

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

March 20, 2012

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, March 20, 2012 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Mike Straziuso, Won Chang, Isabel Muennichow, Sy Wellikson, 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, Sandy Meyer

CALL TO ORDER

Director Mike Straziuso, 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.

PLEDGE OF ALLEGIANCE

Director Freshley led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF MEDIA

A representative of the Globe was present, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

APPROVAL OF AGENDA

Without objection, the Board approved the agenda as amended by moving 2397-3D from the Maintenance & Construction Committee Consent Calendar to under the Maintenance & Construction Committee Report and moving 4002-3C from the Landscape Committee Consent Calendar to under the Landscape Committee Report.

CHAIR'S REMARKS—Mike Straziuso

Chair Straziuso spoke to the low attendance of residents at committee meetings and encouraged residents to attend them to voice their comments and concerns so committee discussions are not held during Board meetings.

APPROVAL OF THE MINUTES

Without objection the Board reviewed and approved the minutes of the Regular Meeting of February 21, 2012.

CONSENT CALENDAR

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

Maintenance & Construction Committee Recommendations:

- | | |
|---------|--|
| 3339-A | Approval of request to enclose front entrance portico, with contingencies |
| 4010-1A | Denial of request for paint damage reimbursement |
| 4004-3F | Approval of reimbursement for water heater replacement |
| 5057 | Approval of request to extend rear patio slab and install a block wall, with contingencies |
| 5194 | Approval of request to extend Master Bedroom, with contingencies |
| 5492-A | Approval of request to reverse a portion of damage restoration charges |
| 5520-A | Approval of request to reverse damage restoration charges |

Landscape Committee Recommendations

- | | |
|--------|---|
| 3403-O | Denial of appeal request for tree removal |
| 5508-C | Denial of request for two (2) tree removals |

Finance Committee Recommendations

RESOLUTION 03-12-33

Recording of Lien

WHEREAS, Member ID 931-361-16 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, March 20, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-361-16; 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 03-12-34

Recording of Lien

WHEREAS, Member ID 931-710-69 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, March 20, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-710-69; 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 03-12-35

Recording of Lien

WHEREAS, Member ID 931-710-79 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, March 20, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-710-79; 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 03-12-36

Recording of Lien

WHEREAS, Member ID 932-380-19 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, March 20, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-380-19; 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 03-12-37

Recording of Lien

WHEREAS, Member ID 933-800-62 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, March 20, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-800-62; 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; 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; water heater electrical upgrades; slope repairs; and garden villa lobby chandelier replacements.

Mr. Storage introduced Wendy Bucknum, Government and Public Affairs Manager, who provided an update on the recent proposed state legislative bills that affect the Community, and provided an update on potential changes to the FHA guidelines.

President 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 the mailroom renovations.

- Connie Matzenbacher (2401-3D) encouraged residents interested in running for the Board to run independently and not as a slate.
- Mary Pat Touns (3467-B) addressed her concern with the elimination of non-emergency chargeable services and the possibility of hiring outside contractors who may take advantage of seniors.

DIRECTORS' RESPONSES TO MEMBER COMMENTS

- Directors Welch, Paulus, and Moore responded to Mr. Curtis' comments on the Garden Villa mailroom renovations.
- Directors Tso, Freshley and Wellikson responded to Ms. Matzenbacher's comments on candidates running on a slate.

UNFINISHED BUSINESS

No unfinished business came before the Board.

NEW BUSINESS

Director Paulus made a motion to designate Third Mutual resident Hillel Pitlik as a representative for the Elevator Replacement Program. Director Moore seconded the motion and discussion ensued.

Director Wellikson left the meeting at 10:24 A.M.

By a vote of 9-0-0 (Director Wellikson was absent from the meeting), the motion carried.

Director Moore made a motion to appoint Directors Freshley and Palmer to the GRF Clubhouse 2 Renovation Ad Hoc Committee. Director Shimon seconded the motion. By a vote of 9-0-0 (Director Wellikson was absent from the meeting), the motion carried.

The Secretary of the Corporation read the proposed change to the Mutual Committee appointments. Director Paulus moved to approve the resolution. Director Chang seconded the motion.

