

# **LANBLA, LLC**

## **7th Annual Offsite Review**

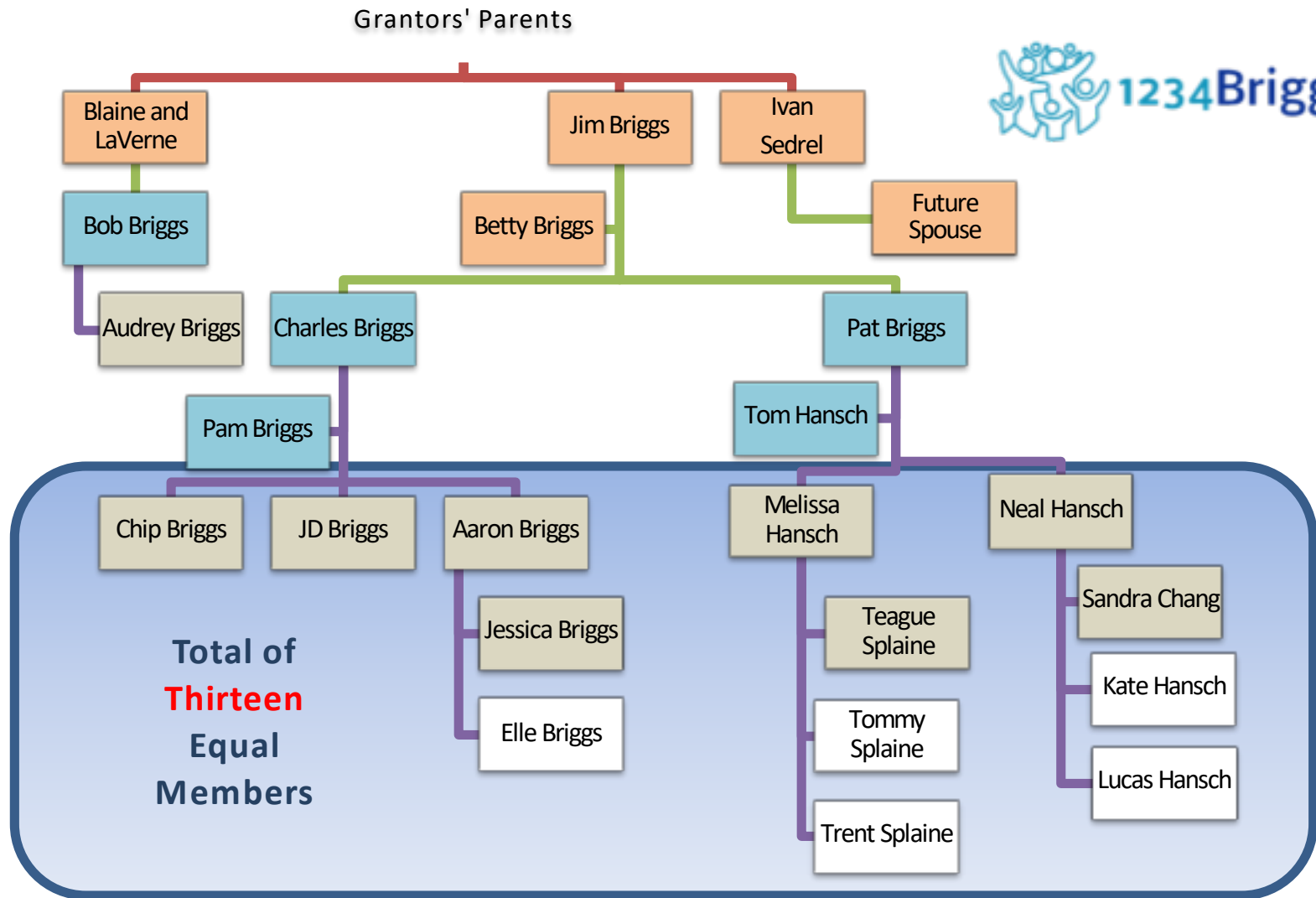


**South Lake Tahoe**  
**July 2018**

# Agenda

- Membership Update
- Status of Investments
- Valuations & Cash Flows
- Day to Day Operations
- Charitable Giving

