

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

May 15, 2012

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, May 15, 2012 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

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

Directors Absent: Won Chang

Staff Present: Jerry Storage, Patty Kurzet
Executive Session: Jerry Storage, Cris Robinson, Patty Kurzet, Luis Rosas, Marcel Bradley, Tim Huval

Others Present: Kelly Richardson, Esq.

CALL TO ORDER

Director Mike Straziuso, President of the Corporation, called the meeting to order at 9:30 A.M.

PLEDGE OF ALLEGIANCE

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

ACKNOWLEDGEMENT OF MEDIA

A representative of the Globe was not 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 removing the following Landscape Committee Recommendation: *3290-C Denial of request for off-schedule tree trimming and tree removal* from the Landscape Committee Consent Calendar and placing it under the Landscape Committee Report for discussion.

ANNOUNCEMENT

GRF President Foster announced that Connexion Technologies, the Community's Broadband service provider, filed for Chapter 11 bankruptcy protection on April 26, 2012 and stated that GRF and PCM will work closely with Connexion through its reorganization process to minimize any impact the filing may have on Village customers. President Foster emphasized that West Coast Internet is still operating and has not filed bankruptcy.

CANDIDATE INFORMATION COMMITTEE REPORT

Mr. Mark Schneider spoke on behalf of the Candidate Information Committee.

CHAIR'S REMARKS—Mike Straziuso

President Straziuso spoke on water conservation; the Streetlight Agreement with the City; shortening the length of Board Meetings; and reverse mortgages.

APPROVAL OF THE MINUTES

Without objection or amendments, the Board approved the April 17, 2012 Regular Meeting minutes.

The Board rescinded its previous approval and Director Freshley made recommended changes to the April 17, 2012 Regular Meeting minutes.

Director Freshley moved to approve the April 17, 2012 Regular Meeting minutes as amended. Director Shimon seconded the motion. By a vote of 5-5-0 (Directors Moore, Paulus, Shimon, Freshley, Palmer voted in favor and Directors Wellikson, Muennichow, Tso, Welch, and Straziuso voted against the motion), the motion failed and the minutes were approved as submitted.

CONSENT CALENDAR

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

Maintenance & Construction Committee Recommendations:

- | | |
|---------|--|
| 2353-2G | Approval of request for Mutual to reverse charges for toilet repair service |
| 2387-1E | Approval of request for Mutual to reverse charges for electrical repairs |
| 3256-A | Approval of request to install a clear 2' X 4' skylight in the Living Room, with contingencies |
| 3455-B | Approval of request to remove the original wood entry trellis and replace it with an Alumawood trellis in white over the entry and front courtyard, with contingencies |
| 3487-A | Approval of request for Mutual to reverse changes for electrical inspection and testing service |
| 4010-1A | Denial of appeal request for reimbursement for costs of having paint overspray removed from vehicle |
| 5083 | Approval of request to perform courtyard, entry and driveway modifications, with contingencies |
| 5273 | Approval of request to install a garden wall at the rear of manor, with contingencies |
| 5342-A | Approval of request to install a bathroom addition, with contingencies |
| 5498-N | Approval of request to retain an HVAC condenser installed on the balcony, with contingencies |
| 5515-3D | Denial of request for Mutual to perform interior paint and drapery cleaning |

- (b) Landscape Committee Recommendations
None.

Finance Committee Recommendations

RESOLUTION 03-12-67

Recording of Lien

WHEREAS, Member ID 931-580-69 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, May 15, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-580-69; 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 03-12-68

Recording of Lien

WHEREAS, Member ID 932-600-79 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, May 15, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-600-79; 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 03-12-69

Recording of Lien

WHEREAS, Member ID 933-800-91 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, May 15, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-800-91; 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 03-12-70

Recording of Lien

WHEREAS, Member ID 934-900-95 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, May 15, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-900-95; 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 03-12-71

Recording of Lien

WHEREAS, Member ID 935-050-14 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, May 15, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 935-050-14; 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 and on Third Mutual projects including the elevator replacement program; the three-story building 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; and Garden Villa lobby chandelier replacements. Mr. Storage announced that Wendy Bucknum was named the Government and Public Affairs National 2011 award winner by the Community Associations Institute (CAI) National Board of Directors.

THIRD MUTUAL MEMBER COMMENTS and PUBLIC FORUM

Third Mutual Members were given the opportunity to speak and the Directors briefly responded to the comments.

UNFINISHED BUSINESS

No unfinished business came before the Board.

NEW BUSINESS

Mr. Richardson provided a brief overview of proposed rules to assist the Board in conducting more efficient Board Meetings. No action was taken.

