

**MINUTES OF THE SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION  
2013 BUSINESS PLANNING MEETING – VERSION 1  
June 15, 2012**

The Board of Directors met on Friday, June 15, 2012 at 1:30 P.M. in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Mike Straziuso, Won Chang, Denny Welch, Rae Tso, Isabel Muennichow, Carol Moore, Dick Palmer, Lucy Shimon, Sy Wellikson, Kathryn Freshley, and John Paulus

Members Absent: None

Others Present: None

Staff Present: Jerry Storage, Betty Parker, Marcel Bradley, Kurt Rahn, Jerry Rathje, Kelly Farano, and Dan Yost

**CALL TO ORDER**

Mike Straziuso, President of the Board, declared that the meeting had been properly noticed, stated that a quorum was present, and called the meeting to order at 1:30 P.M.

**ACKNOWLEDGEMENT OF PRESS**

No press in attendance.

**MEMBER COMMENTS**

No member comments.

**REVIEW PROPOSED 2013 BUSINESS PLAN**

Discussion ensued regarding the removal of lodging from the pest control for termites budget. Director Tso made a motion to reinstate the budget for pest control lodging adding approximately \$37,000 to the General Maintenance line item. The motion was seconded by Director Welch and carried by a vote of 6-5-0 (Directors Palmer, Moore, Freshley, Paulus, and Shimon opposed).

Betty Parker, Financial Services Director, presented the proposed 2013 Business Plan – Version 1 and the following actions were taken:

**OPERATING BUDGET**

Ms. Parker indicated that the proposed Electricity budget may change in a later version based on SCE rate increase proposals that are currently under review by the California Public Utility Commission.

Ms. Parker noted that the budget for Trash may be adjusted in a future version based on the outcome of the WARE Disposal proposal.

Ms. Parker noted the Management Fee may change and will be based on published June CPI figures for Version 2.

Director Shimon made a motion to reduce the increase in Janitorial Service from 8% to 4%. The motion was seconded by Director Moore. Director Wellikson made a motion to table the motion until the end of the meeting. The motion to table was seconded and passed unanimously.

#### MUTUAL SHARED OPERATING

The Board discussed Landscape operations and the proposed increase compared to the prior budget year. Ms. Parker noted that the increase was primarily due re-establishing the services levels removed from the 2012 operating budget as well as planned adjustments for contracted union wages, union health, and workers compensation. Also, the Board discussed a potential reduction in carport cleanings from 6 cycles per year to 3 cycles per year.

Discussion ensued regarding the addition of a new position in Maintenance to address increased administrative work for moisture intrusion.

#### RESERVE CONTRIBUTIONS

Ms. Parker explained how the Replacement Reserves 30-Year Funding Plan was developed and how funding levels are determined to prevent large fluctuations for reserve contributions in future years.

Director Paulus commented on the \$1.00 PMPM increase in the Garden Villa Recreation Room Fund. Director Paulus estimated that only \$47,000 will be spent in 2012, not the \$80,922 budgeted.

Director Paulus made a motion to maintain the existing contribution of \$4.00 PMPM for the Garden Villa Recreation Room Fund. The motion was seconded by Director Moore. Director Welch made a motion to table the motion until the end of the meeting. The motion to table was seconded and passed unanimously.

At the end of the presentation, the Board voted on the following tabled motions:

Director Shimon made a motion to reduce the increase in Janitorial Service from 8% to 4%. The motion was seconded by Director Moore. Director Welch amended the motion to reduce the increase in Janitorial Service from 8% to 5%. The amendment did not receive a second. The original motion failed by a vote of 2-5-3 (Directors Shimon and Wellikson in favor).

Director Paulus made a motion to reduce the contribution to the Garden Villa Recreation Room Fund by \$1.00 PMPM. The motion was seconded by Director Moore and passed unanimously.

Director Tso made a motion to reduce the Elevator Replacement Fund contribution by \$2.00 PMPM. The motion was seconded and carried by a vote of 6-4-0 (Directors Palmer, Moore, Freshley, and Paulus opposed).

Director Tso made a motion to reduce the Unappropriated Expenditures Fund contribution by \$2.00 PMPM. Director Welch seconded the motion. Director Muennichow amended the motion to include no contribution to the Unappropriated Expenditures Fund. The amended motion was seconded by Director Welch and failed 1-9-0 (Director Muennichow in favor). The original motion to reduce the Unappropriated Expenditures Fund by \$2.00 PMPM carried by a vote of 6-5-0 (Directors Palmer, Moore, Freshley, Paulus, and Shimon opposed).

Director Tso made a motion to reduce the Disaster Fund contribution by \$15.00 PMPM. Director Welch seconded the motion and discussion ensued regarding the use of the fund and future planned expenditures. The motion carried by a vote of 6-5-0 (Directors Palmer, Moore, Freshley, Paulus, and Shimon opposed).

Ms. Parker noted that Version 2 will include updated projections for supplemental expenditures from the Disaster Fund.

Director Muennichow made a motion to decrease the Uncollectible Accounts line item by \$0.99 PMPM. The motion was seconded by Director Shimon and carried by a vote of 8-2-0 (Directors Tso and Paulus opposed).

Ms. Parker summarized changes recommended by the Board and approximated that the impact on the Mutual portion of the assessment is a decrease of approximately \$24.00 PMPM compared to Version 1 of the proposed Business Plan.

#### **COMMITTEE MEMBER COMMENTS**

The next business planning meeting of the Third Board will be July 20, 2012 at 9:30 A.M. to review Version 2.

#### **ADJOURNMENT**

The meeting was adjourned at 4:50 P.M.

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Isabel Muennichow, Secretary