

**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 2
July 27, 2009**

The United Board of Directors met on Monday, July 27, 2009 at 9:00 A.M. in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Lloyd Foster, Marvin Rosenhaft, Linda Wilson, Paul Vogel, John Dalis, Maxine McIntosh, Marty Rubin, Michael Curtis, Gail McNulty, Arlene Miller

Members Absent: Bevan Strom

Others Present: Janet Whitcomb–Laguna Woods Globe

Staff Present: Janet Price, Betty Parker, Dan Yost, Gene Hart and Kurt Rahn (9:40 A.M. – 10:03 A.M.)

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 9:00 AM.

ACKNOWLEDGEMENT OF PRESS

The Press was acknowledged.

MEMBER COMMENTS

- Margaret Pearlman (342-D) asked if lighting was covered in the agenda. The Chair confirmed that exterior lighting was on page 8 of the agenda.
- Lucienne Skogen (364-O) commented on the GRF budget and wages.
- Mary Stone (356-C) commented on negative press regarding the recall.

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 from Version 1. She explained that Version 3 will reflect a decrease in the management fee of \$0.11 per manor per month (PMPM) in United and a decrease \$0.15 PMPM for GRF, based on published CPI figures for July 2008 to June 2009 that represent a reduction of 2.6%.

ASSUMPTIONS

Ms. Price indicated that the Board can direct a reduction in the assumed interest rate, currently 3%, either at this meeting or in a later version, if required to meet the statutory requirement of no greater than 2% over the published Federal Reserve discount rate.

OPERATING BUDGET

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.

Director McIntosh asked for clarification about the reduction in revenue in MSO Community Relations. Ms. Price explained that lower resale activity creates fewer administrative fees to offset other costs.

Director McIntosh further commented on MSO Landscape, indicating that perhaps a further reduction could be made in the new turf reduction program. Discussion ensued.

Kurt Rahn, Landscape and Recreation Director, entered the meeting.

A motion was made by Director Vogel to reduce the relandscaping/retrofit program by \$150,000. Director Rosenhaft seconded the motion and discussion ensued. Mr. Rahn indicated that a lower budget would be achieved by reducing the amount of square footage planned for the relandscaping/retrofit program, and would remain at that level in future years unless the Board directed an increase. Ms. Price mentioned that with less relandscaping, a small increase will occur in the paint preparation work to protect existing landscaping before painting a building.

Director Vogel made a motion to call the question. The motion was seconded and carried by a vote of 7-2-0 (Directors Dalis and McIntosh opposed).

By a vote of 5-4-0 (Directors Wilson, Dalis, Rubin, and McNulty opposed) the main motion to reduce the relandscaping/retrofit program by \$150,000 carried.

A motion was made by Director Curtis to postpone the turf reduction program by one year. The motion failed for lack of second.

Mr. Rahn left the meeting.

RESERVE CONTRIBUTIONS

Discussion ensued regarding the assumed interest rate earned on invested reserve balances. Ms. Price again stated that, if necessary, the assumption will be lowered before the final version of the business plan to reflect no more than 200 basis points over the published Federal Reserve discount rate.

Margaret Pearlman (342-D), made a statement regarding the "Let There Be Light" group.

Questions were addressed regarding certain reserve components, including refrigerators and other major appliance replacements. Ms. Price noted the change in useful lives of refrigerators and ovens from 15 years back to 20 years and the effect on planned expenditures.

Mary Stone (356-C) spoke in support of reducing the estimated life of refrigerators to 15 years. Ms. Stone also commented on the reserve for foundations and suggested spreading out the planned expenditures. Discussion ensued.

Lucienne Skogen (364-O) asked for clarification regarding refrigerator replacements.

Director Curtis initiated discussion about the \$500,000 planned expenditure for wall replacement in 2010. Discussion regarding the perimeter walls and planned expenditures ensued.

A motion was made by Director Curtis that planned expenditures of \$500,000 be removed from the 2010 budget for perimeter walls. Motion failed for lack of a second.

DIRECTOR'S FORUM

Director Rubin complimented staff and the board.

Director Dalis complimented staff.

Director Curtis mentioned the upcoming election.

Director Wilson commented on interruptions and congratulated board and staff.

Director Rosenhaft commented on offenses caused by one board member.

Director Miller complimented the hard work of the board.

Director McIntosh commented on turmoil and the need for communication.

Director McNulty expressed gratitude for support against the recall election.

Director Foster thanked staff.

ADJOURNMENT

The meeting was adjourned at 11:20 A.M.

Linda Wilson, Secretary