# LANBLA Members in 2018



# Quarterly Distributions 2018 YTD

Name and Vesting	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Special	Total
<b>102 - Rancho Yorba Partnership</b>						ACH
94200 Limited Partner	6,804.00	6,804.00				13,608.00
<b>103 - Santa Clara East Partnership</b>						ACH
94200 Limited Partner	14,706.00	14,706.00				29,412.00
<b>108 - Laguna Niguel Office Center</b>						ACH
94200 Limited Partner	8,052.63	8,052.63				16,105.26
<b>119 - Phoenix Investors #4</b>						ACH
94200 Limited Partner	6,293.70	6,293.70				12,587.40
<b>187 - Houston Fitness Inv. LP</b>						ACH
94200 Limited Partner	155.26	155.26				310.52
<b>Totals for 5 Investments</b>	<b>36,011.59</b>	<b>36,011.59</b>				<b>72,023.18</b>

\* Does NOT include BLA&LA distributions.

# Cash & Tax Summary for CY 2017

Project	CASH FLOW			FEDERAL TAX CONSEQUENCES		
	Contributions	Operating Distributions	Sale Proceeds	Operating Tax. Income (Loss)	Gain On Sale Ordinary Income	Capital Gain
102 Rancho Yorba Partnership	\$0.00	\$27,216.00	\$0.00	(\$4,962.00)	\$0.00	\$0.00
103 Santa Clara East Partnership	\$0.00	\$61,146.00	\$0.00	(\$5,536.00)	\$0.00	\$0.00
108 Laguna Niguel Office Center	\$0.00	\$28,421.04	\$0.00	(\$15,750.00)	\$0.00	\$0.00
115 BLA & LA - 32nd Street	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
119 Phoenix Investors #4	\$0.00	\$25,174.80	\$0.00	\$607.00	\$0.00	\$0.00
131 BLA & LA, LLC - Scottsdale	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
140 Phoenix #26 - Union Hills, LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
181 Prescott Investors No. 1, LLC	\$6,625.00	\$0.00	\$0.00	(\$8,736.00)	\$0.00	\$0.00
187 Houston Fitness Inv. LP	\$0.00	\$639.04	\$0.00	\$588.00	\$0.00	\$0.00
240 BLA & LA - 99th Ave.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Totals</b>	<b>\$6,625.00</b>	<b>\$142,596.88</b>	<b>\$0.00</b>	<b>(\$33,789.00)</b>	<b>\$0.00</b>	<b>\$0.00</b>

# Tax Results CY 2017

Schedule K-1  
(Form 1065)  
Department of the Treasury  
Internal Revenue Service

**2017**  
For calendar year 2017, or tax year

Final K-1  Amended K-1  OMB No. 1545-0122

Partner's Share of Income, Deductions, Credits, etc. ▶ See separate instructions.

