

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

**January 17, 2012**

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, January 17, 2012 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Sy Wellikson (via telephone), Mike Straziuso, Won Chang, Isabel Muennichow, Rae Tso, Carol Moore, John Paulus, Kathryn Freshley, Dick Palmer, Denny Welch, Lucy Shimon

Directors Absent: None

Others Present: Jerry Storage, Patty Kurzet

Executive Session: Jerry Storage, Patty Kurzet, Cris Robinson, Luis Rosas

**CALL TO ORDER**

Director Mike Straziuso, 1<sup>st</sup> Vice President of the Corporation, chaired the meeting and stated that it was a regular meeting held pursuant to notice duly given and that a quorum was present. The meeting was called to order at 9:30 A.M.

A moment of silence was held to honor the US Troops serving our country and those placed in harm's way.

**PLEDGE OF ALLEGIANCE**

Director Lucy Shimon led the Membership in the Pledge of Allegiance to the Flag.

**ACKNOWLEDGEMENT OF MEDIA**

No representative of the Press was present, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

**APPROVAL OF AGENDA**

Director Shimon made a motion to remove agenda item *17(d) Motion to Establish a Traffic Rules and Regulations Ad Hoc Committee and Appoint Members* and refer it to the Maintenance and Construction Committee. Director Freshley seconded the motion and discussion ensued. By a vote of 4-5-1 (Directors Shimon, Freshley, Moore, and Palmer voted in favor, Directors Paulus, Welch, Wong, Wellikson and Tso opposed, and Director Muennichow abstained), the motion failed and the agenda was approved as submitted.

**CHAIR'S REMARKS—Mike Straziuso**

Chair Straziuso stated that President Wellikson is attending the meeting by phone due to a recent medical procedure, and provided a brief summary of the parliamentary procedures on running a board meeting.

### **APPROVAL OF THE MINUTES**

Without objection the Board reviewed, revised, and approved the minutes of the Regular Meeting of December 20, 2011.

### **CONSENT CALENDAR**

Without objection, the Board approved the Consent Calendar and took the following actions:

#### Maintenance & Construction Committee Recommendations:

- |         |  |
|---------|--|
| 963-D   | Approval of request to extend exterior patio wall, with contingencies                    |
| 3244-3H | Approval of request to retain the painted entry doors of their manor, with contingencies |
| 3335-2C | Denial of request to install a sun screen in carport                                     |
| 3503-A  | Approval of <b>appeal</b> request to retain Chem Link solar panel roof jack mountings    |

#### Landscape Committee Recommendations

No meeting was held.

#### Finance Committee Recommendations

### **RESOLUTION 03-12-01**

#### **Recording of Lien**

**WHEREAS**, Member ID 931-630-44 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-630-44; 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.

### **RESOLUTION 03-12-02**

#### **Recording of Lien**

**WHEREAS**, Member ID 932-120-63 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-120-63; 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.

### **RESOLUTION 03-12-03**

#### **Recording of Lien**

**WHEREAS**, Member ID 932-310-87 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-310-87; 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.

### **RESOLUTION 03-12-04**

#### **Recording of Lien**

**WHEREAS**, Member ID 932-311-26 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-311-26; 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.

**RESOLUTION 03-12-05**

**Recording of Lien**

**WHEREAS**, Member ID 932-810-21 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-810-21; 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.

**RESOLUTION 03-12-06**

**Recording of Lien**

**WHEREAS**, Member ID 932-810-59 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-810-59; 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.

**RESOLUTION 03-12-07**

**Recording of Lien**

**WHEREAS**, Member ID 932-810-65 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-810-65; 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.

**RESOLUTION 03-12-08**

**Recording of Lien**

**WHEREAS**, Member ID 934-500-50 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-500-50; 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.

**GENERAL MANAGER'S REPORT**

Mr. Storage updated the membership on the ongoing GRF projects within the Community.

Mr. Storage also updated the membership on Third Mutual projects including the replacement of beams at various buildings; elevator hydraulic cylinder replacement program; the three-story fire alarm system upgrades; the waterline epoxy piping program; water conservation;

the flood mitigation in cul-de-sacs 371 and 378 and watershed in cul-de-sacs 203, 219, 221, 222; and slope repairs.

Chair Straziuso introduced Ms. Wendy Bucknum, Government and Public Affairs Manager, who provided an update on the current and potential legislation that would benefit or negatively impact the Community.

Mr. Gene Hart entered the meeting at 10:00 A.M.

Mr. Storage introduced Mr. Gene Hart, Director of Security, who spoke to the Membership on the Security Division's processes and procedures, and provided ways on how residents can keep their valuables and personal information safe.

