

**MINUTES OF THE THIRD LAGUNA HILLS MUTUAL SPECIAL BOARD
BUSINESS PLANNING MEETING
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION
2007 BUSINESS PLANNING MEETING – VERSION 1
June 27, 2006**

The Board of Directors met on Tuesday, June 27, 2006 at 1:30 PM in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Richard Moos, Jim Matson, Phyllis Fish, Gunter Vogt, Bob Hatch, Mark Schneider, George Arnold, Dominic Burrasca

Members Absent: Larry Souza, Raymond Gros, Jim Keysor

Others Present: George Portlock –GRF; Linda Wilson, Bevan Strom – United Cheryl Walker – Laguna Woods Globe

Staff Present: Janet Price, Kurt Rahn, Jerry Rathje, Jim Dyer, Cindy Grace, Dave Smith, Marcel Bradley, Betty Parker, Dan Yost

CALL TO ORDER

Richard Moos, President of the Corporation, declared that the meeting had been properly noticed, stated that a quorum was present, and called the meeting to order at 1:30 PM.

ACKNOWLEDGEMENT OF PRESS

The Press was acknowledged in the form of Cheryl Walker of the Laguna Woods Globe.

REVIEW PROPOSED 2007 BUSINESS PLAN

Janet Price, Finance and Administration Director, presented the proposed 2007 Business Plan – Version 1.

ASSUMPTIONS

Ms. Price presented a list of Policies, Practices, Directives & Assumptions used for developing the proposed 2007 Business Plan.

OPERATING BUDGET

During the overview of the Direct Mutual Operating portion of the 2007 Budget, Ms. Price indicated that the Board may consider lowering the budget for Uncollectable Accounts. No action was taken.

Ms. Price indicated that the surplus/deficit line item would be projected and available for consideration with Version 2. Ms. Price mentioned that an estimated surplus of at least \$4.43 per manor per month could be considered in Version 2.

While reviewing the Mutual Shared Operating portion of the 2007 Budget, Ms. Price indicated that an adjustment in the Landscape Division will decrease assessments by \$0.25 per manor per month. She also noted that there will be a slight decrease per manor per month in the Maintenance Division due to the new Project Engineer position, which should be funded from reserves instead of operations.

RESERVE CONTRIBUTIONS

Ms. Price presented the Replacement Reserves 30-Year Funding Plan, which was developed by the Board, with a baseline threshold of \$2,000,000.

There was much discussion regarding copper water and waste lines, particularly on the viability of replacing lines next year. It was noted that a pilot program for copper pipe remediation has been recommended to include two Garden Villa and two LH21 style buildings. Mr. Matson brought up the contractor's recommendation to wait a few years before replacing the lines in an effort to gather more findings and recommended reducing the pilot program to one Garden Villa building. Mr. Schneider pointed out that the contractor's recommendation was limited based on the data available at that time and should not be the sole determinant when deciding whether to fund or proceed with the program. It was the consensus of the Board to discuss this matter further at the next regular M&C meeting on July 10, 2006.

Discussion ensued pertaining to the Elevator Replacement Fund. A motion was made, seconded, and defeated by the Board with two in favor (Arnold and Burrasca) and five opposed to reduce the contribution to the Elevator Replacement Fund to \$2.00 per manor per month, the same as 2006.

Following this discussion, an explanation was given regarding the General Operating Fund in comparison to the greater flexibility of the Unappropriated Expenditures Fund.

A motion was made, seconded, and defeated by the Board with one in favor (Burrasca) and six opposed to reduce the contribution to the General Operating Fund to \$16 per manor per month, the same as 2006.

ADJOURNMENT

The meeting was adjourned at 3:00 PM.

Gunter Vogt, Secretary