

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LAGUNA WOODS MUTUAL NO. FIFTY
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

September 21, 2006

The Board of Directors of Laguna Woods Mutual Fifty, a California non-profit mutual benefit corporation, met at 10:00 a.m. on Thursday, September 21, 2006 at 24055 Paseo del Lago West, Laguna Woods, California.

Directors Present: Richard Wurzel, Chair; Tom Jackson, Ruth Mervis, Bill Masterson, and Mollie Hayes

Others Present: Judie Zoerhof, Milt Johns, Cris Trapp and Barbara Pavia

1. Call to Order

Richard Wurzel, Chair stated that it was a regular meeting of the Corporation and that a quorum was present. The meeting was called to order at 10:00 A.M.

2. Pledge of Allegiance to the Flag

Ruth Mervis led the membership in the Pledge of Allegiance to the Flag.

3. Approval of the Minutes

The minutes of the August 17, 2006 meeting were approved as corrected with revisions to Resolution 50-06-24.

4. Financial and Budget Report

a. GRF Finance Committee

Tom Jackson presented the Treasurer's report.

5. City of Laguna Woods

Robert Ring reported on the City Council Meeting of September 20, 2006.

6. Standing Committee Report

a. Activities Committee: Lorna Ingram reported on behalf of the Activities Committee.

- Clara Zimmerman (358) and Tom Davis (1208) commented on the Activities Committee Report.

b. Business Planning Committee: No report given.

c. Information and Orientation Committee: Freda Sullivan reported on behalf of the Information and Orientation Committee.

d. Food Committee: Mr. Hathaway reported on behalf of the Food Committee

7. GRF Committees

- a. **Community Activities Committee:** No report given.
- b. **Broadband Services Committee:** No report given.
- c. **Government and Public Relations Committee:** No report given.
- d. **Security Committee:** No report given.
- e. **Bus Service Committee:** No report given
- f. **Select Audit Committee:** No report given.

8. Guckenheimer Food Service Report

Jill Magee was present and reported on behalf of Guckenheimer Foods.

- Norma Koskoff (1159), Clara Zimmerman (358), Lenore Goldenberg (610), Lorna Ingram (1161), Anneliese Mendel (758), Vicky Kasselheim (1056) commented on the food service report.

9. Golden Rain Foundation

Milt Johns, General Manager reported on the September 5, 2006 Golden Rain Foundation Board Meeting.

10. Administrators Report

- Judie Zoerhof reported that the Beauty Salon is still in discussions.

11. Old Business:

a. Dining Room I.D. Card Policy

Director Mervis made a motion to approve the Dining Room I.D. Card Policy. Director Hayes seconded the motion.

By a unanimous vote of 4-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 50-06-37

WHEREAS, The Board of Directors of Laguna Woods Mutual Fifty believes and has evidence on which that belief is based that residents are allowing their guests to dine without the appropriate guest dinner tickets, or are allowing their caregiver to dine in their absence;

NOW THEREFORE BE IT RESOLVED, October 19, 2006, that the Board of Directors of this corporation on behalf of the Corporation hereby approves the following policy regarding the right to dine in the dining rooms of Mutual Fifty or to receive room service.

1. All persons residing in the Towers shall produce their Mutual Fifty Resident ID Card prior to dining in the Crystal Dining Room or the California Dining Room;
2. No caregiver shall be entitled to dine in the place of a resident under any circumstance without a guest ticket;
3. Resident ID cards are not transferable;
4. An Executor of an estate within the Towers may dine with the use of a special dining card and a \$5 deposit. Upon return of the card to the Reception Desk, the \$5 deposit will be refunded;
5. Resident ID card or guest tickets will be shown prior to entering the dining room; (No exceptions)

RESOLVED FUTHER, if a person wishing to dine does not have a Mutual Fifty ID Card, that person must produce the requisite card or purchase a guest dinner ticket;

RESOLVED FURTHER, residents qualified to dine in the dining room are allowed one meal per day, and residents shall not dine in the dining room and have a room service tray sent to the manor unless the room service tray is for a qualified resident who is not dining in the dining room;

RESOLVED FUTHER, that the officers and agents of this corporation are hereby authorized on behalf of the corporation to carry out the purpose of this resolution;

RESOLVED FURTHER; this policy shall be in full force and effect January 1, 2007

12. New Business

a. Approval of Policy on Confidentiality

Director Mervis made a motion to approve the Confidentiality Policy. Director Hayes seconded the motion.

