(656%)
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	599	4,591	599	4,591	54,697	1%	3,992	87%
TOTAL LAUNDRY REPLACEMENT FUND	\$6,821	\$5,414	\$6,821	\$5,414	\$64,542	11%	(\$1,407)	(26%)
GARDEN VILLA RECREATION ROOM FUND								
GARDEN VILLA RECREATION ROOMS	\$2,178	\$8,177	\$2,178	\$8,177	\$97,580	2%	\$5,999	73%
TOTAL GARDEN VILLA REC ROOMS FUND	\$2,178	\$8,177	\$2,178	\$8,177	\$97,580	2%	\$5,999	73%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF JANUARY 31, 2019**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND								
APPLIANCE REPAIRS	\$13,710	\$7,249	\$13,710	\$7,249	\$85,379	16%	(\$6,461)	(89%)
CARPENTRY SERVICE	43,005	32,730	43,005	32,730	385,731	11%	(10,275)	(31%)
CONCRETE REPAIR/REPLACEMENT	30,082	31,654	30,082	31,654	375,171	8%	1,572	5%
CURB CUT/SIDEWALK RAMPS	0	833	0	833	10,000	0%	833	100%
ELECTRICAL SERVICE	8,243	10,347	8,243	10,347	121,615	7%	2,104	20%
FIRE PROTECTION	2,721	14,626	2,721	14,626	175,556	2%	11,905	81%
GUTTER CLEANING	7,925	12,644	7,925	12,644	151,554	5%	4,720	37%
JANITORIAL SERVICE	79,282	84,617	79,282	84,617	996,545	8%	5,335	6%
MISC REPAIRS BY OUTSIDE SERVICE	200	4,838	200	4,838	58,050	0%	4,638	96%
PEST CONTROL	1,000	21,699	1,000	21,699	260,405	0%	20,699	95%
PLUMBING SERVICE	60,526	57,178	60,526	57,178	674,483	9%	(3,348)	(6%)
SOLAR MAINTENANCE	0	2,083	0	2,083	25,000	0%	2,083	100%
TRAFFIC CONTROL	295	2,555	295	2,555	30,359	1%	2,259	88%
WELDING	6,372	7,213	6,372	7,213	85,307	7%	842	12%
TOTAL MAINTENANCE PROGRAMS	\$253,361	\$290,267	\$253,361	\$290,267	\$3,435,153	75%	\$36,906	13%
DISASTER FUND								
MOISTURE INTRUSION - RAIN LEAKS	\$2,137	\$39,585	\$2,137	\$39,585	\$475,025	0%	\$37,448	95%
MOISTURE INTRUSION - PLUMBING LEAKS	2,292	54,143	2,292	54,143	649,726	0%	51,851	96%
MOISTURE INTRUSION - PLUMBING STOPPAGES	4,680	10,512	4,680	10,512	126,155	4%	5,832	55%
MOISTURE INTRUSION - MISCELLANEOUS	0	7,757	0	7,757	93,095	0%	7,757	100%
DAMAGE RESTORATION SERVICES	2,780	30,973	2,780	30,973	370,445	1%	28,193	91%
TOTAL DISASTER FUND	\$11,889	\$142,970	\$11,889	\$142,970	\$1,714,446	1%	\$131,081	92%