Mr. Gene Hart left the meeting at 10:17 A.M.

Chair Straziuso described the Board decorum for Member Comments.

### **THIRD MUTUAL MEMBER COMMENTS and PUBLIC FORUM**

- Harry Curtis (5371-2A) spoke on behalf of the Garden Villa Association regarding non-emergency services; the Board's policy requiring installation of low-flow toilets; charging electrical golf carts; and trash chute cleaning.
- Steve McKibben spoke on behalf of his mother Connie McKibben (5574-B) and urged the Board to increase its Fidelity Bond to allow reverse mortgages in the Mutual.
- Mary Pat Toups (3467-B) commented on the elimination of non-emergency chargeable services.
- Bud Nesvig (2392-3H) commented on the epoxy lining coating installed at his building.
- Art Harris (3244-1G) commented on Associa's services available to the residents and encouraged PCM to prove to the residents that it provides the best services available.

### **DIRECTORS' RESPONSES TO MEMBER COMMENTS**

- Scott Dunham, Risk Manager, spoke to Mr. McKibben's comments on the Mutual's Fidelity Bond and stated that he is looking into higher insurance limits and that Third does not qualify for FHA loans due to the wording in its CC&Rs.
- Director Moore spoke to the Mutual's inability to qualify for FHA loans.
- Director Paulus spoke to non-emergency chargeable services, low-flow toilets, and epoxy program.
- Director Palmer spoke to Mr. Curtis' comments on low-flow toilets.
- Director Tso responded to Ms. Toups on non-emergency chargeable services and spoke to the landscape budget.
- Director Freshley spoke to the Mutual's policy requiring the installation of low-flow toilets, the landscape budget, and commented on how PCM is to provide the best service under the set budget.
- Director Shimon asked Jerry Storage to speak to non-emergency chargeable services and Chair Straziuso declined the request.

## **OLD BUSINESS**

The Board considered the following proposed resolution approving the revised Third Mutual Real Estate Sign Placement policy, which was postponed from the previous month to conform the 30-day notification requirement:

### **RESOLUTION 03-12**

#### Placement of Real Estate Signs

**WHEREAS**, to protect the aesthetic integrity of Laguna Woods Village, and further to prevent the diminishment of the surrounding beauty of the Community, it is necessary to establish architectural guidelines with respect to real estate signage;

**NOW THEREFORE BE IT RESOLVED**, February 21, 2012, that the Board of Directors of this Corporation hereby adopts the following policy regarding the temporary placement of real estate signs:

1. Sign Location: To be displayed in one (1) of the following locations:
  - (a) the manor window
  - (b) adjacent to a wall of the manor, within one (1) foot of the structure
  - (c) on the gate of the subject manor
2. Maximum Number: One per residence
3. Maximum Sign Area: The smaller of 6 square feet or 20% of the window area
4. Maximum Character Size: 12 inches
5. Sign Copy: Pertaining only to the sale, rent or lease of the manor
6. Sign Material: Wood, metal, paper, or plastic
7. Sign Illumination: None permitted
8. Permit Requirement: None

**RESOLVED FURTHER**, that Resolution 03-06-31 adopted August 15, 2006 is hereby superseded and cancelled; 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.

Director Welch made a motion to postpone the motion to February to satisfy the 30-day notification requirement. Director Freshley seconded the motion and the motion carried unanimously.

Director Welch made a motion to refer the motion ratifying the Board's action rescinding Resolution 03-08-106 (establishing 30% lease restriction) to the Finance Committee. Director Muennichow seconded the motion and discussion ensued. By a vote of 3-7-0 (Directors Welch, Muennichow, Chang voted in favor), the motion failed.

Director Freshley made a motion to ratify the Board's action made in closed session rescinding Resolution 03-08-106 (establishing 30% lease restriction). Director Shimon seconded the motion and discussion ensued. By a vote of 7-2-1 (Directors Moore, Paulus, Shimon, Freshley, Palmer, Tso and Wellikson voted in favor; Directors Chang and Welch opposed; and Director Muennichow abstained), the motion carried.

Director Moore spoke on the budget process and the inappropriateness of moving funds from the Unappropriated Expenditures Fund to offset a cumulative operating deficit.

### **NEW BUSINESS**

Director Muennichow made a motion to approve a Community Associations Institute (CAI) board membership at a cost of \$705 for 2012. Director Tso seconded the motion and discussion ensued.

Member Marty Rhodes (5369-2A) spoke to the benefits of the membership.

By a vote of 6-3-1 (Directors Muennichow, Tso, Welch, Paulus, Chang, and Wellikson, voted in favor; Directors Freshley, Shimon, and Palmer opposed; and Director Moore abstained), the motion carried.