beginning  ending

Part I Information About the Partnership	Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items												
<b>A</b> Partnership's employer identification number 26-0353482	<b>1</b> Ordinary business income (loss) 0.												
<b>B</b> Partnership's name, address, city, state, and ZIP code  LANBLA, LLC 731 DOUGLASS STREET SAN FRANCISCO, CA 94114	<b>2</b> Net rental estate income (loss) 4,881.												
<b>C</b> IRS Center where partnership filed return E-FILE	<b>3</b> Other rental income (loss)												
<b>D</b> <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	<b>4</b> Guaranteed payments												
<b>Part II Information About the Partner</b>	<b>5</b> Interest income 305.												
<b>E</b> Partner's identifying number 513-78-3791	<b>6a</b> Ordinary dividends 178.												
<b>F</b> Partner's name, address, city, state, and ZIP code  NEAL T HANSCH 731 DOUGLASS STREET SAN FRANCISCO, CA 94114	<b>6b</b> Qualified dividends A -339.												
<b>G</b> <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member	<b>7</b> Royalties												
<b>H</b> <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	<b>8</b> Net short-term capital gain (loss)												
<b>I1</b> What type of entity is this partner? <u>INDIVIDUAL</u>	<b>9a</b> Net long-term capital gain (loss) 237.												
<b>I2</b> If this partner is a retirement plan (IRA/SEP/Keogh/401k), check here <input type="checkbox"/>	<b>9b</b> Collectibles (28%) gain (loss)												
<b>J</b> Partner's share of profit, loss, and capital:	<b>9c</b> Unrecaptured sec. 1250 gain												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Beginning</th> <th>Ending</th> </tr> </thead> <tbody> <tr> <td>Profit</td> <td>7.6923100%</td> <td>7.6923100%</td> </tr> <tr> <td>Loss</td> <td>7.6923100%</td> <td>7.6923100%</td> </tr> <tr> <td>Capital</td> <td>7.6923100%</td> <td>7.6923100%</td> </tr> </tbody> </table>		Beginning	Ending	Profit	7.6923100%	7.6923100%	Loss	7.6923100%	7.6923100%	Capital	7.6923100%	7.6923100%	<b>10</b> Net section 1231 gain (loss) A 483. B 49.
	Beginning	Ending											
Profit	7.6923100%	7.6923100%											
Loss	7.6923100%	7.6923100%											
Capital	7.6923100%	7.6923100%											
<b>K</b> Partner's share of liabilities at year end:	<b>11</b> Other income (loss)												
Nonrecourse \$ 47,129.	<b>12</b> Section 179 deduction												
Qualified nonrecourse financing \$ 324,952.	<b>13</b> Ordinary deductions A 11,538. B 1,628.												
Recourse \$ 0.	<b>14</b> Self-employment earnings (loss) A 0.												
<b>L</b> Partner's capital account analysis:	*See attached statement for additional information.												
Beginning capital account \$ 76,289.	<div style="border: 2px solid red; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center;"> <span style="font-size: 2em; font-weight: bold;">0.</span> </div>												
Capital contributed during the year \$													
Current year increase (decrease) \$ -11,491.													
Ending capital account \$ 64,798.													

# Our Portfolio As of 12/31/17

Project	Current %	Date Acquired	Orig. Cost (Pur.Price)	Current Net Value*	Encumbrance	Equity
102 Rancho Yorba Partnership	32.40000	12/22/1997	\$590,133	\$1,098,923	(\$635,333)	\$463,591
103 Santa Clara East Partnership	38.70000	12/22/1997	\$1,237,217	\$2,304,218	(\$1,332,133)	\$972,084
108 Laguna Niguel Office Center	11.84210	2/1/2008	\$1,232,598	\$1,099,458	(\$591,517)	\$507,941
115 BLA & LA - 32nd Street	11.33460	10/28/2016	\$510,057	\$525,472	(\$324,117)	\$201,355
119 Phoenix Investors #4	19.98000	12/22/1997	\$531,083	\$988,368	(\$571,463)	\$416,905
131 BLA & LA, LLC - Scottsdale	11.33460	10/15/1996	\$1,015,454	\$1,582,877	(\$64,237)	\$1,518,640
140 Phoenix #26 - Union Hills, LLC	10.76787	12/17/2014	\$1,306,930	\$1,349,214	(\$835,629)	\$513,585
181 Prescott Investors No. 1, LLC	5.00000	5/1/2009	\$15,700	\$312,390	(\$188,488)	\$123,902
187 Houston Fitness Inv. LP	0.15000	11/1/2005	\$24,810	\$32,931	(\$19,031)	\$13,900
240 BLA & LA - 99th Ave.	11.33460	9/15/2016	\$0	\$969,108	(\$531,823)	\$437,285
<b>Total for: LANBLA LLC</b>			<b>\$6,463,982</b>	<b>10,262,959</b>	<b>(\$5,093,771)</b>	<b>\$5,169,189</b>

