

**MINUTES OF THE THIRD LAGUNA HILLS MUTUAL SPECIAL BOARD
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION
2008 BUSINESS PLANNING MEETING – VERSION 1
June 27, 2007**

The Board of Directors met on Wednesday, June 27, 2007 at 1:30 PM in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Jim Matson, Richard Moos, Larry Souza, Gunter Vogt (arrived at 2:15), Bob Hatch (2:10 -3:48), Isabel Muennichow, Rich Haskell, Carol Moore, Dominic Burrasca, Raymond Gros (left at 3:48) and John Paulus.

Members Absent: None.

Others Present: George Portlock –GRF; Bevan Strom – United. Lindsey Baguio – Laguna Woods Globe

Staff Present: Milt Johns, Janet Price, Betty Parker, Jerry Storage, Jim Dyer, Dave Smith, Marcel Bradley (arrived at 2:15), Kurt Rahn, Jerry Rathje, Rob Merritt, Dan Yost and Marci Mednick.

CALL TO ORDER

Jim Matson, 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 PM.

ACKNOWLEDGEMENT OF PRESS

The Press was acknowledged in the form of Lindsey Baguio of the Laguna Woods Globe.

REVIEW PROPOSED 2008 BUSINESS PLAN

Janet Price, Finance and Administration Director, presented the proposed 2008 Business Plan – Version 1.

ASSUMPTIONS

Ms. Price presented a list of Policies, Practices, Directives & Assumptions used for developing the proposed 2008 Business Plan.

OPERATING BUDGET

Ms. Price indicated a correction in the Water/Sewer category that will result in a reduction of approximately \$8.04 per manor per month (PMPM) in Version 2.

A motion was made and seconded to use 3.00% as the inflation factor for the expenditure projections in the operating budget. The motion failed with three in favor (Haskell, Burrasca, Moore) and five opposed. The chairman asked Mr. Haskell to discuss his CPI assumptions with Ms. Price after the meeting.

A motion was made and seconded to reduce the exterior paint program by 1/12th. The motion failed with three in favor (Haskell, Burrasca, Moore) and five opposed.

Ms. Price indicated that due to the recent decision by the Board to remove earthquake coverage from the Board's insurance policy, Version 2 will include a decrease of approximately \$10.20 in insurance costs.

A motion was made and seconded to increase uncollectible accounts to \$30,000 (additional \$0.19 PMPM). The motion passed with seven in favor and three opposed (Haskell, Burrasca, Moore).

Carol Moore mentioned the need to maintain the integrity of the slopes.

A motion was made and seconded to add \$25,000 in professional fees to hire an outside consultant to review the condition of the slopes. The motion failed with three in favor (Haskell, Burrasca, and Moore) and seven opposed.

Ms. Price stated that, due to an allocation change, a reduction of \$0.82 in the General Management category will be made in Version 2.

RESERVE CONTRIBUTIONS

Ms. Price presented the Replacement Reserves 30-Year Funding Plan prepared with a baseline threshold of \$2,080,000. New legislation will require the Mutual to report funding shortfalls on a per manor basis.

Discussion ensued regarding reserve funding levels.

Chairman Matson turned the Chair over to Mr. Haskell.

Mr. Matson made a motion to reduce the estimated unit cost of Waste Lines from \$8,000 to \$2,000 due to using new technologies to reduce costs. Following discussion with staff regarding the viability of new methods, and that the costs were per building rather than per manor, the motion was withdrawn and the chair was re-assumed by Mr. Matson.

A motion was made and seconded to increase the General Operating Fund contribution from \$21 to \$24 PMPM. The motion failed with one in favor (Moss) and six opposed.

A motion was made and seconded to increase the General Operating Fund contribution from \$21 to \$31 PMPM. The motion carried with four in favor and three opposed (Haskell, Souza and Moss).

It was noted that the Maintenance and Construction Committee will review the proposed expenditures related to the Garden Villa Recreation Rooms and any changes will be included in a later version of the budget.

Ms. Price stated that after all corrections and revisions have been made in Version 2 she is estimating an increase between \$29 and \$30 in the monthly basic assessment when compared with 2007, not including return or prior years' surplus, if any.

Ms. Price noted that the operating surplus/deficit recovery would be projected and available for consideration with Version 2. She also stated that she does not anticipate the surplus to be as large as last year.

MEMBER COMMENTS

Rich Haskell (3240-A) commented on the level of reserve funding.
Allen Cohen (2391-2A) commented on the level of reserve funding.
Ray Gros, (5128) commented on the items included in the monthly assessments.
Elliot Nesvig (2392-3H) commented on the cooling system in the Garden Villa Recreation room.

DIRECTOR'S FORUM

The Chair announced that all business had been addressed and therefore cancelled the Version 1 Meeting B scheduled for July 6, 2007. The next meeting of the Board to review Version 2 of the proposed business plan will be July 24, 2007 at 9:00 A.M.

ADJOURNMENT

The meeting was adjourned at 4:15 PM.

Isabel Muennichow, Secretary