### **FINANCE REPORT**

Director Rae Tso gave the Treasurer's and the Finance Committee Reports, and commented on the Resale & Lease Activities.

The Secretary of the Corporation read a proposed resolution authorizing the transfer of up to \$1,300,000 from the Unappropriated Expenditures Fund to offset the 2010/11 cumulative operating deficit. Director Welch moved to approve the resolution. Director Tso seconded the motion and discussion ensued.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

### **RESOLUTION 03-12-09**

**WHEREAS**, Third Laguna Hills Mutual (Third Mutual) currently has an operating deficit that exceeds \$1.1 Million; and

**WHEREAS**, an association has several options to address an operating deficit, including: 1) borrow from reserves, 2) impose a special assessment; 3) increase regular assessments; or 4) reduce spending. Third Mutual has another option due to the nature of a special separate reserve called the Unappropriated Expenditures Fund which was established via Resolution 696. Since 1977, Third Mutual has maintained this reserve for the purpose of collecting "...funds for the payment of authorized expenses not provided for in the annual operating budget"; and



**WHEREAS**, legal counsel has recently confirmed that the Unappropriated Expenditures Fund is designed to supplement the operating budget and can be used to fund an operating deficit;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board of Directors of this Corporation authorizes a transfer of up to \$1,300,000 from the Unappropriated Expenditures Fund to offset the 2010/11 cumulative operating deficit; 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.

### **COMMITTEE REPORTS**

No report was given reported from the Landscape Committee.

Director Shimon spoke to the Recycling Ad Hoc Committee.

Directors Straziuso and Moore spoke on recycling.

Director Denny Welch reported from the Maintenance and Construction Committee.

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation to replace the common area fire alarm system in 3-story buildings on a 7-year timetable. Director Welch moved to approve the resolution. Director Chang seconded the motion.

Director Moore amended the motion to decrease the timetable from a 7-year to a 5-year timetable and to increase the supplemental appropriation from \$232,335 to \$362,280. Director Freshley seconded the motion and discussion ensued.

The amendment carried unanimously.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution as amended:

### **RESOLUTION 03-12-10**

**WHEREAS**, in 2011, the Board approved a 5-year reserves plan to replace the common area fire alarm systems in the 81 three-story buildings with a budget estimate of \$22,500 for each alarm system for a total estimated cost of \$1,822,500; and

**WHEREAS**, a Fire Safety Consultant reported that although the OCFA has grandfathered the existing fire alarms into compliance, it could at any time require upgrades to conform to new code requirements; and recommended that the fire alarms be replaced;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board hereby approves replacing the common area fire alarm systems in the 3-story building on a 7 5-year timetable, which would include 9 replacements in 2012, and then 18 replacements per year in years 2013-2016; and

**RESOLVED FURTHER**, that Board hereby authorizes a supplemental appropriation in the amount of ~~\$232,335~~ **\$362,280**, to be funded from the Replacement Fund for 2012, to be used in addition to the existing reserve funding; and

**RESOLVED FURTHER**, that planned expenditures for years 2013-2016 will be updated and reflected in the 30-year Reserves Plan and future Business Plans; 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.

The Secretary of the Corporation read the following proposed resolution authorizing a supplemental appropriation to engage a commercial architect to develop design options for the Garden Villa mailrooms:

**RESOLUTION 03-12**

**WHEREAS**, residents of the Garden Villas have expressed their concerns with the function and design of the mailroom renovations; and

**WHEREAS**, standardizing the design of the Garden Villa mailrooms would maintain the aesthetic value of the Garden Villas and would improve Staff's ability to perform mailroom renovations;

**NOW THEREFORE BE IT RESOLVED**, January 17, 2012, that the Board hereby authorizes a supplemental appropriation in the amount of \$2,600 to be funded from the Unappropriated Expenditures Fund to engage a commercial architect to develop design options for the Garden Villa Mailrooms; 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.

Director Welch moved to approve the resolution. Director Tso seconded the motion and discussion ensued.

Members Art Harris (3244-1G) and Richard Moren (2395-1G) spoke to the motion.

Director Freshley moved to refer the resolution back to the Maintenance and Construction Committee. Director Welch seconded the motion and the motion carried unanimously.

