

**MINUTES OF THE SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION  
2009 BUSINESS PLANNING MEETING – VERSION 1  
June 25, 2008**

The Board of Directors met on Wednesday, June 25, 2008 at 1:30 P.M. in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Cynthia Conners, Carol Moore, Dominic Burrasca, Larry Souza, John Paulus, Bob Hatch, Gunter Vogt (left at 4:45 P.M.), Isabel Muennichow, Stanley Feldstein (left at 5:25 P.M.), Jim Matson, Don Lippert (left at 4:15 P.M.)

Members Absent: None

Others Present: Cheryl Walker (left at 5:15 P.M.) – Laguna Woods Globe

Staff Present: Milt Johns, Janet Price (left at 5:10 P.M.), Betty Parker, Jim Dyer, Dave Smith, Marcel Bradley, Kurt Rahn, Jerry Rathje, Dan Yost and Marci Mednick (left at 5:25 P.M.), Wendy Bucknum (entered at 2:40 left at 2:50 P.M.)

**CALL TO ORDER**

Cynthia Conners, 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**

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

**MEMBER COMMENTS**

None.

**REVIEW PROPOSED 2009 BUSINESS PLAN**

Janet Price, Finance and Administration Director, presented the proposed 2009 Business Plan – Version 1.

**ASSUMPTIONS**

Ms. Price presented a list of Policies, Practices, Directives & Assumptions used for developing the proposed 2009 Business Plan. The assumptions include 4% for inflation and 4% for wage adjustments.

**OPERATING BUDGET**

During the overview of the Direct Mutual Operating portion of the 2009 Budget, Ms. Price indicated that Workers Compensation Insurance is overstated and a reduction will be made in Version 2. Ms. Price also noted that Janitorial has been transferred from the MSO portion of the operating budget to DMO.

Due to rising fuels costs, Ms. Price suggested that the 2009 Electricity budget be increased. A motion was made, seconded and passed unanimously to increase the Electricity budget by \$0.16 PMPM so that it remains equal to the 2008 budgeted level.

Discussion ensued regarding the increase in the paint program. Mr. Dyer explained that there is an increase in the number of buildings being painted and a change in the mix of building types. Staff was directed to provide a list of the buildings scheduled for painting in 2009.

Director Paulus expressed a concern that the proposed budget may be too low for Carpentry Service and Building Rehab/Dry Rot based on the level of expenditures in the current year.

Director Meunnichow requested a cost estimate for painting Garden Villa stairs on a 5-year cycle. Staff will provide in Version 2.

Director Paulus commented on cleaning of gutter downspouts. Mr. Bradley will verify that this work is performed by the contractor.

A motion was made, seconded and carried with 6 in favor and 5 opposed (Feldstein, Lippert, Matson, Moore, and Paulus) to increase scheduled sweeping of the Garden Villas underground garages from 2 times per year to 3 times per year. Staff indicated that the increase in costs for this service will be reflected in the cover memo to be distributed with Version 2.

Discussion ensued regarding professional fees and it was mentioned that a special Joint Select Audit Committee was scheduled on Friday to review needs for internal audits or operational reviews.

A motion was made, seconded and carried with 6 in favor and 5 opposed (Feldstein, Lippert, Matson, Moore, and Paulus) to include \$36,000 for an architectural consultant to review alterations and standards, the same amount included in the 2008 budget.

Ms. Price noted that a correction will be made to the Management Fee, resulting in a reduction of \$0.03 PMPM for Version 2.

A motion was made, seconded and carried unanimously to increase the plan for Uncollectible Accounts to \$70,000.

Ms. Price noted that General Management, under the MSO portion of the operating budget, is expected to increase after a correction of allocations in Version 2.

Ms. Price noted that the operating surplus/deficit recovery would be projected and available for consideration with Version 2.

Discussion ensued regarding the current \$72 annual fee for charging electric golf carts. Staff was directed to bring a subject report evaluating the fee to the Finance Committee.

It was also mentioned that a further explanation of staffing increases in MSO Maintenance will be provided at the Version 2 meeting.

E. Nesvig (2392-3H) commented on MSO Maintenance.

#### RESERVE CONTRIBUTIONS

Ms. Price 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.

Ms. Price showed that the General Operating Fund has been combined with the Unappropriated Expenditure Fund and is now presented as one Contingency Fund. Director Muennichow expressed some concern with this change and discussion ensued.

A motion was made, seconded and carried with 7 in favor and 1 opposed (Hatch) to reduce the Contingency Fund contribution from \$34.00 PMPM to \$28.00 PMPM and increase the Replacement Fund by the same amount from \$45.00 PMPM to \$51.00 PMPM.

The reserve expenditures plan for copper water lines was discussed. The Board directed Staff to examine the feasibility of accelerating the pipe remediation in the first few years of the program. Staff was also requested to review the reserve cost of \$5,000 per manor.

The Board recommended further review of the waste line component by the M&C Committee.

Discussion ensued regarding the baseline requirement for the Replacement Fund. A motion was made, seconded and carried with 7 in favor and 1 opposed (Burrasca) to raise the baseline funding requirement for the Replacement Fund to \$3,000,000.

A. Cohen (2391-2A) and T. Sorich (3402-B) commented on reserves.

A motion was made, seconded and carried with 6 in favor and 3 opposed (Burrasca, Moore and Feldstein) to increase the Replacement Fund contribution by \$1.50 PMPM.

Concerns were expressed over the consolidated Contingency Fund. Staff was directed to bring a definition of the proposed Contingency Fund to the next Finance Committee meeting.

Discussion ensued regarding the Garden Villa Recreation Room Fund contributions and planned expenditures.

E. Nesvig (2392-3H) commented.

A motion was made, seconded and failed with 3 in favor and 4 opposed (Burrasca, Paulus and Matson) to reduce the proposed Garden Villa Recreation Room Fund contribution from \$4.00 PMPM to \$3.25 PMPM.

**DIRECTOR'S FORUM**

The Chair announced that all business had been addressed and therefore cancelled the Version 1 Meeting B scheduled for July 7, 2008. The next meeting of the Board to review Version 2 of the proposed business plan will be July 23, 2008 at 1:30 P.M.

**ADJOURNMENT**

The meeting was adjourned at 5:31 PM.

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Larry Souza, Secretary