Third Mutual Water Usage in 100 cubic feet units

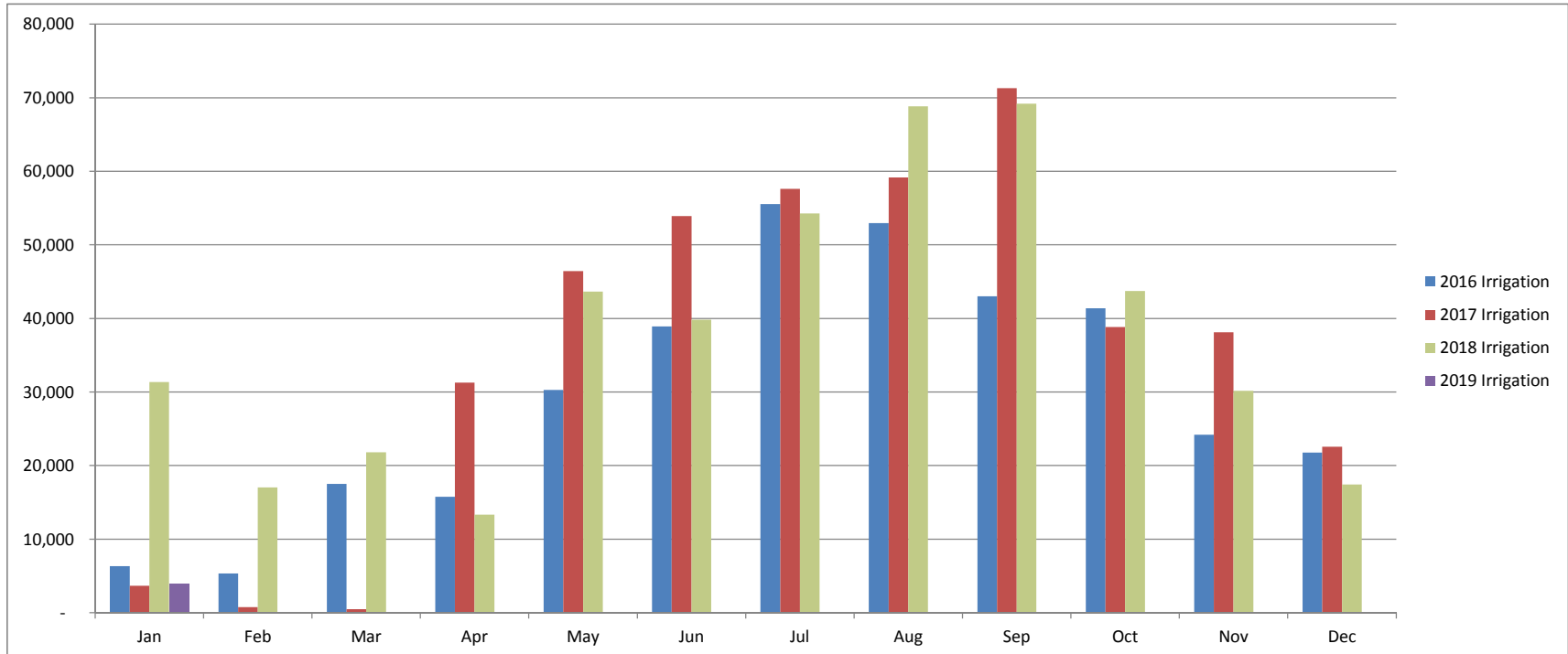
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016	28,692	23,565	37,198	37,935	49,039	59,069	78,415	72,805	67,591	60,506	43,261	42,786	28,692	600,862
2017	25,226	20,286	19,299	52,174	65,796	75,181	79,992	79,315	96,121	57,296	58,557	44,191	25,226	673,434
2018	52,495	38,446	40,263	32,183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