By a vote of 9-0-0 (Director Wellikson was absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-12-38

Mutual Committee Appointments

RESOLVED, March 20, 2012, that the following persons are hereby appointed to serve on the committees and services of this Corporation; and

RESOLVED FURTHER, that each committee chair in consultation with the vice chair may appoint additional members and advisors with interim approval by the President subject to the approval of the Board of Directors:

Board Operating Rules Committee

Mike Straziuso, Chair
Kathryn Freshley, Vice Chair
Carol Moore
Isabel Muennichow
Denny Welch
Lucy Shimon
Rae Tso
Non-Voting Advisors: Carol Skydell, Noel Hatch

Community Revitalization (ad hoc committee)

Carol Moore, Chair
Lucy Shimon, Vice Chair
Non-Voting Advisors: Carol Skydell, Richard Moren, Kay Livingston

Finance (Committee of the Whole)

Rae Tso, Chair
Mike Straziuso, Vice Chair
Non-Voting Advisors: Jim Hart

Landscape (Committee of the Whole)

Isabel Muennichow, Chair
Lucy Shimon, Vice Chair
Non-Voting Advisors: John Dudley, Barbara Marsh, Judith Troutman, Harriet Arnest, Mike Matzenbacher

Maintenance and Construction (Committee of the Whole)

Denise Welch, Chair
Won Chang, Vice Chair
Non-Voting Advisors: Joseph Heller, Richard Moren, Shari Horne

Management Agreement Ad Hoc Committee (Committee of the Whole)

Meet and Confer

John Paulus
Kathryn Freshley
Mike Straziuso

New Resident Orientation

Per Rotation List

Resident Problem Resolution Services

John Paulus, Chair
Denise Welch, Vice-Chair

Traffic Rules and Regulations ad hoc committee

Dick Palmer, Chair

Carol Moore, Vice Chair
3rd Person Per Rotation List

Laguna Canyon Foundation
Isabel Muennichow (replaces Carol Moore)

RESOLVED FURTHER, Resolution 03-12-23, adopted February 21, 2012, is hereby superseded and canceled.

The Secretary of the Corporation read a proposed resolution approving the record dates for the director election. Director Welch moved to approve the resolution. Director Tso seconded the motion and discussion ensued.

Director Wellikson returned to the meeting at 10:30 A.M.

By a vote of 6-4-0 (Directors Wellikson, Muennichow, Chang, Welch, Tso, Paulus voted in favor), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-12-39

WHEREAS, Corporations Code §7611 provides that the Board may fix a date as the record date for the purpose of determining the members entitled to cast written ballots, and that such record date shall not be more than 60 days before the day on which the first written ballot is mailed or solicited; and

WHEREAS, Corporations Code §7611 provides that the Board may fix a date as the record date for the purpose of determining the members entitled to receive a notice of any meeting of members, and that such record date shall not be more than 90 nor less than 10 days before the date of the meeting; and

WHEREAS, Section 5.8.1 of the Third Laguna Hills Mutual Bylaws states that no membership shall be eligible to vote who is shown on the books of account of Third Corporation, on the record date for voting as set forth in 5.10 to be more than thirty (30) days delinquent in payment of any sums due to this Corporation; and

WHEREAS, by way of Resolution 03-11-53, the Board shall, at an open meeting of the Board of Directors held in advance of the annual meeting of members, fix such dates;

NOW THEREFORE BE IT RESOLVED, March 20, 2012, that based on the advice of Corporate Counsel, the Board of Directors of this Corporation hereby sets the record date determining those members entitled to cast a written ballot to be July 2, 2012 (no more than 60 days before the day the ballots are mailed); and

RESOLVED FURTHER, that based on the advice of Corporate Counsel, the Board of Directors of this Corporation hereby sets the record date determining those members entitled to receive a notice of the annual meeting to be July 6, 2012 (90 days before the annual meeting); and

RESOLVED FURTHER, that no Member shall be entitled to receive a ballot or notice who is shown on the books of account of Third Mutual, on said record date, to be more than thirty (30) days delinquent in payment of any sums due to this Corporation; 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.

FINANCE REPORT

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

Director Freshley made a motion to approve retaining interest payments in the Merrill Lynch/Black Rock discretionary account for the purpose of reinvestment. Director Welch seconded the motion and discussion ensued. By a vote of 10-0-0, the motion carried.

COMMITTEE REPORTS

Director Isabel Muennichow reported from the Landscape Committee.

