

**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 2  
July 23, 2010**

The Board of Directors met on Friday, July 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, Stanley Feldstein, Kathryn Freshley, John Paulus, Noel Hatch (left at 9:30 A.M.), Lucy Shimon, Pat Feeney, Carol Skydell, Dominic Burrasca, and Richard Palmer

Members Absent: Don Lippert

Others Present: Claire Webb, Laguna Woods Globe

Staff Present: Jerry Storage, Janet Price, Betty Parker, Marcel Bradley, Kurt Rahn, 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 9:00 A.M.

**ACKNOWLEDGEMENT OF PRESS**

Claire Webb from the Laguna Woods Globe was acknowledged as present.

**MEMBER COMMENTS**

There were no member comments.

**REVIEW PROPOSED 2011 BUSINESS PLAN**

Director Hatch made opening remarks regarding the proposed Business Plan.

Director Freshley presented a proposed operating budget with suggested changes based on annualized actual expenditures through May 31, 2010.

Janet Price, Finance and Administration Director, presented the proposed 2011 Business Plan – Version 2 noting the differences between the proposed Business Plan and the revisions proposed by Director Freshley.

Director Hatch left at 9:30 A.M.

**OPERATING BUDGET**

Director Paulus stated that at the last Garden Villa Association meeting he discussed the potential service level increase in laundry room cleaning and breezeway wash

downs. The consensus of the Garden Villa Association was that the additional laundry room cleaning is not needed.

Director Shimon made a motion to add a program to wash down the breezeways of all three-story and two-story buildings twice per year. The motion was seconded by Director Paulus and discussion ensued. By a vote of 2-6 (Paulus and Feeney in favor) the motion failed.

Director Shimon made a motion to remove the reserve component for Building Structures and instead add the service to General Maintenance in the operating budget. The motion was seconded by Director Paulus and discussion ensued. By a vote of 8-0-0 the motion carried.

Ms. Price answered questions relating to the Property Insurance line item. She stated that a presentation on insurance would be given at the next GRF Finance Committee meeting on Tuesday July 27.

Director Freshley made a motion to reduce the budget for Property Insurance to \$550,000. The motion was seconded by Director Feldstein and, by a vote of 8-0-0, the motion carried.

Isabel Muennichow (5285) commented on legal fees in the Business Plan and questioned why the Board is increasing contributions to the Unappropriated Expenditures Fund. The Board assured her that all legal costs related to litigation will be fully reported.

Michael Straziuso (4006-2E) commented on Board treatment of members who make comments during the meeting.

Director Shimon made a motion to increase the budget for Legal Fees to \$200,000. The motion was seconded by Director Feeney and, by a vote of 6-3 (Feldstein, Burrasca and Palmer opposed), the motion carried.

Marcel Bradley, Maintenance Director, provided further information for breezeway cleaning. Director Shimon made a motion to change the budget for breezeway cleaning to a programmed basis (twice per year) only, instead of on an as-needed basis, increasing the budget to \$43,282. The motion was seconded by Director Freshley and, by a vote of 2-6 (Shimon and Feeney in favor), the motion failed.

Ms. Price explained that the year-end projection of operating costs reflects a deficit; therefore, staff does not anticipate the availability of operating surplus to reduce the assessments.

Director Freshley made a motion to reduce the Insurance budget line item under Mutual Shared Operating to the 2010 budgeted level. The motion was seconded and, by a vote of 8-0-0 the, motion carried.

Director Feldstein made a motion to reduce the Landscape Mutual Shared Operating line item by approximately \$30,000, to be taken from the relandscaping/retrofit program. The motion was seconded and discussion ensued. By a vote of 6-2 (Shimon and Paulus opposed) the motion carried.

The Board asked staff to provide the allocation summary sheet as part of the regular Third Finance agenda, highlighting any changes in allocations.

### RESERVES PLAN

Ms. Price asked the Board if they would like to reduce the Replacement Fund contribution by the amount of the building structure component that was removed from reserves and added to operating. No action was taken.

Director Freshley expressed concerns about higher Mutual operating costs that are offsetting the benefit of lower broadband expenses in GRF.

It was the consensus of the Board to change the contribution to the Unappropriated Expenditures Fund by the amount necessary in Version 3 to achieve no change in the basic assessment from the 2010 amount.

The Board discussed the need to meet again and make further changes. Staff advised that final changes are required by the end of the day on Wednesday, July 28.

### ADJOURNMENT

The meeting was recessed at 1:10 P.M., to be reconvened and continued on Monday, July 26, 2010 at 9:00 A.M. in the Community Center Sycamore Room.

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Carol Skydell, Secretary