Third Mutual

Irrigation Water Usage in 100 cubic feet units

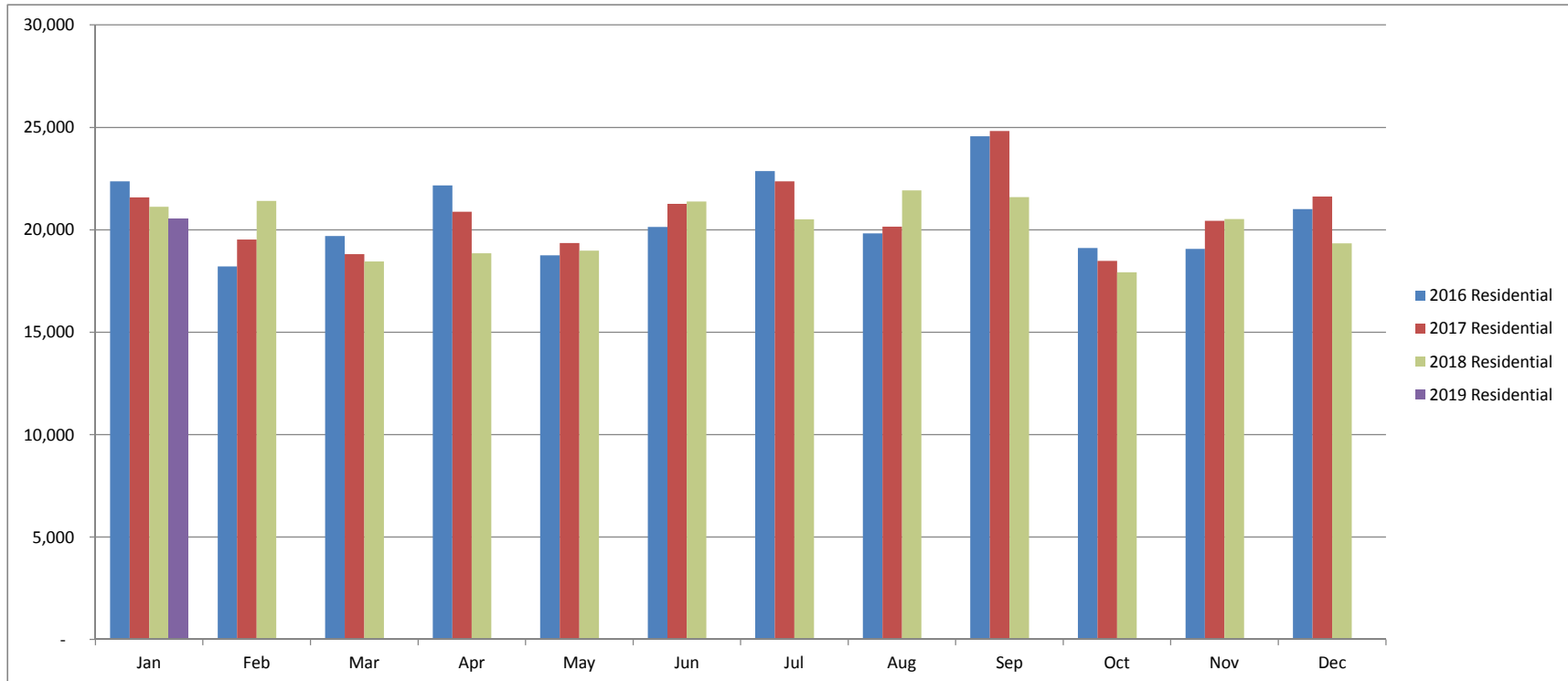
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016 Irrigation	6,329	5,349	17,506	15,776	30,280	38,926	55,543	52,976	43,024	41,402	24,192	21,779	6,329	353,082
2017 Irrigation	3,646	766	494	31,291	46,437	53,911	57,625	59,166	71,293	38,819	38,114	22,567	3,646	424,129
2018 Irrigation	31,368	17,039	21,814	13,332	43,653	39,833	54,254	68,843	69,176	43,741	30,171	17,434	31,368	450,658
2019 Irrigation	3,892	-	-	-	-	-	-	-	-	-	-	-	3,892	3,892



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	22,363	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	21,580	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	21,127	242,004
2019 Residential	20,540	-	-	-	-	-	-	-	-	-	-	-	20,540	20,540





STAFF REPORT

DATE: March 5, 2019
FOR: Finance Committee
SUBJECT: Alteration and Inspection Fees

RECOMMENDATION

Staff recommends increases in certain fees to partially recover the cost for the services provided by the Alterations Division.