By a unanimous vote of 4-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 50-06-38

WHEREAS, California Corporations Code § 8333 provides that:
“The accounting books and records, minutes of proceedings of the members, and the Board and committees of the board shall be open to inspection upon the written demand on the corporation of any member at any reasonable time, for a purpose reasonably related to such person’s interests as a member”; and

WHEREAS, California Civil Code §1365.2 defines “association records” and “enhanced association records” under new subsections (a) (1) and (2) respectively, as follows:

Association Records:

- Any financial document required to be provided to an Owner in Section 1365.
- Any financial document or statement required to be provided in Section 1368.
- Interim unaudited financial statements, periodic or as compiled, containing any of the following: balance sheet, income and expense statement, budget comparison, general ledger (a report that shows all transactions that occurred in an association account over a specified period of time), all of which are prepared in accordance with generally accepted accounting principles.
- Executed contracts not otherwise privileged under law.
- Written board approval of vendor or contractor proposals or invoices.
- State and federal tax returns.
- Reserve account balances and records of payments made from reserve accounts.
- Agendas and minutes of meetings of the members, the board and any committees appointed by the board of directors; excluding, however, agendas, minutes, and other information from executive sessions of the board of directors as described in Section 1363.05.
- Check registers.
- Membership lists.

Enhanced Association Records:

- Invoices, receipts and canceled checks for payments made by the association, purchase orders approved by the association, credit card statements for credit cards issued in the name of the association, statements for services rendered, and reimbursement requests submitted to the association, provided that the person submitting the reimbursement request shall be solely responsible for removing all personal identification information from the request;

WHEREAS, subsection (m) of the new California Civil Code § 1365.2 provides that to the extent of any inconsistency, as applied to an association and its members, the provisions of § 1365.2 supersede the provisions of California Corporations Code § 8330 and § 8333; and

WHEREAS, California Corporations Code § 8334 provides that:

“Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation of which such person is a director;” and

WHEREAS, the Board of Directors believes, based upon the opinion of Corporate Legal Counsel with respect to members’ inspection rights that there is no legal obligation to make available anything other than those documents that are statutorily required, as specified above; and

WHEREAS, the Board believes, based upon the advice of Corporate Legal Counsel that, in order to legally preserve the attorney client privilege, it is essential that the contents of any communications to or from the corporation’s attorneys or prospective attorneys, whether oral or written, including but not limited to legal opinions, not be disclosed to third parties other than the Directors, Board authorized advisors, and agents.

NOW THEREFORE BE IT RESOLVED, September 21, 2006 that subject to compliance with the corporation’s obligations under the above-referenced California Corporations Code and California Civil Code Sections, as well as the Common Interest Development Open Meeting Act codified at California Civil Code Section § 1363.05, et seq., the Board of Directors on behalf of the corporation hereby states its policy with respect to treating as confidential certain of the documents produced by the corporation, its attorneys, or its agent Professional Community Management (PCM); and

RESOLVED FURTHER, that during the preparation of documents to be used by the Board of Directors in the performance of their duties, PCM as agent for the corporation, shall designate as “Confidential” all documents submitted to the Boards of Directors for their review, analysis and action which relate to or deal with matters to be addressed in Executive Session, namely matters pertaining to the formation of third party contracts, personnel issues, member discipline, litigation, meeting with a member, upon the member’s request, regarding the member’s payment of assessments, and all written communications to and from Corporate Legal Counsel; and

RESOLVED FURTHER, that the Board of Directors of this corporation reserves the right to designate additional documents

as "Confidential" or to modify the confidential designation given by the managing agent, PCM (so long as any such characterization is reasonably supported by applicable law); and

RESOLVED FURTHER, that thereafter, any document so designated as confidential or that the Board shall determine to be confidential shall not be copied nor distributed to the general membership, nor shall it be disclosed in whole or in part by any Directors or any person connected with this corporation through membership or otherwise, to any third party who is not also: (a) a Director of this corporation, or (b) a PCM agent or employee, or (c) a Board authorized advisor, or (d) Corporate Legal Counsel; and

RESOLVED FURTHER, that this policy respecting documents designated as confidential shall be equally applicable to any meetings of the Committees of the Board; and

RESOLVED FURTHER, that the Board of Directors encourages its members to participate in the community's governance by attending Committees and Board meetings where full discussion of corporate business may be heard (other than business that is statutorily protected by empowering the Board to meet in closed Executive Session; i.e., for personnel matters, member discipline, the formation of third party contractual matters, and matters involving litigation, and to meet with a member upon the member's request, regarding the member's payment of assessments); and

RESOLVED FURTHER, that the Board of Directors of this corporation hereby instructs staff to carry out the purpose of this resolution; and

RESOLVED FURTHER, that Resolution 50-00-17 dated April 27, 2000 is hereby superseded and cancelled by the terms of this Resolution.

b. Approval of Amendment to Standards Regarding Patio Enclosure

Director Mervis made a motion to approve the Amendment to Standards Regarding Patio Enclosures. Director Hayes seconded the motion. Discussion ensued.