The Secretary of the Corporation read a proposed resolution approving the Recycling Subcommittee Charter. Director Muennichow moved to approve the resolution. Director Welch seconded the motion.

Director Freshley left the meeting at 10:55 A.M.

By a vote of 9-0-0 (Director Freshley was absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-12-40

Recycling Sub-Committee Charter

WHEREAS, on December 11, 2011, the Recycling Sub-Committee was established by the Third Laguna Hills Mutual Board of Directors under the purview of the Landscape Committee;

NOW THEREFORE BE IT RESOLVED, March 20, 2012, that the Board of Directors of this Corporation hereby assigns the general duties and responsibilities imposed upon all standing committees of Third Laguna Hills Mutual as follows:

1. Serve as a working liaison between the Third Laguna Hills Mutual Landscape Committee and Board of Directors and the Managing Agent's Landscape Division, specific to waste management recycling components as required.
2. Recommend, evaluate, review and approve any proposed service modifications to the waste management recycling program and present these modifications to the Third Laguna Hills Mutual Landscape Committee and Board of Directors for final approval and implementation.
3. Approve the recommended specifications for the purchase, removal and/or replacement of waste management recycling and/or any associated components resulting from the recycling program and recommend appropriate action to the Third Laguna Hills Mutual Landscape Committee and Board of Directors for final approval.

RESOLVED FURTHER, that the Directors serving on this Sub-Committee may appoint and remove advisors as necessary; 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 Freshley returned to the meeting at 10:59 A.M.

Director Muennichow explained the Landscape Committee's recommendation to deny the original request of 4002-3C for tree removal. The Board previously approved the request at the Member's expense, but her neighbors appealed the request asking that the tree not be removed.

Member Paul Hutchins of 3036-P spoke on behalf of his mother-in-law Selma Feldman of 4002-3C and her original request for tree removal and the Board's approval of such.

Member Ronnie Miller (4002-3B) commented in favor of the tree removal.

The Board members discussed the situation.

Director Muennichow moved to reaffirm the Board's previous decision to approve the request of 4002-3C for tree removal at the Member's expense. Director Wellikson seconded the motion and the motion carried by a vote of 9-0-1 (Director Moore abstained).

Director Muennichow made a motion to establish a 2013 Renovation Project Tour Group and appoint Directors Shimon and Muennichow and residents Barbara Marsh and Judith Troutman. The group will visit prospective sites in Third Mutual with Staff and report their findings to the Landscape Committee. Director Wellikson seconded the motion and the motion carried unanimously.

Director Shimon reported from the Recycling Sub-Committee.

Member Marty Rhodes (5369-2A) commented on the City's recycling program.

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 dry rot beams at Buildings 4001, 4002, 4003, 4004 and 4005. 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 03-12-41

WHEREAS, during the 2011 Paint Program wood beams on the exterior stairways of the LH 21 buildings were found to exhibit dry rot damage; and

WHEREAS, a Structural Engineer was contracted to assess the damage and recommended necessary repairs at Buildings 4001, 4002, 4003, 4004 and 4005; and Buildings 4012, 4013, 4014, 4025 and 4026 that are also part of the 2011 Paint Program were also identified as exhibiting dry rot damage;

NOW THEREFORE BE IT RESOLVED, March 20, 2012, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$42,750 to be funded from the Replacement Fund to replace dry rot beams at Buildings 4001, 4002, 4003, 4004 and 4005; and perform structural inspections on the remaining 6 LH21 buildings that were part of the 2011 paint program; 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 a proposed resolution to enter into a license agreement between Third Laguna Hills Mutual and GRF. 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 03-12-42

WHEREAS, in 2011, the Golden Rain Foundation (GRF) Board of Directors agreed to replace and relocate a new radio antenna tower at Clubhouse 1 that

is utilized by the Laguna Woods Amateur Radio Club for radio communications; however, the City would require the new antenna to go through a special planning process which would delay construction of the tower; and

WHEREAS, currently there is an antenna tower located next to the headend building in cul-de-sac 403 in the Gate 14 area which is located on Third Mutual property where an exclusive easement exists between Third Mutual and GRF for use of a television headend facility;

NOW THEREFORE BE IT RESOLVED, March 20, 2012, the Board of Directors of this Corporation hereby agrees to enter into a license agreement between Third Laguna Hills Mutual and GRF allowing the Radio Club to install, maintain and operate all equipment necessary to carry out the functions of the Club at the existing headend building and utilize the existing tower in cul-de-sac 403 in the Gate 14 area; 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 a proposed resolution approving criteria that allow a contractor to be placed on the Contractor Referral List. Director Muennichow moved to approve the resolution. Director Welch seconded the motion and discussion ensued.