# Our Portfolio As of 12/31/16

Project	Current %	Date Acquired	Orig. Cost (Pur.Price)	Current Net Value*	Encumbrance	Equity
102 Rancho Yorba Partnership	32.40000	12/22/1997	\$590,133	\$1,083,540	(\$642,431)	\$441,109
103 Santa Clara East Partnership	38.70000	12/22/1997	\$1,237,217	\$2,271,959	(\$1,347,018)	\$924,941
108 Laguna Niguel Office Center	11.84210	2/1/2008	\$1,232,598	\$1,074,498	(\$598,648)	\$475,850
119 Phoenix Investors #4	19.98000	12/22/1997	\$531,083	\$974,525	(\$577,842)	\$396,683
131 BLA & LA, LLC - Scottsdale	11.33460	10/15/1996	\$1,015,454	\$1,580,723	(\$137,376)	\$1,443,347
181 Prescott Investors No. 1, LLC	5.00000	5/1/2009	\$15,700	\$331,835	(\$188,488)	\$143,347
187 Houston Fitness Inv. LP	0.15000	11/1/2005	\$24,810	\$32,925	(\$17,942)	\$14,983
115 BLA & LA - 32nd Street	11.33460	10/28/2016	\$510,057	\$527,739	(\$331,388)	\$196,351
240 BLA & LA - 99th Ave.	11.33460	9/15/2016	\$0	\$969,108	(\$542,343)	\$426,765
140 Phoenix #26 - Union Hills, LLC	10.76787	12/17/2014	\$1,306,930	\$1,349,214	(\$851,313)	\$497,901
<b>Total for: LANBLA LLC</b>			<b>\$6,463,982</b>	<b>10,196,067</b>	<b>(\$5,234,788)</b>	<b>\$4,961,279</b>

# Market Outlook – As of Mid-2017

## Greenwood & McKenzie REAL ESTATE INVESTMENTS

We are currently responsible for the asset and property management of 77 properties, 37 in California, 31 in Arizona and 9 in Texas. The total square footage of all the buildings is 4,219,319. We are also involved in one 10.88 acre Phoenix land development project, one in Prescott totaling 800 acres and three in California totaling 103 acres. In addition, we are involved in nine loans totaling \$21,792,582 in the Phoenix area, Prescott and Texas. The estimated fair market value of all the projects is about \$1,000,000,000 with an estimated net equity of about \$550,000,000.

We manage four multi-tenant office buildings in Orange County, one in San Bernardino and three single-tenant and two multi-tenant office buildings in Indian Wells. The Orange County buildings total 60,050 square feet (“sq.ft”), of which suites totaling 1,300 sq.ft., or 2.2%, are vacant. The San Bernardino building contains 70,585 sq.ft., of which 6,883 sq.ft., or 9.75%, is vacant. The five Indian Wells buildings total 74,869 sq.ft., of which 1,675 sq.ft., or 2.2%, is vacant.

# Market Outlook (cont'd)

The Phoenix market continued to improve in 2017. We sold the last two Sky Harbor lots and a single-tenant office building owned by one of our investors. We completed the lease up of the Willis multi-tenant industrial project and made good progress on leasing up the Cave Creek 101 multi-tenant industrial project.

The budgeted distributions this year remain the same as last year for 14 of our partnerships/L.L.C.'s, have increased for 17 and have decreased for 9.

or 59%. We are working with Jim Chamberlain ("JC") to develop a third multi-tenant industrial project containing 57,300 sq.ft. that is located just to the north of Cave Creek 101. Construction just started and the project should be completed by the end of the year. JC and his team continue to make good progress on the development of our three Prescott properties.

# Wells Fargo Building ('18)

As a reminder, with regard to P#22, the Wells Fargo ("WF") lease expires at the end of 2019. After submitting our proposals to WF per its request, as pointed out in my April 6<sup>th</sup> memorandum, WF finally responded last month with a counter proposal for a five-year extension that was so far off the mark that it actually would result in a rent reduction. Brad Anderson, a very good CBRE broker that represents Leo Bauman of WF, told our broker, Mike Garlick, that he agreed that it was a very one-sided response. We plan on going back to WF with a slightly modified version of our original proposal next week.