- Joseph Schaffer (1356), Vicky Kasselheim (1056), Anne Gilbert (1403) and Leonard Wissink (1456) commented on the proposed resolution.

By a unanimous vote of 4-0-0, the motion carried and the Board of Directors adopted the following resolution

RESOLUTION 50-06-39

WHEREAS, the Board of Directors of this Corporation has expressed concern regarding maintenance time, material and unrecoverable costs associated with the balcony enclosures installed on Mutual Fifty penthouses;

WHEREAS, of the nine balcony enclosures installed, six have had leakage problems causing damage to the manor, Mutual Fifty property and damage to the manors below the installation;

WHEREAS, contractors working on Mutual Fifty property have not obtained adequate permits, in some cases no permit was obtained; in many instances flat-roof drainage was altered; elevators were used beyond their designed capacity; and in one instance concrete was poured on the 13th floor without an engineering assessment of the load for the structure;

NOW THEREFORE BE IT RESOLVED, October 19, 2006, that the Board of Directors of this Corporation on behalf of the Corporation hereby revokes Alteration Standard Section 7 Balcony Enclosures / Alteration Impacting Limited Common Area and;

RESOLVED FURTHER, that all existing Balcony Enclosures shall be allowed to remain and the owner of said enclosures shall be responsible for all repairs of leaks and the search for the source of leaks;

RESOLVED FURTHER, that the officers and agents of this corporation are hereby authorized on behalf of the corporation to carry out the purpose of this resolution.

c. Approval of All Carpet Expenditures to M50-06-35

Director Mervis made a motion to approve all Carpet Expenditures. Director Jackson seconded the motion. Discussion ensued.

- Vicky Kasselheim (1056) commented on the proposed resolution.

By a unanimous vote of 4-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 50-06-40

WHEREAS, several different appropriations have been made over the years to fund the replacement of carpet in resident hallways and elevator lobbies; and

RESOLVED, September 21, 2006 that the Board of Directors of this corporation on behalf of the corporation hereby authorizes expenditure of all previously approved funds, totaling \$355,514, to be spent against resolution 50-06-35, to purchase and install carpet on the 28 floors of resident hallways and elevator lobbies; and

RESOLVED FUTHER, that each of the items previously approved in the reserve expenditures plan for this carpet project, identified as P03010, P04012, P05007, P06003 and P06004, will be closed without expenditure.

RESOLVED FURTHER, that the officers and agents of this corporation are hereby authorized on behalf of the corporation to carry out the purpose of this resolution.

d. Approval of 2007 Business Plan

Director Mervis made a motion to approve the 2007 Business Plan. Director Jackson seconded the motion.

By a unanimous vote of 4-0-0, the motion carried and the Board of Directors adopted the following resolution

RESOLUTION 50-06-41

RESOLVED, September 21, 2006, that the Business Plan of this corporation for the year 2007 is hereby adopted and approved; and

RESOLVED FURTHER, that pursuant to said Business Plan, the Board of Directors of this corporation hereby estimates that the sum of \$2,480,860 is required by the corporation to meet the Laguna Woods Mutual No. Fifty operating expenses and reserve requirements for the year 2007, from which will be deducted \$88,000 from prior years' surplus and \$91,103 expected from various sources of revenue. In addition, the sum of \$754,132 is required by the corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2007. The Board of Directors hereby estimates that the net sum of \$3,055,889 is required to be collected from and paid by members of the corporation as monthly assessments; and

RESOLVED FURTHER, that the Board of Directors of this corporation hereby approves expenditures from reserves in the sum of \$268,400 of which \$253,800 shall be expended from the Replacement Fund, \$14,600 expended from the General Equipment Depreciation Fund; and

RESOLVED FURTHER, that all sums paid into the replacement reserves shall be used for capital expenditures only and shall be credited on the books of account of the corporation to Paid-In Surplus as a capital contribution; and

RESOLVED FURTHER, that the Board of Directors of this corporation hereby determines and establishes monthly assessments of the corporation as shown on each member's breakdown of monthly assessments for the year 2007 and as filed in the records of the corporation; said assessments to be due and payable by the members of this corporation on the first day of each month for the year 2007; and

RESOLVED FURTHER, that funds will also be collected and held in trust to pass through to third party vendors as follows:

Audit Fee	\$7,310
Electricity	\$277,700
Gas	\$107,400
Housekeeping	\$561,483
Food Services	\$2,027,269

from which will be deducted \$332,298 in estimated revenue from sources other than monthly assessments. This leaves a balance of \$2,648,864 required to be collected from and paid by members of the corporation as monthly assessments; and