BACKGROUND

The Architectural Controls and Standards Committee reviewed this report and proposal on December 17, 2018, and unanimously voted to send this on to the Board for final approval. However, the Board requested that it first be reviewed by the Finance Committee.

The alterations processing fees were introduced in 1977 via Resolution 770, to establish a base fee of \$10 for standard Alteration requests and an additional fee schedule based on valuation for the proposed alterations. In February 2009, the Board adopted a Variance Processing Fee of \$50 to partially offset administrative costs associated with Variance requests. In September 2011, the Board increased the Variance Processing Fee to \$100 to include costs associated with appeals of the Board's decisions related to Variance request applications.

The Alteration fees were last revised in 2017 via Resolution 03-17-120; the base processing fees for Mutual Consents and Variance Requests were raised to \$35 and \$150 respectively. The fees shown in the inspection fee schedule were not raised.

DISCUSSION

Since alterations are an elective chosen by some Members, it is reasonable that the cost for processing the applications and inspecting the work should be borne by those electing to alter their manors. Over the past year, several new processes and services, along with improvements to customer service, have been implemented in the Alterations Division. Contractor parking passes, Demolition Mutual Consents, and Conformance Deposits have all brought significant improvements to the services offered and have increase safety within the Village. After a careful review of the processes and administrative requirements involved, Staff has determined that it is necessary to update the Mutual Consent Processing Fee and the inspection fees to reflect the increased administrative costs.

The existing schedule (Attachment 2) contains two columns of alterations, along with adjacent columns that clarify if the proposed alteration will need an additional permit with the City of Laguna Woods. The first list of alterations contains those which meet Mutual Standards and

can be performed with an over-the-counter Mutual Consent. Staff processes an average of 2,032 Mutual Consent applications annually for United and Third. The existing flat fee is \$35 for a standard Mutual Consent. Staff costs to review and process the requests exceed that significantly; Staff recommends increasing the flat fee to \$50.

The second column contains a list of alterations which require more in-depth plan checking and inspections; these items are charged an inspection fee. The fee is a sliding scale which is based on the estimated value of the alteration. The existing fee is based upon 5.6 percent of the mean in the cost range for the alteration (Attachment 3). To make the fees more consistent with the alterations typically being performed within the Village, Staff proposes to maintain the fee at 5.6 percent and increase the value range. Increasing the value range will increase the average inspection fee and better reflect the alteration trends in the Village. Higher valued alterations generally require more detailed plans, which in turn, increases administrative, plan check, and inspection time. This adjustment will better align the fees with the processing task time.

Additionally, based on a review of the requirements of the City of Laguna Woods, Staff has moved several items into the second column to align with City requirements and better reflect the administrative time necessary for those items.

In June 2018, Staff began implementing the Demolition Mutual Consent with a flat processing fee of \$35 to partially offset administrative costs associated with processing of the required detailed documentation. Staff recommends increasing this fee to \$50 to better offset the costs and align with the proposed Mutual Consent fee.

Although Variance Requests and the preparation of accompanying committee staff reports require significant staff time for proper processing, Staff has performed a thorough review of administrative time involved and recommends the variance processing fee remain at \$150.

Additionally, with the implementation of the Conformance Deposit program, administrative costs related to the processing of deposits and a refund of the funds held has increased administrative costs to the Division.

The estimated revenue from fees for 2018 is \$220,768, which is below the actual operational costs for the Division. Assuming no change in volume, the proposed fee increases will raise the estimated revenue for 2019 to \$292,231. (Attachment 4)

The revised fee schedule has been attached (Attachment 5) for review and consideration.

