

**MINUTES OF THE SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION  
2011 BUSINESS PLANNING MEETING – VERSION 1  
June 23, 2010**

The Board of Directors met on Wednesday, June 23, 2010 at 9:00 A.M. in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Carol Moore, Kathryn Freshley, John Paulus, Noel Hatch, Lucy Shimon, Pat Feeney, Carol Skydell, Dominic Burrasca (arrived at 10:20 A.M.)

Members Absent: Stanley Feldstein, Don Lippert

Others Present: None

Staff Present: Jerry Storage, Janet Price, Betty Parker, Marcel Bradley, Jim Dyer, Katy Howe, Tim Huval, Dave Smith, Gene Hart, Jerry Rathje, 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 9:05 A.M.

**ACKNOWLEDGEMENT OF PRESS**

There was no Press in attendance.

**MEMBER COMMENTS**

There were no member comments.

**REVIEW PROPOSED 2011 BUSINESS PLAN**

Janet Price, Finance and Administration Director, presented the proposed 2011 Business Plan – Version 1.

**ASSUMPTIONS**

Ms. Price presented a list of Policies, Practices, Directives & Assumptions used for developing the proposed 2011 Business Plan. The assumptions include 3% for inflation.

The Board asked about items that are impacted by the inflation rate. Ms. Price listed the items that use the assumed inflation rate as part of the budget process.

Director Hatch asked for clarification of wage assumptions. Ms. Price gave assumptions regarding union and non-union wage adjustments.

### OPERATING BUDGET

Ms. Price explained that changes made by GRF at their Version 1 review meeting will have some impact on the bottom-line for Third.

The Board asked questions regarding the proposed water budget and consumption penalties. Jerry Rathje, Landscape Manager, explained that the ETWD outdoor water budget will be based on turf grass watering requirements and much of the existing landscape requires less than that. Directors Freshley and Skydell commented on the need for resident education regarding water conservation and to encourage plumbing leak detection and repair.

Director Paulus commented on the low budget figure for vinyl and tile floor repairs in General Maintenance. Jim Dyer, Maintenance Manager, noted the reduction in as-needed repairs for elevator and mailroom floors in the 3-story building laundry rooms.

Ms. Price mentioned the janitorial line item under General Maintenance includes hours for reactive wash downs on an as-requested basis for the breezeways. A program to wash down the breezeways of all three-story buildings and all two-story buildings twice per year would increase the janitorial line item by approximately \$43,282 from the current Version 1 level. A program to wash down the breezeways of all three-story buildings four times per year and all two-story buildings twice per year would increase the janitorial line item approximately \$77,865 from the current Version 1 level. The Board decided not to change the Janitorial line item for breezeway cleaning at this time.

Ms. Price asked if the potential service level increase in laundry room cleaning was discussed at a Garden Villa Association meeting and if they would like to add a budgetary item to move and clean behind laundry equipment. Director Paulus mentioned he would bring up the issue at the next Garden Villa Association meeting.

The Board asked if gutter cleaning is included on all types of buildings. Marcel Bradley, Maintenance Director, commented that gutter cleaning is performed on all building types and mentioned the increase from Version A includes cleaning of alteration gutters and the transfer of leaf debris removal from the roof repair line item.

Ms. Price reminded the Board that Version 2 is the deadline for making service level changes. After that date, changes to service levels may result in additional costs required for recalculating the plan in order to meet the statutory reporting requirements.

Ms. Price presented the line item for Legal Fees and noted an increase would be needed if fees related to litigation were to be paid out of operations rather than reserves. The Board reached a consensus to leave the legal budget as proposed in operations and pursue a supplemental appropriation from reserves at a regular Board meeting.

Ms. Price noted that Version 2 will include an assumption for Surplus/Deficit recovery.

Dominic Burrasca entered the meeting at 10:20 A.M.

### 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.

Mr. Bradley commented on the new reserve components for gutters and building structures.

Ms. Price recommended that the Board give staff direction regarding the new reserve component landscape revitalization. The consensus of the Board was to leave the operating budget as presented for landscape renovation, with planned expenditures from reserves in future years for the new landscape revitalization component.

The Board directed staff to replace one remaining composition shingle roof, last re-roofed in 2005, to finish the program that converts this type of roof to tile.

Director Moore asked to review the insurance line item again to better understand why the premiums are increasing and if or when self-insurance would make sense. Staff agreed to provide information at a regular GRF Finance Committee meeting to better explain the anticipated insurance premium increases.

Director Moore asked for a schedule showing the breakdown of expenditures from the Disaster Fund by type of occurrence. Staff agreed to provide a breakdown of historical expenditures from the Disaster Fund by type of occurrence for 2008 and 2009.

Ms. Price summarized changes recommended by the Committee, noting that some corrections to allocations will be made for Version 2.

### COMMITTEE MEMBER COMMENTS

The Chair announced that all business had been addressed and therefore cancelled the Meeting B scheduled for June 25, 2010 at 9:00 A.M. The next business planning meeting of the Third Board will be July 23, 2010 at 9:00 A.M. to review Version 2.

### ADJOURNMENT

The meeting was adjourned at 11:55 A.M.

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Carol Skydell, Secretary