The Secretary of the Corporation read the revision to the following proposed resolution approving the revised requirement that a Manor owner must replace all non-compliant toilets within a Manor upon fee title transfer:

**RESOLUTION 03-12-**

**WHEREAS**, Third Mutual pays out of the Collected Assessments, also known as Carrying Charges, the cost of commonly metered water services for the Manors, which payment by Third Mutual includes the increasingly expensive cost of the water used to flush all toilets within each such Manor; and

**WHEREAS**, two consulting firms have become the clearinghouse for all toilet manufacturers by establishing the test procedures for 1900 toilets; and

**WHEREAS**, most manufacturers have sought the approval of these test procedures and have redesigned their toilets to meet the stated criteria; and

**WHEREAS**, that testing and that compliance has been accepted by the California Urban Water Conservation Council as well as cities throughout the country; and

**WHEREAS**, MaP (Maximum Toilet Performance) testing shows efficient toilets must not exceed 1.6 gallons and be able to flush 1000 grams (2.2 pounds) of solid waste as outlined in the MaP Standards, and have a 3-inch tank drain outlet:

**NOW THEREFORE BE IT RESOLVED**, February 21, 2012, that the Board of Directors of this Corporation hereby requires that prior to the date any record fee title to a Manor is transferred, the Manor Owner must replace all non-compliant toilets within their Manor with toilets which meet or exceed the MaP Standard for 1.6 gallon toilets; and

**RESOLVED FURTHER**, that any 1.6 gallon per flush or lower toilets installed in a manor prior to January 1, 2012 will be considered compliant with this resolution by the Mutual and will not require replacement under this resolution; and

**RESOLVED FURTHER**, that Resolution 03-11-197, adopted November 15, 2011 is hereby superseded and cancelled; 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, effective January 1, 2012.

Director Freshley moved to approve the resolution. Director Paulus seconded the motion and discussion ensued.

Director Freshley moved to postpone the resolution to the February meeting to satisfy the 30-day notification requirements. Director Welch seconded the motion and the motion carried by a vote of 9-1-0 (Director Palmer opposed).

Director Welch made a motion to establish a Traffic Rules and Regulations Ad Hoc Committee and appoint Directors Welch and Chang and advisors Susan Lackey, Annette Watts, Carol Skydell; and Staff officer Victor Polek. Director Tso seconded the motion and discussion ensued.

Member Carol Skydell (3070-B) spoke to the motion.

Without objection, the motion was withdrawn.

Director Freshley made a motion to create a Traffic Rules and Regulations Ad Hoc Committee. Director Moore seconded the motion and discussion ensued. By a vote of 9-1-0 (Director Muennichow opposed), the motion carried.

No report was given from the Non-Emergency Chargeable Services Ad Hoc Committee.

Director Palmer reported on water conservation.

Director Chang made a motion to approve the distribution of informational brochure, "Remodeling with a Purpose and Saving Money, Water and Energy," as written for distribution at the Permits and Inspections Department desk for the membership at an expense not to exceed \$150 to be paid for from the operating budget. Director Freshley seconded the motion and discussion ensued.

Director Welch called the question. Directors Paulus, Welch, Chang, Tso and Shimon voted in favor and the motion failed due to failure of obtaining a 2/3<sup>rd</sup> vote and discussion continued.

By a vote of 10-0-0, the motion carried.

Director Moore made a motion to direct Staff to perform 100 additional manor inspections as part of Resolution 03-10-187 (water conservation program), and to continue pursuing the inspections at the remaining four manors from the previous inspections, by any means necessary, including pursuing legal action against members who did not allow inspections to be performed. Director Shimon seconded the motion and discussion ensued. By a vote of 10-0-0, the motion carried.

Director Muennichow reported from the Board Operating Rules Committee.

Director Paulus reported from the Resident Problem Resolution Services.

Director Palmer reported from the Traffic Committee.

Director Moore did not report from the Community Revitalization Committee.

Director Moore did not report from the Smoking Issues Ad Hoc Committee.

**GRF Committee Reports**

- None

**ADDITIONAL MEMBER COMMENTS**

- None

**DIRECTORS' COMMENTS**

- No comments were made.

The Board recessed at 12:55 P.M. and reconvened into Executive Session at 1:40 P.M.

**Summary of Previous Closed Session Meetings per Civil Code Section §1363.05**

During its Regular Executive Session meeting of December 20, 2011 the Board reviewed and approved the minutes of the Regular Executive Session of November 15, 2011; heard 4 disciplinary hearings; approved 5 delinquent assessment and chargeable services write-offs; approved filing four separate Small Claims Cases of \$2,500 (or less); discussed the legal matters of Elliot Nesvig v. Third Mutual; Gladys Yacoubian v. Third Mutual; and Lee Childress v. Third Mutual; and discussed other member disciplinary and legal matters.

The Traffic Committee of the Board did not meet in Executive Session on December 28, 2011 to discuss member disciplinary issues.

With no further business before the Board of Directors, the meeting was adjourned at 3:31 P.M.

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Isabel Muennichow, Secretary