FINANCIAL ANALYSIS

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

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

Reviewed By: Eve Morton, Alterations Coordinator

Betty Parker, Chief Financial Officer

ATTACHMENT(S)

Attachment 1:	Resolution
Attachment 2:	Current Fee Schedule
Attachment 3:	Valuation Fee Comparison
Attachment 4:	Revenue Analysis
Attachment 5:	Revised Fee Schedule

ATTACHMENT 1

RESOLUTION 03-19-XXX

Revisions To Alteration and Inspection Fees

WHEREAS, alteration requests require significant administrative time for proper processing, including research, report preparation, and presentation to the appropriate committee and the Board;

WHEREAS, in order to offset administrative costs associated with processing alteration requests, which is often followed by an appeal of the Board's decision as mandated in accordance with Resolution 03-13-105; and

WHEREAS, the Mutual currently charges a \$35 fee for a Mutual Consent and a \$150 fee for a Variance to offset administrative costs associated with processing these requests;

WHEREAS, the Mutual currently charges a fee on a sliding scale for alterations meeting certain criteria; and

WHEREAS, the Board determined the fees should be non-refundable;

NOW THEREFORE BE IT RESOLVED, March 12, 2019, to partially offset administrative costs associated with processing alteration requests, the Board of Directors of this Corporation hereby sets the alteration and inspection fees as attached to the official minutes of this meeting;

RESOLVED FURTHER, that Resolution 03-17-120 adopted October 20, 2017, is hereby superseded and cancelled; and

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

MARCH Initial Notification

Should the Board endorse the proposed revisions, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 28-days from the postponement to comply with Civil Code §4360.

Alteration Fee Schedule

(Existing)



Mutual Consent for Alteration(s) Fee Schedule

For Items not listed, please check with Alterations Department **949-597-4616**alterations@vmsinc.orgGo to www.lagunawoodsvillage.com for Mutual Standards and Standard PlansAll items require **HOA** Mutual Consent for Manor Alteration; City Permit Required as Shown

All construction, with a value of \$500 or greater, will be subject to a refundable \$250 Conformance Deposit

MUTUAL CONSENT PROCESSING FEE	
Alteration Type	City Permit Required
Acoustic Ceiling Removal	Yes
Awnings (<i>standard, less than 54"</i>)	No
Awnings (<i>powered</i>)	Yes
Air Conditioner (<i>through the wall</i>)	Yes
Air Conditioner Central (<i>replacement</i>)	Yes
Balcony Modesty Panels	No
Bath Tub Replacement	Yes
Block Walls (<i>under 4 feet high</i>)	No
Block Walls (<i>over 4 feet high</i>)	Yes
Planter Wall	No
Dishwasher	Yes
Doors Revisions (<i>Exterior</i>)	Yes
Electrical	Yes
Exhaust Fan	Yes
Fences & Gates	No
Floor Coverings-exterior	No
Flooring (Vinyl)	Yes
Gutters & Downspouts	Yes
Heat Pumps (<i>Through the wall</i>)	Yes
Metal Drop Shades	No
Modesty Panels	No
Patio Slab Revision	No
Patio Wall Revision	No
Plumbing (Minor)	No
Plumbing (New or Relocation)	Yes
Shower to Shower	Yes
Sliding Glass Door (<i>retrofit</i>)	Yes
Soft Water System	Yes
Soft Water System	
<i>If connected to Water Heater</i>	Yes
Storage Cabinets (<i>Carport</i>)	No
Shades Roll-up	No
Tub to Shower	Yes
Washer and Dryer	Yes
Water Heater Relocation	Yes
Windows (<i>retrofit</i>)	Yes

