

**MINUTES OF THE SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION  
2012 BUSINESS PLANNING MEETING – VERSION 1  
June 22, 2011**

The Board of Directors met on Wednesday, June 22, 2011 at 9:00 A.M. in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Carol Moore, John Paulus, Lucy Shimon, Carol Skydell, Kathryn Freshley, Dominic Burrasca, Dick Palmer, Isabel Muennichow, Rae Tso, and Denny Welch,

Members Absent: Sy Wellikson

Others Present: Barbara Copley

Staff Present: Jerry Storage, Betty Parker, Marcel Bradley, Kurt Rahn, Jerry Rathje, Kelly Arata, Jose Campos, 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**

Rosalie Rosen (3242-2A) commented on water intrusion problems in her building and difficulty in communicating with Property Services.

Mary Robertson (5184) commented on water conservation and increasing water rates.

Rosemarie DiLorenzo Dickins (4015-2G) commented on Property Service personnel and training.

**REVIEW PROPOSED 2012 BUSINESS PLAN**

Betty Parker, Budget and Financial Planning Manager, presented the proposed 2012 Business Plan – Version 1.

Discussion ensued regarding a planned service level reduction in Property Service. The Board requested that Staff provide options and cost estimates of improved resident communication such as automatic emails or automated callbacks.

**OPERATING BUDGET**

The Board discussed the proposed water budget and consumption. Ms. Parker explained that the increased budget is in response to higher costs passed through from

Metropolitan Water District and a fixed meter charge increase of 14% as part of the El Toro Water District 5-year capital program.

Director Freshley made a motion to reduce the Water & Sewer budget to \$3.3 million. Director Palmer seconded the motion and by a vote of 6-3 (Directors Muennichow, Tso, and Welch opposed) the motion carried.

Ms. Parker informed the Board of a correction that will be included in Version 2 of the Business Plan in the General Maintenance line. A portion of appliance and plumbing repairs will be moved to the laundry operating surcharge. The result is estimated to be a \$0.06 PMPM decrease compared to Version 1. Also, Ms. Parker gave answers to questions from the Version A M&C Committee meetings regarding the number of buildings planned for the balcony/breezeway resurfacing program as well as the total budgeted dollar amount for lead abatement and handling procedures. Director Freshley asked for the labor costs associated with the lead abatement and handling procedures. Staff noted the request and will provide the labor cost once it is available.

Ms. Parker explained that the Uncollectible Accounts line in the budget is a contingency based on recent experience. The Board discussed the positive effect small claims court has on doubtful accounts.

Director Freshley made a motion to reduce the Uncollectible Accounts budget to \$150,000. Director Shimon seconded the motion and the motion carried unanimously.

Ms. Parker listed the items that comprise the Other Revenue line. The Board discussed the impact of increasing the Electric Cart Fee.

Director Freshley made a motion to have the Finance Committee review the Electric Cart Fee and increase the fee from \$80 to \$100. Director Skydell seconded the motion and the motion carried unanimously.

Director Freshley made a motion to increase the Other Revenue budget to \$169,000 based on more income from an increased Electric Cart Fee. Director Tso seconded the motion and motion carried unanimously.

#### MUTUAL SHARED OPERATING

The Board asked about the increase in Financial Services. Ms. Parker explained that the increase was primarily due to a change in allocations to better reflect workload assignments. Allocations were increased from the Purchasing department to reflect support of the Board approved Delegation of Actions and Commitments Matrix. Staff agreed to reevaluate the allocation to Third from the Purchasing department.

The Board discussed the Third Landscape operations. Ms. Parker explained that the increase in Landscape was primarily due to a contracted union wage adjustment.

Director Freshley made a motion to reduce the Landscape budget to \$5,750,000 to match the 2011 budget. Director Skydell seconded the motion and by a vote of 6-3 (Directors Welch, Muennichow, Tso opposed) the motion passed.

Jerry Storage, General Manager, clarified that to achieve a budget reduction, hours had to be cut. When asked from where the reductions were to come, the Board noted the reductions will be left to the discretion of Kurt Rahn, Landscape and Recreation Director.

For each MSO item, Staff agreed to provide total wage and related figures.

### RESERVE CONTRIBUTIONS

Ms. Parker 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.

Director Muennichow made a motion to change the Reserve component named "Landscape Revitalization" to "Mutual Revitalization" and to extend expenditures to each of the next 30 years. Director Skydell seconded the motion and by a vote of 8-2 (Directors Palmer and Burrasca opposed) the motion carried.

Ms. Parker explained that the Garden Villa Recreation Room Fund was proposed to increase by \$1.00 PMPM as proposed expenditures exceed the existing contribution level by 33%. Director Paulus assured the Board that 2011 expenditures would not be as high as anticipated. It was the consensus of the Board to maintain the Garden Villa Recreation Room Fund contribution at \$4.00 PMPM.

Ms. Parker summarized changes recommended by the Board and approximated that the impact on the Mutual portion of the assessment is a decrease of (\$5.41) PMPM compared to Version 1 of the proposed Business Plan.

### COMMITTEE MEMBER COMMENTS

The Chair announced that all business had been addressed and therefore cancelled the Meeting B scheduled for June 29, 2011 at 9:00 A.M. The next business planning meeting of the Third Board will be July 22, 2011 at 9:00 A.M. to review Version 2.

### ADJOURNMENT

The meeting was adjourned at 4:41 P.M.

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Carol Skydell, Secretary