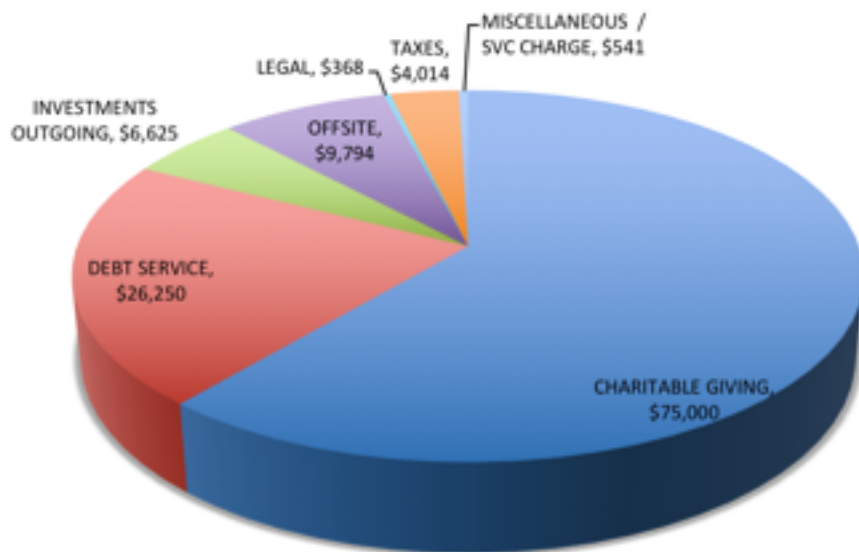
WF has an option to extend the lease for a five-year term at 95% of the then prevailing market rent. WF must exercise its option between January 1, 2019 and June 30, 2019, or it loses its option right. Our market area is the strongest in all of Phoenix, with only a 5% vacancy factor. While we hope that we can reach an agreement with WF, we feel confident that we can obtain a new tenant, or tenants, to lease the building – possibly for a ten-year term.

# BLA & LA LLC - ½ of Portfolio Value

- Completed the buy-in on BLA&LA LLC in early 2011
  - Purchase partial ownership into BLA & LA LLC (fmrly B&S Partnership), which at the time held full ownership of two LA FITNESS club buildings in Arizona.
  - LANBLA originally purchased 6% ownership of this portfolio
  - LANBLA signed a promissory note to pay back Grandpa Jim with a 5% annual interest rate (~ \$7,500 per quarter), transitioned to Chuck & Pat
  - Bought more in December (\$200k) same year and then again in June (\$440k) of the following year

# Partnership Cash Flows – 2017

**LANBLA  
EXPENSES 2017**



<b>INVESTMENT INCOME</b>	<b>\$241,718</b>
<b>ANNUAL EXPENSES</b>	
CHARITABLE GIVING	\$75,000
DEBT SERVICE	\$26,250
INVESTMENTS OUTGOING	\$6,625
OFFSITE	\$9,794
LEGAL	\$368
TAXES	\$4,014
MISCELLANEOUS / SVC CHA	\$541
	<b>\$122,592</b>

# Wells Fargo Account – As of July '18

## Activity Summary

<u>Ending collected balance</u>	as of 07/02/18	\$227,295.73
<u>Current posted balance</u>		\$227,295.73
Pending withdrawals/debits		-\$3,750.00
Pending deposits/credits		\$0.00
<b>Available balance</b>		<b>\$223,545.73</b>

# New Account: O.N. Equity



LANBLA, LLC  
731 DOUGLASS ST  
SAN FRANCISCO CA 94114-3150

Your Account Executive:  
AARON BRIGGS  
(208) 853-4600

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## Portfolio at a Glance

	This Period	Year-to-Date
<b>BEGINNING ACCOUNT VALUE</b>	\$27,458.28	\$0.00
Deposits (Cash & Securities)	0.00	26,116.15
<b>Adjusted Previous Account Value</b>	27,458.28	26,116.15
Dividends, Interest and Other Income	198.08	1,386.19
<b>Net Change in Portfolio<sup>1</sup></b>	660.00	814.02
<b>ENDING ACCOUNT VALUE</b>	<b>\$28,316.36</b>	<b>\$28,316.36</b>
Estimated Annual Income	\$2,376.19	

<sup>1</sup> Net Change in Portfolio is the difference between the ending account value and beginning account value after activity.

