

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF UNITED LAGUNA HILLS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION
2012 BUSINESS PLANNING MEETING – VERSION 1
June 23, 2011**

The United Board of Directors met on Thursday, June 23, 2011 at 9:00 A.M. in the Community Center Board Room at 24351 El Toro Road, Laguna Woods, California.

Members Present: Gail McNulty, Harold Allen, Arlene Miller, Barbara Copley, Heather Gerson, Cynthia Chyba, Ron Beldner, John Dalis, Roger Turner, and Catherine Brians

Members Absent: Libby Marks, John Dalis

Others Present: Rae Tso, Denise Welch – Third
Ruth May, Patrick Murphy - GRF

Staff Present: Jerry Storage, Janet Price, Betty Parker, Marcel Bradley, Kurt Rahn, and Dan Yost

CALL TO ORDER

Gail McNulty, 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

No press was in attendance.

MEMBER COMMENTS

Marv Rosenshaft (823-A) commented on the GRF increase related to Broadband Services.

REVIEW PROPOSED 2012 BUSINESS PLAN

Janet Price, Finance and Administration Director, presented the proposed 2012 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 2012 Business Plan. Ms. Price gave an overview of changes made from the Version A M&C Committee meetings:

- Moved tile replacements and related lead abatement and handling procedures from operations to reserves.
- Moved the contingency for building structures from operations to reserves.

- Changed the life of manor countertops from 25 years to 17 years.

OPERATING BUDGET

Marcel Bradley, Maintenance Director, provided the costs for the following items that were inquired about in the Version A M&C Committee meetings:

- Cost to clean gutters on the carports as part of the leaf and debris removal program would be approximately \$179,000 a year. The Board decided to investigate the carport gutters further at a regular M&C meeting.
- Cost to add rebar/mesh in sidewalks as part of the concrete repair/replacement program would be approximately \$68,000 to \$85,000 a year. The Board decided not to include this as part of the program.

Mr. Bradley also noted the increase in the 2012 operating budget from new lead abatement and handling procedures totals \$216,481.

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

The Board asked for specific examples of claims against liability insurance. Ms. Price advised that Scott Dunham, Risk Manager, can present this information in closed session of a Board meeting.

The Board asked for the increase in the Insurance line item directly related to Directors and Officers insurance. Staff will provide upon request.

The Board discussed a possible decrease in Landscape by removing renovation services. The Board came to a consensus to keep existing service levels.

Discussion ensued regarding the addition of two new positions in Maintenance to help expedite Mutual specific projects. Also, the Board discussed de-centralization of programs and projects.

Jerry Storage, General Manager, recommended removing the two added positions and indicated that Staff will look at possible organizational changes to help better address United's organizational needs without a cost increase to the Mutual.

Director Brians made a motion to remove the two new Maintenance positions from the 2012 budget. The motion was seconded and passed unanimously.

RESERVE CONTRIBUTIONS

Ms. Price summarized the impact on planned expenditures in the Replacement Fund, based on changes made in Version A meetings, creating a need for higher reserve contributions in 2012 and future years.

Director Gerson made a motion to change the life of manor countertops from 17 years back to 25 years. The motion was seconded and passed 7-1-0 (Director Copley opposed).

Director Turner made a motion to lower the reserve contribution to the Contingency Fund to from \$16 to \$12 per manor per month. The motion was seconded and passed unanimously.

COMMITTEE MEMBER COMMENTS

The Chair announced that all business had been addressed and therefore cancelled the Version 1 Meeting B scheduled for June 30, 2011. The next business planning meeting of the United Board will be July 22, 2011 at 1:30 P.M. to review Version 2 of the proposed business plan.

ADJOURNMENT

The meeting was adjourned at 11:50 A.M.

Barbara Copley, Secretary