Mr. Richardson provided an update on the City of Laguna Woods' request to amend its 2006 Streetlight Agreement with Third Mutual. No action was taken.

FINANCE REPORT

Director Tso reported from the Finance Committee, and gave the Treasurer's and Resale & Lease Activities Reports.

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation in the amount of \$484,446 to fund dry rot repairs. Director Tso moved to approve the resolution. Director Welch seconded the motion.

By a vote of 9-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-12-72

WHEREAS, Resolution 03-11-151 created the 2012 Replacement Reserves 30-Year Funding Plan and included \$298,944 in planned expenditures to replace dry rotted beams in the Garden Villas from the Building Structures Replacement Fund; and

WHEREAS, to date in 2012, expenditures for dry rotted beam replacement at buildings 4007, 4010, and 4011 has exceeded the budgeted Reserve amount by \$242,556; and

WHEREAS, the structural engineering plans are completed for beam replacements at buildings 4006 and 4008 and repairs are estimated to cost \$241,890;

NOW THEREFORE BE IT RESOLVED, May 15, 2012, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$484,446 to be funded from the Replacement Fund for dry rotted beam replacement at buildings 4006, 4007, 4008, 4010, and 4011; 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

Director Isabel Muennichow reported from the Landscape Committee.

Director Muennichow reported that the Committee did not act on the request of *3290-C for off-schedule tree trimming and tree removal* because the member withdrew her request. No action was taken on the Members' request.

The Secretary of the Corporation read a proposed resolution to accept the proposal from Ware Disposal for the removal of newspaper carts and co-mingling of old newspaper along with other recyclables into the blue recycling bins. Director Muennichow moved to approve the resolution. Director Welch seconded the motion and discussion ensued.

By a vote of 9-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-12-73

WHEREAS, as a part of the community-wide refuse services, residential newspaper collection has been segregated and collected independently from all other refuse and sold to outside vendors as a means to offset Mutual members' association dues; and

WHEREAS, the total annual tonnage of old newspaper collected has declined over 50% since 2005; and

WHEREAS, eliminating the newspaper carts across the Community and consolidating the newspapers into the commingled recycling collection would streamline and simplify the overall collection process throughout the Community;

NOW THEREFORE BE IT RESOLVED, May 15, 2012, that the Board of Directors hereby authorizes Staff to work on behalf of the Mutual to accept the proposal from Ware Disposal for the removal of newspaper carts and commingling of old newspaper along with other recyclables into the blue recycling bins; and further authorizes Staff to continue negotiations with Ware Disposal to ensure the maximization of the community newspaper income; and

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

Director Denny Welch reported from the Maintenance and Construction Committee.

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation to construct CDS 221 storm drain improvements. Director Welch moved to approve the resolution. Director Wellikson seconded the motion.

By a vote of 9-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-12-74

WHEREAS, by way of Resolution 03-10-155 the Board of Directors of this Corporation appropriated monies to retain a civil engineering consultant to research, plan, and design improvements to the existing storm drain system at cul-de-sac (CDS) 221; and

WHEREAS, the improvement plans were completed by the civil engineering consultant and three competitive bids were received from qualified contractors which were higher than the consultant's estimate from the flood mitigation study;

NOW THEREFORE BE IT RESOLVED, May 15, 2012, that the Board of Directors hereby authorizes an additional supplemental appropriation in the amount of \$165,050 to be funded from the Disaster Fund to construct CDS 221 storm drain improvements; and

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

Director Muennichow moved to establish a Paint Color Sub-Committee and appoint herself with residents Marion Rosenstein and Barbara Marsh as advisors, and further moved to allow the Chair of the Paint Color Sub-Committee to appoint advisors without need for Board approval. Director Moore seconded the motion and the motion carried unanimously.

Director Palmer reported from the Water Conservation Sub-Committee.

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 Muennichow reported on the Media and Communications Committee Meeting.

ADDITIONAL MEMBER COMMENTS

Members were given additional time to speak to the Board.

DIRECTORS' COMMENTS

Directors briefly made comments to the Membership.

The Board recessed at 11:43 A.M. and reconvened into Executive Session at 12:56 P.M.

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

During its April 17, 2012 Regular Executive Session Board Meeting, the Board reviewed and approved the minutes of the Regular Executive Session of March 20, 2012. The Board approved six write-offs; approved filing six separate Small Claims Cases of \$2,500 (or less); heard three disciplinary hearings and imposed fines totaling \$900 for violations of the Mutual's rules and regulations; discussed the legal matter of 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 5:00 P.M.

Isabel Muennichow, Secretary