

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF UNITED LAGUNA HILLS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION
2010 BUSINESS PLANNING MEETING – VERSION 1
June 23, 2009**

The United Board of Directors met on Tuesday, June 23, 2009 at 9:00 A.M. in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Lloyd Foster, Bevan Strom, Marvin Rosenhaft, Linda Wilson, Paul Vogel, John Dalis, Maxine McIntosh (arrived at 9:25), Marty Rubin, Michael Curtis, Gail McNulty, Arlene Miller

Members Absent: None

Others Present: Janet Whitcomb–Laguna Woods Globe

Staff Present: Milt Johns, Janet Price, Betty Parker, Jerry Storage, Marcel Bradley, Katy Howe, Kurt Rahn, Jerry Rathje, Gene Hart, and Dan Yost

CALL TO ORDER

Lloyd Foster, President, declared that the meeting had been properly noticed, stated that a quorum was present, and called the meeting to order at 9:05 AM.

ACKNOWLEDGEMENT OF PRESS

The Press was acknowledged.

MEMBER COMMENTS

None.

REVIEW PROPOSED 2010 BUSINESS PLAN

Janet Price, Finance and Administration Director, presented the proposed 2010 Business Plan – Version 1 and the following items were addressed.

ASSUMPTIONS

Ms. Price presented a list of Policies, Practices, Directives & Assumptions used for developing the proposed 2010 Business Plan. The assumptions include 3% for inflation and 3% for investment interest rate.

Ms. Price indicated that the Board can recommend a change to the CPI assumption at this time, or later in the planning process.

A motion was made by Director Curtis to use 1.5% as interest earnings rate. Motion failed for lack of a second.

OPERATING BUDGET

Ms. Price indicated that GRF reduced reserve contributions by \$5.00 per manor per month (PMPM) at their Version 1 review meeting.

Ms. Price noted that Version 2 will include an assumption for reduced water consumption based on mandatory conservation policies.

Director Curtis asked for a history of prior year actuals, presented in the same format as the business plan. Director Foster asked staff to provide a supplemental schedule for comparison purposes to show prior year expenditures. Ms. Price indicated that a schedule of prior year actuals will be brought to the next Finance Committee meeting.

Maxine McIntosh entered the meeting at 9:25 A.M.

Director McIntosh asked about the decrease in General Maintenance Fire Protection. Marcel Bradley, Projects Manager, indicated that chimney sweeping will be completed in 2009 and is not planned in 2010.

A motion was made by Director Curtis to direct the managing agent to negotiate a new union contract that excludes Janitorial Services with the option to bring it back later if a qualified vendor cannot be found. Motion failed for lack of a second.

Discussion ensued regarding the use of laundry facilities by caregivers. Director Curtis asked for the number of laundry rooms in the mutual.

A motion was made by Director Curtis to remove Turf Reduction from the Landscape Budget. Motion failed for lack of a second.

A motion was made by Director Curtis for staff to review lawn maintenance, shrub bed maintenance, and tree maintenance to maintain 2009 budget levels. Motion failed for lack of a second.

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.

A motion was made by Director Rosenhaft to move future planned expenditures for Exterior Lighting to begin in 2011 instead of 2013. The motion was seconded and discussion ensued. The motion passed unanimously by a vote of 10-0.

Ms. Price explained the use of the Contingency Fund. Ms. Price stated the Board can recommend a reduction to the contribution, but she would not recommend a reduction in a contingency reserve balance since the Mutual does not have earthquake insurance.

A motion was made by Director Curtis to reduce the 2010 Contingency Fund contribution to reflect average actuals of \$893,000. Motion failed for lack of second.

A motion was made by Director Curtis to reduce the 2010 Contingency Fund contribution by \$4.00 PMPM. Motion failed for lack of second.

A motion was made by Director Curtis to remove the proposed 2010 Perimeter Wall expenditures and work with the City for a sound wall. Motion failed for lack of second.

A motion was made by Director Rubin to hold Director Curtis responsible for equipment repair costs since he was willfully moving the microphone after being asked not to do so. After discussion the motion was withdrawn.

Discussion ensued regarding the useful life reduction of ovens and refrigerators from 20 to 15 years.

A motion was made by Director Rubin to return to a 20-year life on refrigerators and ovens. Director Wilson seconded the motion and discussion ensued regarding the energy efficiency of newer units. The motion passed by a vote of 8-2-0 (Directors McIntosh and Strom opposed).

A motion was made by Director Curtis to make no further changes to the budget and accept the budget as presented. There was no second to the motion and Director Foster indicated that the motion is unnecessary.

Ms. Price summarized that Version 2 will reflect a reduction in water consumption and an earlier start of the 30-year planned expenditures for exterior lighting. She also indicated a projection of current year operating surplus will be made available.

COMMITTEE MEMBER COMMENTS

The Chair announced that all business had been addressed and therefore cancelled the Version 1 Meeting B scheduled for June 30, 2009 at 1:30 P.M. The next meeting of the United Board will be July 27, 2009 at 9:00 A.M. to review Version 2 of the proposed business plan.

ADJOURNMENT

The meeting was adjourned at 10:58 A.M.

Linda Wilson, Secretary