ALTERATION FEES BASED ON VALUATION			
Alteration Type			City Permit Required
Bathroom Addition, Split			Yes
Central Heating & Air-new			Yes
Covers (<i>atrium, balcony, patio</i>) <i>Replace or New</i>			Yes
Doors (New)			Yes
Sliding Glass Doors-New			Yes
French Doors (New)			Yes
Man Doors (New)			Yes
Enclosures Atrium/Balcony/Patio			Yes
Garden Room/ Solarium			Yes
Room Addition			Yes
Skylights			Yes
Solatubes			Yes
Solar Panels			Yes
Wall Revisions			Yes
Windows (<i>New Construction</i>)			Yes
Unauthorized Alteration Fee			\$300
\$150 VARIANCE PROCESSING FEE			
INSPECTION FEES			
ESTIMATED VALUE OF ALTERATION			FEE
\$750 or Less			\$35
\$751	To	\$1,000	\$49
\$1,001	To	\$1,250	\$63
\$1,251	To	\$1,500	\$77
\$1,501	To	\$1,750	\$91
\$1,751	To	\$2,000	\$105
\$2,001	To	\$2,500	\$126
\$2,501	To	\$3,000	\$154
\$3,001	To	\$4,000	\$196
\$4,001	To	\$5,000	\$252
\$5,001	To	\$6,000	\$308
Over \$6,000			\$392

ATTACHMENT 3

2018 Existing Fee Schedule		
VALUATION	FEE	% of Mean
Under 750	\$35	n/a
751 to 1000	\$49	5.6%
1001 to 1250	\$63	5.6%
1251 to 1500	\$77	5.6%
1501 to 1750	\$91	5.6%
1750 to 2000	\$105	5.6%
2001 to 2500	\$126	5.6%
2501 to 3000	\$154	5.6%
3001 to 4000	\$196	5.6%
4001 to 5000	\$252	5.6%
5001 to 6000	\$308	5.6%
Over 6000	\$392	n/a

Average \$154

Proposed Inspection Fee Schedule			
VALUATION		FEE	% of Mean
Under	\$750	\$50	
\$751	\$2,000	\$77	5.6%
\$2,001	\$4,000	\$168	5.6%
\$4,001	\$6,000	\$280	5.6%
\$6,001	\$8,000	\$392	5.6%
\$8,001	\$10,000	\$504	5.6%
Above	\$10,001	\$700	n/a

Average \$310

ATTACHMENT 4

Proposed Processing Fee Increase Analyses									
Proposed \$15.00 Increase	Mutual Consent Processing Fee	Avg. # Annual Mutual Consent Applications	Projected # Annual Demo Permits	Total	Proposed \$50 Increase	Processing Fee	Avg. # Annual Variance Applications	Total	
Current	\$35	2032	355	\$83,531.00	Current	\$150.00	70	\$ 10,500	
Proposed	\$50	2032	578	\$130,494.72	Proposed	\$150.00	70	\$ 10,500	
Sub-Total Revenue Increase				\$46,963.72	Sub-Total Revenue Increase				\$ -

	Avg. Inspection Fee	Estimated Avg # Inspection Fees Charged	Total Inspection Fee Revenue
Current Average Inspection Fee	\$215	488	\$ 126,737
Proposed Average Inspection Fee	\$310	488	\$ 151,234

2018 Total Estimated Revenue	\$	220,768
2018 Total Estimated Administrative Costs	\$	414,428
2018 Net Expense	\$	(193,660)
2019 Total Estimated Proposed Revenue	\$	292,229
2019 Total Estimated Administrative Costs	\$	423,133
2019 Net Expense	\$	(130,904)
Total Projected Revenue Increase	\$	71,461
Revenue Increase		32%
Administrative Cost Increase		\$8,705.55
		2.1%



Laguna Woods Village®

Alteration Fee Schedule

(PROPOSED)

Mutual Consent for alteration(s) fee schedule

For items not listed, please call the Alterations Department at 949-597-4616

alterations@vmsinc.org

Visit www.lagunawoodsvillage.com for Mutual Standards and Standard Plans

All items require HOA Mutual Consent for manor alterations; city permit required as shown.

All construction, with a value of \$500 or greater, is subject to a refundable \$250 conformance deposit.