RESOLVED FURTHER, that the Board of Directors of this corporation hereby determines and establishes monthly assessments required to be paid by members of the corporation effective January 1, 2007 as follows:

Unit Model	Monthly Assessment
A	\$1,412.62
B	\$1,435.86
C	\$1,599.02
D	\$1,572.55
F	\$1,732.41
G	\$1,546.58
H	\$1,695.75

RESOLVED FURTHER, that the second occupant charge will be \$541.52, of which \$457.41 is for food service and \$84.11 is for maintenance; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

e. 2007 Replacement Reserves

RESOLUTION 50-06-42

WHEREAS, Civil Code § 1365.2.5 requires specific reserve funding disclosure statements for homeowner associations; and

WHEREAS, planned assessments or other contributions to replacement reserves must be projected to ensure balances will be sufficient at the end of each year to meet the association's obligations for repair and/or replacement of major components during the next 30 years;

NOW THEREFORE BE IT RESOLVED, September 21, 2006, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding Plan (attached) with the objective of maintaining replacement reserve balances at or above a threshold of \$1,000,000 (indexed for projected inflation), while meeting its obligations to repair and/or replace major components; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

f. Approval of Employee of the Month Program for Food Service Employees

Director Mervis made a motion to approve the Employee of the Month Program for Food Service Employees. Director Masterson seconded the motion.

By a unanimous vote of 4-0-0, the motion carried and the Board of Directors adopted the following resolution

RESOLUTION 50-06-43

WHEREAS, the Mutual Fifty Food Committee has recommended to the Board of Directors that Mutual Fifty implement an Employee of the Month Program for the staff of Guckenheimer, and

WHEREAS, the purpose of this program is to encourage proper dress and customer service in the dining rooms;

NOW THEREFORE BE IT RESOLVED, September 21, 2006 that the Board of Directors of the Corporation on behalf of the Corporation hereby authorizes the implementation of the Employee of the Month Program for the employees of the Guckenheimer, and

RESOLVED FURTHER, that this Program shall include \$50.00 each month to the Guckenheimer employee who is voted by the residents to most closely comply with the desired standard of dress and service; and

RESOLVED FURTHER, that this policy shall be implemented immediately and shall remain in effect until terminated by decision of the Board at a time the Board shall decide;

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

g. Approval of Policy to Sign a Waiver for Resident Storage

Director Mervis made a motion to approve the Waiver for Resident Storage. Director Jackson seconded the motion. Discussion ensued.

- Vicky Kasselheim (1056) Lorna Ingram (1161), Frances Switzer (251) and Dr. Portis (554) commented on the proposed resolution.

By a vote of 2 in favor and 2 opposed, President Wurzel voted in favor of the resolution to break the tie. The motion carried and the Board of Directors adopted the following resolution

RESOLUTION 50-06-44

WHEREAS, Mutual Fifty has subterranean resident storage lockers allocated to each unit; and

WHEREAS, normal irrigation and/or rain can cause water intrusion into the storage unit area;

NOW THEREFORE BE IT RESOLVED, October 19, 2006 the Board of Directors of this Corporation on behalf of the Corporation hereby approves a Waiver and Release policy for each resident of the Towers informing them of the potential for moisture intrusion;

RESOLVED FURTHER, that the form given to each resident requesting their signature is attached to the minutes of this meeting;

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby instructs staff to carry out the purpose of this resolution.

13. Discussion Items:

a. Letter to the City of Laguna Woods Regarding Public Rights of Way

A discussion was held relative to sending a letter to the City of Laguna Woods regarding Laguna Woods No. Fifty's use of Public Rights of Way. By way of consensus, the Board authorized a letter accordingly under the President's signature

b. Approval of Date of Sale for One Delinquency

The Board discussed the upcoming Foreclosure Sale of Membership 131792.

Joe Hathaway (901) commented on the discussion.

14. President's Comments

President Wurzel stated that he and his Board of Directors always try to look at all of the resident's requests in an objective matter.

15. Resale & Leasing Report:

Milt Johns reported on the year-to-date resale and leasing activity.

16. Resident Questions:

- Joe Hathaway (901) inquired about how many grocery carts are available to the Towers.
- Clara Zimmerman (358) suggested that more carts are needed.
- Tom Davis (1208) questioned parking at Towers once the Beauty Shop is operating.

Recess

The meeting recessed at 11:40 A.M. and reconvened into Executive Session at 11:50 A.M.

During Executive Session the Board approved Executive Session Minutes from August 17, 2006 and reviewed any Contractual, Litigation and/or Delinquency Reports.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 12:05 P.M.

Ruth Mervis, Secretary