Member Carol Skydell (3070-B) commented on the proposed policy.

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

RESOLUTION 03-12-43

WHEREAS, a Contractor Referral List has been compiled to assist Laguna Woods Village residents in choosing a contractor;

NOW THEREFORE BE IT RESOLVED, March 20, 2012, that the Board of Directors of this Corporation hereby approves the following criteria that allow a contractor to be placed on the list:

1. A contractor shall be in clear and active status with the California State Contractor's License Board (CSLB). A copy of license must be filed with the Permits and Inspections Department; and
2. A contractor shall hold a minimum of \$100,000 general liability insurance, and worker's compensation as required by the CSLB. A current copy of the general liability insurance must be supplied and on file with the Permits and Inspections Department; and

3. A contractor shall have a minimum of three (3) recommendation letters from Laguna Woods Village residents.

RESOLVED FURTHER, that any one of the following items will cause removal from the referral list:

1. Expired contractors license
2. Expired general liability, or worker's compensation insurance as required by the CSLB
3. Failure to obtain Mutual and/or City of Laguna Woods permits prior to commencement of work
4. Failure to comply with the requirements of the Mutual permit

RESOLVED FURTHER, that once a contractor has been removed from the referral list, the contractor cannot be placed back on the list; and

RESOLVED FURTHER, that upon receipt of three (3) written complaints from residents for any one contractor in a 2-year period, the matter will be referred to the Board for consideration; and

RESOLVED FURTHER, that Resolution 03-03-03 adopted January 21, 2003, is hereby superseded and canceled; 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 announced that the Non-Emergency Chargeable Services Ad Hoc Committee meeting will be held on March 26, 2012 at 2:00 P.M. in the Sycamore Room.

Director Moore moved to approve the request of 2397-3D to install an additional window at the manor, with the standard contingencies. Director Freshley seconded the motion and discussion ensued.

Member Shari Horne (2354-3C) addressed her concern with the request.

Director Palmer amended the motion requiring that the Member not remove the tree adjacent to the building. Director Muennichow seconded the motion and discussion ensued.

Director Moore amended the amendment that the tree not be removed unless there is a structural issue. Director Shimon seconded the motion. The second amendment carried by a vote of 7-1-2 (Director Wellikson opposed, and Directors Tso and Chang abstained).

By a vote of 7-1-2 (Director Welch opposed, and Directors Tso and Chang abstained), the amended amendment carried.

By a vote of 7-3-0 (Directors Paulus, Welch and Tso opposed), the motion as amended carried.

Director Palmer reported from the Water Conservation Sub-Committee.

Member Michael Matzenbacher (2401-3D) commented on the report.

President Straziuso reported that the Board Operating Rules Committee did not meet.

Director Paulus reported from the Resident Problem Resolution Services.

Director Palmer reported from the Traffic Committee.

Director Welch announced when the meeting of the Traffic Rules and Regulations Ad Hoc Committee will be held.

Director Moore reported from the Community Revitalization Committee.

GRF Committee Reports

- Director Shimon reported from the Vehicles and Mobility Committee.

ADDITIONAL MEMBER COMMENTS

- None

DIRECTORS' COMMENTS

- Director Muennichow complemented Staff on installing the new Community map in the Board Room and commented on candidates running on slates.
- Denny Welch wished everyone health, wealth and time to enjoy them.

The Board recessed at 12:27 P.M. and reconvened into Executive Session at 1:17 P.M.

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

During its Regular Executive Session meeting of February 21, 2012 the Board approved the minutes of the Regular Executive Session of January 17, 2012, and the minutes of the Special Executive Session of February 14, 2012; approved 1 delinquent assessment write-off; established a foreclosure sale date on a unit for delinquent assessments; heard 2 disciplinary hearings; 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, contractual and legal matters.

With no further business before the Board of Directors, the meeting was adjourned at 5:30 P.M.

Isabel Muennichow, Secretary