

## SPECIAL OPEN MEETING

### **MINUTES OF THE SPECIAL OPEN MEETING OF THE BOARD OF DIRECTORS OF LAGUNA WOODS MUTUAL NO. FIFTY A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**September 29, 2016**

The Board of Directors of Laguna Woods Mutual No. Fifty, a California non-profit mutual benefit corporation, met at 1:00 p.m. on Thursday, September 29, 2016 at 24055 Paseo Del Lago, Laguna Woods, California.

**Directors Present:** Ryna Rothberg-Chair, Henry Nahoum, Sy Wellikson, John Dalis

**Staff Present:** Katy Howe, Ed Presley, Alba Tucker, Valerie Martinez, Kristen Orr, Chuck Johnson

#### **CALL TO ORDER**

President Ryna Rothberg called the meeting to order at 1:10 p.m. and established a quorum.

#### **APPROVAL OF AGENDA**

By consensus the agenda was approved.

#### **2017 Business Plan/Budget for Laguna Woods Mutual No. Fifty Meeting**

Ms. Howe introduced Clint Warrell, President, and Martin McKenna, Vice President of Operations from Associa/PCM.

Ms. Howe spoke about the second version of the budget including various service levels, current and future income, and cost regarding the corporation's five operating departments. She also spoke about the current reserve funds and how they will be used in the coming year.

By consensus, the board authorized management to continue updating the 2017 budget with the following assumptions:

- HOA – Reduction in utilities costs due to equipment and lighting upgrades over the last couple years, and recent implementation of recycling by kitchen contractor. Increase in legal costs to better reflect reality of litigation.
- Administration – Increase in costs to allow for the addition of a Leasing Coordinator.
- Food Service – Reduction in costs to reflect operational changes in upcoming contract.
- Housekeeping – Small increase in costs to reflect the union and non-union salary adjustments.
- Maintenance – Increase in costs to reflect increased level of major outsourced repairs (plumbing/fire system/electrical/water remediation).

- Association Owned Unit Expenses – This item will be reflected differently than it was in past years, showing as an income item and expense item.
- Mutual Shared Operating – This item is an artifact of the previous management agreement with PCM, Inc. of Laguna Woods Village.
- Contracted Landscaping – This item assumes continued use of VMS, Inc. (Golden Rain Foundation) as the landscaping vendor.

#### Reserves Plan

- Increase to Replacement Fund contributions from \$214.00 PUPM to \$267.95 PUPM to increase the percent funded for the corporation's reserves.
- Increase to Contingency Fund contributions from \$30.00 PUPM to \$107.18 PUPM to prepare for unanticipated contingencies and fund bad debt writeoffs.

#### Assessments

- Basic assessment includes a \$10.72 PUPM increase.
- Variable assessment decrease of anywhere from \$0.52 to \$26.00 PUPM.
- Reduction in second occupancy fee from \$646.19 PUPM to \$560.00 PUPM.

Ms. Howe spoke on each specified unit assessment amount.

President Ryna Rothberg commented on the need to increase the percent funded of the Replacement Fund and discussed what funds pay for legal fees.

#### **MEMBERS' COMMENTS**

- Steve Handelman, unit 251, asked about the unit specific assessment amount.
- Nancy Hou, unit 204, spoke about the need to reduce legal costs, the need to reduce uncollectable accounts compared to 2016, and the need to increase rental income from 2016 to 2017.
- Tommy Hou, unit 204, spoke about legal costs.
- Jack Hammen, unit 662, spoke about plumbing replacements and repairs and where in the budget plumbing replacements are funded.
- Diane Lynch, unit 1160, spoke about how either a surplus or deficit impacts the association's budget the next year. She also questioned the change in food service costs.

#### **RESPONSE TO MEMBERS' COMMENTS**

Directors and the General Manager responded to Members' comments.

#### **ADJOURNMENT**

The meeting was adjourned at 2:04 p.m.

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Sy Wellikson, Secretary