

**MINUTES OF THE SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION  
2010 BUSINESS PLANNING MEETING – VERSION 2  
July 24, 2009**

The Board of Directors met on Friday, July 24, 2009 at 9:00 A.M. in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Carol Moore, Stanley Feldstein, Kathryn Freshley, Isabel Muennichow, John Paulus, Don Lippert (left at 11:00 A.M.), Mary Robertson, Carol Skydell

Members Absent: Larry Souza, Dominic Burrasca

Others Present: Janet Whitcomb–Laguna Woods Globe

Comment [JP1]: Why include Dick Palmer?

Staff Present: Milt Johns, Janet Price, Betty Parker, and Dan Yost

**CALL TO ORDER**

Carol Moore, 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.

**MEMBER COMMENTS**

Dick Palmer (3031-O) commented on GRF reserve funds.

**REVIEW PROPOSED 2010 BUSINESS PLAN**

Janet Price, Finance and Administration Director, presented the proposed 2010 Business Plan – Version 2 and noted a summary of changes totaling a decrease of \$14.38 per manor per month (PMPM) from Version 1.

Ms. Price commented that a change in the inflation rate would have only a very small affect on assessments. She also noted the inflation rate and interest rate assumption did not change from Version 1.

Director Paulus commented on Davis-Stirling Act, which sets a limit on the assumption that can be used for interest earnings, not to be higher than 2% over the published Federal Reserve discount rate. Ms. Price indicated that a change will be made if necessary for the assumed interest earnings on reserve balances.

Ms. Price mentioned a change in Water & Sewer, noting that consumption levels were reduced to match mandated conservation requirements from the El Toro Water District.

Discussion ensued regarding the increase in General Maintenance, as it related to an increased scope of work for the paint program. Director Muennichow commented on moving the paint program to reserves and discussion ensued. Ms. Price explained that

expenditures for the paint program may even out as we complete the transition to the 10-year paint cycle from the previous 8-year cycle.

Ms. Price noted that the management fee will be lower by \$0.11 PMPM in Version 3 based on published CPI figures for July 2008 to June 2009 that represent a reduction of 2.6%.

Dr. Paulus commented on lower recycling revenue and suggested negotiating lower collection costs in the new franchise agreement in 2010.

Ms. Price reviewed Mutual Shared Operating costs and explained changes in allocations from prior year. Ms. Price stated that an error in Landscape will be corrected in Version 3, estimated to increase the budget by about \$18,000 or \$0.25 PMPM.

Dr. Paulus mentioned a correction needed to the GV Garage Waste Line reserve component. Only three buildings remain for 2011 and then the program will be complete.

Discussion ensued regarding common area walkway lighting. Ms. Price pointed out that the Board can add expenditures to the Reserve Plan for future years.

Director Lippert left at 11:00 AM

A motion was made by Ms. Meunnichow and seconded to increase the replacement reserves threshold to a higher amount between \$3.7 and \$4 million. Discussion ensued regarding the threshold and affect on assessments. Ms. Price restated the motion to include a replacement reserve threshold based on \$4 million with no change in assessments. The motion carried by a vote of 5-1-0 (Director Feldstein opposed.)

Ms. Price suggested that the Board combine the Unappropriated Expenditures Fund with the Disaster Fund, to allow the most flexibility in the use of these reserves.

A motion was made by Ms. Freshley and seconded to combine the Unappropriated Expenditures Fund with the Disaster Fund. Discussion ensued regarding the use of the funds. By a vote 1-5-0 the motion failed (Director Freshley in favor).

Ms. Skydell asked about reducing the laundry surcharge to those residents that have installed their own washer and dryer. Ms. Moore suggested that if the demand has declined, fewer washers and dryers could be maintained in the laundry rooms. A study would be needed to evaluate changes in demand for the common area laundries.

Ms. Price commented that the balance in the Garden Villa Rec. Room Fund will fall to approximately \$16,000 if the assessment is not increased further. She noted a \$1.00 PMPM increase would increase the fund balance by about \$15,000.

Ms. Price summarized that Version 3 will reflect a \$0.11 PMPM decrease to DMO due to a reduction in the management fee, a correction of a Landscape error resulting in an increase of \$0.25 PMPM, and a decrease to GRF operating of \$0.15 PMPM due to a

Third Special Board  
Business Planning Meeting  
July 24, 2009  
Page 3 of 3

reduction in the management fee. The net change from Version 2 is a reduction of approximately \$0.01 PMPM for a total basic assessment decrease of \$0.71 PMPM.

A motion was made by Ms. Freshley and seconded to adjust the surplus/deficit recovery line item for a \$0.00 PMPM change in the total basic assessment from the 2009 business plan. By a vote of 2-4-0 the motion failed (Muennichow and Freshley in favor).

**COMMITTEE MEMBER COMMENTS**

No comments were made.

**ADJOURNMENT**

The meeting was adjourned at 12:15 P.M.

---

Isabel Muennichow, Secretary