## Asset Summary



Percent	Asset Type	Prior Year-End	This Period
7%	Cash, Money Funds, and Bank Deposits	0.00	1,965.86
93%	Mutual Funds	0.00	26,350.50
100%	<b>Account Total (Pie Chart)</b>	<b>\$0.00</b>	<b>\$28,316.36</b>

Please review your allocation periodically with your Account Executive.



# Fuller Foundation – Donor Advised Fund



Account Summary	Current Period	Year to Date
<b>Beginning Balance (May 1, 2018)</b>	<b>\$28,831.95</b>	<b>\$29,071.66</b>
Contributions	\$0.00	\$0.00
Grant Distributions	\$0.00	\$0.00
Change in Investment Value	\$298.69	\$155.23
Administrative Fees	(\$24.66)	(\$120.91)
Other Activity	\$0.00	\$0.00
<b>Ending Balance (May 31, 2018)</b>	<b>\$29,105.98</b>	<b>\$29,105.98</b>

# Example Quarterly Deposit

## Posted Transactions

⊕ 07/03/18	BILL PAY Pat Hansch RECURRING No Account Number ON 07-03		\$3,750.00
⊕ 06/15/18	SANTA CLARA EAST PAYMENTS 180610 94200 LANBLA, LLC	\$14,706.00	
⊕ 06/15/18	LAGUNA NIGUEL OF PAYMENTS 180610 94200 LANBLA, LLC	\$8,052.63	
⊕ 06/15/18	RANCHO YORBA PAYMENTS 180610 94200 LANBLA, LLC	\$6,804.00	
⊕ 06/15/18	PHX INV #4 PAYMENTS 180610 94200 LANBLA, LLC	\$6,293.70	
⊕ 06/15/18	HOUSTON FITNESS PAYMENTS 94200 LANBLA, LLC	\$155.26	
⊕ 05/29/18	BILL PAY Charles Briggs RECURRING xxxxx76204 ON 05-29		\$3,750.00
⊕ 05/11/18	CLIENT ANALYSIS SRVC CHRG 180510 SVC CHGE 0418 000003191561657		\$3.65
⊕ 04/30/18	CHECK # 2096 		\$800.00
⊕ 04/11/18	CHECK # 2095 		\$3,340.00
⊕ 04/11/18	CLIENT ANALYSIS SRVC CHRG 180410 SVC CHGE 0318 000003191561657		\$3.03
⊕ 04/10/18	BLA & LA LLC BILL PMT 040918 3191561657 LANBLA LLC	\$20,572.30	
<b>Totals</b>		<b>\$56,583.89</b>	<b>\$11,646.68</b>

# Use of Cash Flows

- Distributions to Charity and Members
  - Historic policy was to make charitable donations according to guidelines
    - Fuller Foundation – 75% (decreasing 2% per year)
    - CY2017 donated **\$75K** to Scripps Foundation Briggs Rehab
    - Always welcome and look fwd to specific requests from Blaine to direct donation funds!
- Goal continues to be to build cash reserves
  - Establish reserve to address need for unexpected capital contributions (ie. “rainy day”) from investments
  - Still targeting ~\$300k reserve balance over next 10 years
  - Expenses est @ \$25K for annual legal, accounting & off-site
  - Past tax blips (2015) where cut checks for ~ \$80K to cover liability

# Scripps Encinitas Hospital Rehab Center

- Blaine & LaVerne began supporting back in 2004
- Leader in many kinds of rehabilitation, including helping military veterans
- Nationally recognized rehabilitation center, military brain injury day treatment center

