



REGULAR MEETING OF THE UNITED REVENUE AD HOC COMMITTEE*

**Thursday, September 26, 2024 – 1:30 p.m.
24351 El Toro Road, Laguna Woods, California
Cypress Room/Virtual Meeting**

Laguna Woods Village owners/residents are welcome to participate in all open committee meetings and submit comments or questions regarding virtual meetings using one of two options:

1. Join the Committee meeting via a Zoom link at: <https://us06web.zoom.us/j/85040223813> or by calling 669-900-6833 Access Code: 85040223813
2. Via email to meeting@vmsinc.org any time before the meeting is scheduled to begin. Please use the name of the committee in the subject line of the email. Name and unit number must be included.

NOTICE OF MEETING AND AGENDA

This Meeting May Be Recorded

The purpose of this meeting is to discuss the desired goals of the Ad Hoc Committee and to open discussion on revenue generating ideas.

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1. Call Meeting to Order/Establish Quorum – Director Anthony Liberatore
 2. Acknowledgement of Media
 3. Approval of the Agenda
 4. Approval of Meeting Report for September 11, 2024
 5. Chair Remarks
 6. Member Comments (Items not on the Agenda)
At this time Members only may address the Board of Directors regarding items not on the agenda and within the jurisdiction of this Board of Directors. The Board reserves the right to limit the amount of time allotted for the Open Forum.
 7. Items for Discussion and Consideration
 - a. Revenue Generating Ideas Recommendation

Anthony Liberatore, Chair
Steve Hormuth, Staff Officer
Telephone: 949-597-4201

Concluding Business

8. Committee Member Comments
9. Date of Next Meeting – None (End of 90 day duration)
10. Adjournment

*A quorum of the United Board or more may also be present at the meeting.



REVENUE AD HOC COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Wednesday, September 11, 2024 –9:30 a.m.
Hybrid Meeting

DIRECTORS PRESENT: Anthony Liberatore – Chair, Nancy Carlson
DIRECTORS ABSENT: Vidya Kale
ADVISORS PRESENT: Richard Rader
STAFF PRESENT: Steve Hormuth, Karina Vargas
OTHERS PRESENT: United – Alison Bok, Mickie Choi Hoe

Call Meeting to Order/Establish Quorum – Director Anthony Liberatore

Director Anthony Liberatore, chaired and called the meeting to order 9: 30 a. m. after declaring quorum.

Acknowledgment of Media

The meeting was made available via Zoom for members of the community to participate virtually.

Approval of the Agenda

A motion was made to approve the agenda as presented. Hearing no objections, the motion to approve the agenda passed unanimously.

Approval of Meeting Report for August 29, 2024

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

Chair Remarks

Director Liberatore emphasized this meeting as the second to the last to conform with the board's 90-day timeline. Director Liberatore is hopeful the committee will be able to package a report of revenue generating ideas to the board by the end of the committee.

Member Comments (Items not on the Agenda)

None.

Items for Discussion and Consideration

- a) Bingo – Staffs Response from Recreation (Oral Update) – Steve Hormuth, Director of Financial Services informed members of the current Bingo Clubs existence and further explained that at this time there is nothing preventing the committee from pursuing this revenue generating source, however there will need to be further discussion with legal counsel and the board. The limitations staff anticipates are with respects to rollover reservations and room availability.

Director Bok expressed her concerns over the legality associated with Bingo as well as licensing and regulations.

Advisor Rader suggested the committee familiarize with the rules and regulations of the state and county.

Staff clarified that a staff report will be provided on the 26th with recommendations for the committee to vote on.

- b) Rental Fees – Director Carlson introduced President Bok to detail her findings on rental fees. Director Bok provided historical data detailing the percentage of subleased units throughout United Mutual, a list of functions of hypothetical services provided from the management company and possible concerns associated with the management company.

Future Agenda Items

- Ad Hoc Committee Approval of Revenue Generating Ideas

Committee Member Comments

Director Carlson expressed her concerns over the Foundation and legacy idea being dismissed. Director Bok clarified that although legal did not fully address question regarding the infrastructure fund, it is not a transfer fee. Advisor Rader asked staff to clarify what proposals would be voted on specifically. Staff informed committee members that the staff report would include the following four recommendations to be voted on: Bingo, Rental Fees, Foundation and an Infrastructure Fee.

