

**MINUTES OF THE THIRD LAGUNA HILLS MUTUAL
SPECIAL BOARD MEETING
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION
2008 BUSINESS PLAN – VERSION 2
July 24, 2007**

The Board of Directors met on Tuesday, July 24, 2007 at 9:00 A.M. in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Jim Matson, Bob Hatch, Larry Souza, Isabel Muennichow (arrived 9:17 A.M.), Richard Moos, Raymond Gros (arrived 9:10 A.M.), John Paulus, Gunter Vogt, Rich Haskell and Dominic Burrasca

Members Absent: Carol Moore

Others Present: Mark Schneider – GRF
Lindsey Baguio – Laguna Woods Globe

Staff Present: Milt Johns, Janet Price, Betty Parker, Jerry Storage, Jim Dyer, Marcel Bradley, Dave Smith, Kurt Rahn (9:45 -9:55), Scott Dunham, 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 9:00 A.M.

ACKNOWLEDGEMENT OF PRESS

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

MEMBER COMMENTS

Marsha Diamond (5465-A) asked if this was the forum to discuss landscape requests and Mr. Matson advised her of the appropriate meeting.

REVIEW PROPOSED 2008 BUSINESS PLAN – VERSION 2

Janet Price, Finance and Administration Director, presented the proposed 2008 Business Plan – Version 2 and noted a summary of changes totaling a decrease of \$15.59 per manor per month (PMPM) from Version 1. Ms. Price also noted that the total proposed basic assessment is a \$22.99 increase PMPM.

A motion was made and seconded to decrease the CPI inflation factor used in the Business Plan from 4% to 3%. The motion was defeated by a vote of six opposed and two in favor (Haskell, Burrasca),

Director Hatch expressed the desire to form an architectural review committee and the possible need for a consultant to support this proposed committee.

A motion was made, seconded and carried, by a vote of seven in favor and two opposed (Burrasca, Moos) to add \$.50 PMPM in Professional Fees to assist in reviewing variance requests involving architectural changes.

Discussion ensued regarding the services provided by a geotechnical consultant versus a landscape consultant. It was noted that Staff has landscape design capabilities in-house to review resident submittals to the committees.

A motion was made, seconded and carried, by a vote of seven in favor and two opposed (Burrasca, Moos), to include \$25,000 in Professional Fees for a geotechnical/slope study.

Mr. Hatch questioned the increased allocation costs for the General Managers division. Staff will investigate the basis for change and meet with directors Bob Hatch and Rich Haskell to review.

Ms. Price explained the projected surplus recovery line item, and informed the Board that the recommended amount to include in the 2008 Business Plan is \$3.00 PMPM, based on a conservative estimate of year-end surplus. Discussion ensued.

Discussion ensued regarding reserve funding levels and Board members expressed a desire to more adequately fund the replacement reserve.

A motion was made, seconded and carried, by a vote of six in favor and three opposed (Burrasca, Haskell, Moos), to increase the Replacement Fund contribution by \$5.00 PMPM.

A motion was made, seconded and carried, by a vote of five in favor, three opposed (Burrasca, Haskell, Gros) and one abstention (Moos), to reduce the Elevator Replacement Fund contribution by \$1.00 PMPM to \$3.00 PMPM and increase the Replacement Reserve Fund contribution by \$1.00 PMPM.

A motion was made, seconded and failed, by a vote of 6 opposed and three in favor (Burrasca, Haskell and Moos), to reduce the General Operating Fund contribution by \$6.00 PMPM.

Questions arose regarding potential Garden Villa improvements. Staff indicated that the consensus of the Maintenance and Construction Committee is to continue replacements as components fail and not to pursue proactive renovations at this time. Items to be considered are raised ceilings, HVAC, water heaters and Cervitor units. Ms. Price indicated that such renovations would likely require increased contributions to the Garden Villa Recreation Room Fund.

Ms. Price indicated that Version 3 changes, as made today, will result in an increase of approximately \$28.84 PMPM when compared to 2007.

DIRECTOR'S FORUM

ADJOURNMENT

The meeting was adjourned at 11:30 A.M.

Isabel Muennichow, Secretary