



GOLDEN RAIN Foundation of LAGUNA WOODS



Newsletter



Introduction

GRF and every resident of Laguna Woods Village has an ongoing vested interest in the well-being of the community and the public image it projects. GRF wishes to defend the reputation of Laguna Woods Village and

the property interests of each and every resident. GRF desires to foster a positive and truthful representation of this community.

Frequently Asked Questions: The Employee Incentive Plan

“What was the Incentive Plan for employees of the Managing Agent of Laguna Woods Village?”

The Incentive Plan was a program that allowed the managing agent of Laguna Woods Village to reward employees who created savings that would not exist without their extra effort and ingenuity. The Plan saved money and improved service to the Village residents.

“Did the GRF Board know about the Incentive Plan?”

The incentive plan was shared with GRF (and the other mutuals’) directors every year since its inception in 1996 in an executive session meeting of each board, typically by the human resources director, as part of the annual presentation to the Boards on the Agent’s compensation and benefits programs. The incentive plan was also discussed in more detail with the board presidents every year.

“Where did the money come from to pay these incentive bonuses?”

Employees were paid only when they achieved savings, and only if the year-end results were under budget.

Each year, the managing agent tallied the net savings achieved by the GRF and the other mutuals as a result of the extra effort and ingenuity and applied 30% of the total toward employee compensation. The other 70% of the savings benefited the Village and was used to offset future increases in assessments or was added to the reserves.

The managing agent only paid its employees for the first year of savings; in subsequent years, if the employee’s ingenuity resulted in

ongoing cost savings, those cost savings were included in the budget and went entirely to the community.

“How much did the Agent’s Plan cost residents?”

The Plan did not cost the community anything extra because bonuses were paid out of the existing budget and only from the savings achieved. Incentive bonuses were paid at the end of the year only if savings were achieved and the employee could demonstrate ingenuity that effected savings and the entire year-end expenses came in under budget.

“How much money has the community saved overall as a result of the employee Plan?”

The amount of savings varied widely year-to-year, as did the incentive bonuses. Since the program was established in 1996, innovative ideas to create efficiencies implemented by the Agent’s employees have saved Laguna Woods Village over \$35,000,000. The average monthly savings are therefore nearly \$16 per manor per month. Incentive bonuses were based only on savings in the first year, even though the benefit to the community continues.

“How can I be sure that nothing criminal was going on with the Plan?”

GRF has heard that residents have requested investigations from the Federal Bureau of Investigations and the Internal Revenue Service, but no agency other than the Orange County District Attorney’s office has contacted the Boards or the managing agent on this matter. The managing agent was fully cooperative with the OCDA, and GRF’s legal counsel supplied all the requested documentation to the District Attorney. No wrong-doing or malfeasance was revealed.

Furthermore, the bonus payments were included in the annual financial audits of the Village’s corporations every year.

“I still have questions. How can I get more information?”

- You can write to your GRF Board members c/o the Community Center: PO Box 2220, Laguna Hills, CA 92654.
- Call and leave a message for the GRF Board at (949) 597-4262.
- The Village website is an invaluable source of community information. Go to www.lagunawoodsvillage.com for “Setting the Record Straight”, a central location for clarification on “hot-button” issues.