Date of Next Meeting

Thursday, September 26, 2024 at 1:30 p. m.

Adjournment

The meeting was adjourned at 10:30 a.m.

DRAFT

Anthony Liberatore, Chair



STAFF REPORT

DATE: September 26, 2024
FOR: Revenue Ad Hoc Committee
SUBJECT: Revenue Generating Ideas Recommendation

RECOMMENDATION

Review and endorse the following four revenue source ideas and submit to board for approval:

- 1) Rental Fee
- 2) Infrastructure Fee
- 3) United Foundation
- 4) Bingo

BACKGROUND

On June 11, 2024 the United Laguna Woods Mutual Board of Directors approved the formation of a 90-day ad hoc committee to research and investigate revenue sources. The approved mission statement reads this ad hoc committee shall investigate and research nonprofit revenue sources, cost savings and efficiencies. Furthermore, through discussion and debate organize its research and present its findings in a structured, organized fashion to the full board in a period to end 90 days after its initial meeting.

DISCUSSION

The Revenue Ad Hoc Committee met in open session several times throughout the 90-day period and after taking input from committee members, the committee advisor, United board members, and United members at large, the committee directed staff to prepare a report describing the four ideas with the greatest possible chance of successful implementation. Each idea requires board approval before further research is conducted and a review by United's legal counsel is encouraged to ensure the proposed ideas do not conflict with state and federal regulations.

1) Rental Fee

The proposed revenue generating idea would require United members interested in sub-leasing their manors, to work with a property manager designated by the United Board. The rental property manager would provide services including advertisement, screening, lease signing, account set-up and rent collection. The revenue source would involve the member paying a rental fee equal to 10% of rent, plus the potential for other fees for additional services. The rental fee would be a negotiated split between the rental property manager and the mutual.

2) Infrastructure Fee

The new infrastructure fee proposal assumes a fixed amount would be assessed to the buyer during the sale of a manor with the proceeds deposited in the corporation's reserve fund. The fee proceeds are an investment into the community with a purpose to provide

for the repair, restoration, replacement or maintenance of structural elements and mechanical equipment within the mutual, including, but not limited to, replacement of designated appliances, roofs, paving, laundry equipment, walls, vertical lifts and windows.

Applying an infrastructure fee has two major advantages. It would not increase the United Total Basic Assessment paid by members and it can provide a substantial income source for the reserve fund on a yearly basis.

3) United Foundation

The establishment of a foundation creates opportunities for private donors and corporations to leave an enduring legacy. Including a member's manor in their estate planning and leaving it to the foundation can make a difference in the lives of those living in the community. Similarly, strategic partnerships with businesses may allow for corporate giving to the foundation. Such gifts would better the community by targeting specific reserve projects within the community.

4) Bingo

Launching regularly occurring bingo events offers an opportunity to generate steady revenue while fostering a sense of community and engagement amongst United residents. The proposal to host bingo events would generate revenue through entry fees. Residents and their guests purchase game cards for the opportunity of winning prizes. Further research into this proposal would require venue identification and scheduling along with obtaining local permits and licenses to legally operate a bingo game. It should be noted that this proposal for United bingo events is independent of the existing Bingo Club.

FINANCIAL ANALYSIS

A Board approval and favorable opinion from legal counsel of the four-revenue proposals may contribute in excess of \$2,000,000 annually for the United Laguna Woods Mutual Reserve Fund based on the assumptions in the table below. Furthermore, the details below are anticipated revenues only, a cost analysis will be performed pending approval of the revenue proposals.

Revenue Proposal	Amount	Assumptions
1) Rental Fee	\$810,000	500 rentals, 10% rental fee, \$2.7K rent, 50/50 fee split
2) Infrastructure Fee	750,000	375 annual resales, \$2,000 fee per sale
3) United Foundation	500,000	2-3 legacy gifts through estate planning and 5 corp. gifts
4) Bingo	52,000	\$20 per game, 50 participants, weekly games
Total	\$2,112,000	

Prepared By: Steve Hormuth, Director of Financial Services

Reviewed By: Jose Campos, Assistant Director of Financial Services
Karina Vargas, Financial Services Administrative Assistant