Unauthorized Alteration Fee	\$300
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Variance Processing Fee	\$150
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\$50 alteration processing fee	
Alteration Type	City Permit Required
Acoustic ceiling removal	Yes
Awnings (standard, less than 54")	No
Awnings (powered)	Yes
Air conditioner, central (replacement)	Yes
Bath tub replacement	Yes
Block walls (less than 4 feet high)	No
Block walls (more than 4 feet high)	Yes
Planter wall	No
Dishwasher	Yes
Doors revisions (exterior)	Yes
Electrical	Yes
Exhaust fan	Yes
Fences and gates	No
Floor coverings (exterior)	No
Flooring (vinyl)	Yes
Gutters and downspouts	Yes
Metal drop shades	No
Modesty panels (balcony)	No
Patio slab revision	No
Patio wall revision	No
Plumbing (Minor)	No
Soft water system	Yes
Soft water system (connected to water heater)	Yes
Storage cabinets (carport)	No
Shades (roll-up)	No

Inspection fees based on value	
Alteration Type	City Permit Required
Air conditioner (through the wall)	Yes
Bathroom addition (split)	Yes
Central heating & air (new)	Yes
Covers (atrium, balcony, patio) Replace or New	Yes
Doors (new)	Yes
Enclosures atrium/balcony/patio	Yes
French doors (new)	Yes
Garden room/solarium	Yes
Heat pumps (through the wall)	Yes
Man doors (new)	Yes
Plumbing (new or relocation)	Yes
Room addition	Yes
Shower to shower	Yes
Skylights	Yes
Sliding glass doors (new)	Yes
Sliding glass door (retrofit)	Yes
Solatubes	Yes
Solar panels	Yes
Tub to shower	Yes
Wall revisions	Yes
Washer and dryer	Yes
Water heater (relocation)	Yes
Windows (new construction)	Yes
Windows (retrofit)	Yes

Inspection fee schedule	
Valuation	Fee
Less than \$750	\$50
\$750 to \$2,000	\$77
\$2,001 to \$4,000	\$168
\$4,001 to \$6,000	\$280
\$6,001 to \$8,000	\$392
\$8,001 to \$10,000	\$504
Above \$10,000	\$700



STAFF REPORT

DATE: March 4, 2019
FOR: Maintenance and Construction Committee
SUBJECT: Supplemental Funding for the 2019 Fumigation Program

RECOMMENDATION

Authorize a supplemental appropriation in the amount of \$41,709 to be funded from the Unappropriated Expenditures Fund, to be used in addition to the annual operating budget to provide whole structure fumigation and hotel accommodations during the 2019 Fumigation Program at an estimated total program cost of \$269,733.

BACKGROUND

In accordance with Resolution 03-12-138, termite inspections are performed annually by staff and a third-party pest control contractor. Inspections in 2018 revealed that 50 building structures within Third Laguna Hills Mutual are in need of fumigation by whole structure tenting in order to eliminate the identified termite infestations and protect the structural integrity of each affected building. Out of the 50 building structures requiring fumigation, 21 are categorized as high priority; however, all 50 building structures were found to have active drywood termites during inspections in 2018.

DISCUSSION

The number of buildings requiring whole structure tenting varies each year and is unknown at the time the budget is adopted. Although the 2019 budget was originally proposed at \$286,756, deliberations during the budget review process reduced this budget to \$228,024, an amount equal to the three-year historical average. Based on current pricing, the operating budget will only cover 40 fumigations and related accommodations.

To proceed with the necessary pest control treatments this year of all 50 building structures, which encompass 223 units and 2 laundry rooms, supplemental funding will be required.

FINANCIAL ANALYSIS

A supplemental appropriation in the amount of \$41,709 to be funded from the Unappropriated Expenditures Fund is required, in addition to the adopted annual operating budget of \$228,024, to provide whole structure fumigation and hotel accommodations during the 2019 Fumigation Program, with \$204,858 planned for the fumigation of 50 building structures and \$64,875 for the lodging of residents in 223 units.

Prepared By: Velny Soren, Maintenance Operations Manager

Reviewed By: Melody Thomas, Maintenance Programs Coordinator
Ernesto Munoz, P.E., Maintenance and Construction Director
Betty Parker, CFO