

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

August 21, 2012

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, August 21, 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, Hank Gioia, Kathryn Freshley, Dick Palmer, Denny Welch, Lucy Shimon

Directors Absent: None

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

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 Wellikson 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 written.

CHAIR'S REMARKS—Mike Straziuso

President Straziuso introduced Hank Gioia who was appointed to the Board, filling the vacancy caused by Dr. John Paulus; announced the schedule for the upcoming Director Election and encouraged residents to vote; announced that the Board will hold a special Board meeting to review the reserves; and commented on proposed Board meeting rules to be approved at the September meeting.

APPROVAL OF THE MINUTES

Without objection or amendments, the Board approved the June 15, 2012 Special Meeting - Business Planning Version 1 minutes, the July 17, 2012 Regular Meeting minutes, the July 20, 2012 Special Meeting – Business Planning Version 2 minutes, and the August 9, 2012 Special Meeting – Business Planning Version 3 minutes.

The Board discussed the August 10, 2012 Special Meeting minutes.

A motion was made and seconded to approve the August 10, 2012 Special Meeting minutes.

Director Freshley stated that the minutes do not reflect the motion she read at the August 10, 2012 meeting and moved that the minutes reflect such motion. Director Shimon seconded the motion and discussion ensued. The motion carried by a vote of 6-0-4 (Directors Muennichow, Tso, Welch, and Chang abstained).

The Board discussed the resolution summarizing the August 10, 2012 Special Board Meeting as drafted by Legal Counsel to be attached to the August 10, 2012 minutes. Mr. Richardson provided an explanation on the need for the resolution.

Director Welch moved to amend the motion to approve the August 10, 2012 minutes by adding the resolution as drafted by Mr. Richardson. Director Tso seconded the motion and discussion ensued.

Director Moore moved that an investigation be conducted regarding the allegation made by Director Tso and Third legal counsel Kelly Richardson that Ms. Moore received communication from resident Paul Loughrey saying that he would not attend the August 10, 2012 meeting. Director Freshley seconded the motion and discussion ensued. No action was taken.

By a vote of 5-4-1 (Directors Freshley, Moore, Shimon, and Palmer opposed, Director Muennichow abstained) the motion to add the resolution to the August 10, 2012 minutes carried.

By a vote of 5-4-1 (Directors Freshley, Moore, Shimon, and Palmer opposed, Director Muennichow abstained) the motion to approve the August 10, 2012 minutes as amended carried.

CONSENT CALENDAR

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

Maintenance & Construction Committee Recommendations:

- | | |
|---------|---|
| 962-A | Approve request to remove the patio walls and extend the patio, with contingencies |
| 3116-C | Approve request to perform a window addition in Bedroom Two, with contingencies |
| 3174-A | Approve request to perform a bedroom and bathroom addition, with contingencies |
| 3208-B | Approve request for a rear patio extension and wood lattice cover, with contingencies |
| 3379-N | Deny request for gutter installation |
| 3421-2F | Denial of appeal request and uphold previous decision and approve partial reimbursement for carpet replacement |

- 5282 Approval of request to reverse charges for emergency chargeable services for guest bathroom toilet leak
- 5552-B Approve request to remove the patio walls and extend the patio, with contingencies

Landscape Committee Recommendations

- 3174-A Approval of tree removal subject to approval of patio addition variance request at Mutual Member's expense
- 3427-N Denial of requests for off-schedule tree trimming, installation of border along front sidewalk and replanting of slope across the street
- 5008 Denial of request for three (3) tree removals
- 5307 Conditional approval of request to retain two topiary plants on front lawn
- 5465-A Denial of request for tree removal
- 5552-B Approval of request for five (5) tree removals at Mutual Member's expense

Finance Committee Recommendation

RESOLUTION 03-12-107

WHEREAS, the Finance Committee recommends filing separate Small Claims Court cases of \$2,500 (or less) in an attempt to collect delinquent assessments by way of a judgment or stipulation against members/owners in Third Laguna Hills Mutual; and

NOW THEREFORE BE IT RESOLVED, August 21, 2012, that the Board of Directors hereby approves the filing of separate Small Claims Court cases for Member ID 931-370-88; Member ID 931-360-22; Member ID 931-361-16; Member ID 932-310-45; Member ID 932-720-12; Member ID 933-050-63; and Member ID 935-090-51; 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. Jerry Storage updated the Membership on the ongoing GRF projects within the Community and on Third Mutual projects.

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

UNFINISHED BUSINESS

The Secretary of the Corporation, Director Muennichow, read a proposed resolution prohibiting the placement of political signs on Third Mutual common area, which was

postponed from the July meeting to satisfy the 30-day notification requirement. Director Muennichow moved to approve the resolution. Director Tso seconded the motion.

By a vote 7-0-3 (Directors Freshley, Moore, Palmer abstained), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-12-108

WHEREAS, Civil Code §1353.6 states that a homeowner association cannot prohibit placement of non-commercial signs on exclusive use common area or a separate interest; and

WHEREAS, Third Mutual does not have a policy prohibiting signage on common area;

NOW THEREFORE BE IT RESOLVED, August 21, 2012, that the Board of Directors hereby prohibits the placement of political signage on Third Mutual common area; 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.

NEW BUSINESS

Director Wellikson moved to allow the President to appoint 2 rotating Board Members, who sign a confidentiality agreement, to attend GRF Executive Session meetings, per the GRF Bylaws. Director Tso seconded the motion and discussion ensued. By a vote of 6-4-0 (Directors Moore, Freshley, Palmer, Shimon opposed), the motion carried.

Mr. Richardson stated that because there is less than 30 days between board meetings, the proposed Rules for Board Meetings Policy has already been announced and posted on TV 6 to satisfy the 30-day notification requirement.

Director Wellikson moved to waive the reading of the proposed Board meeting rules. Director Gioia seconded the motion and discussion ensued. Without objection, the motion was withdrawn.

Mr. Richardson provided a summary of the proposed Rules for Board Meetings Policy.

Director Muennichow moved to hold quarterly meeting with the housing mutuals. Director Wellikson seconded the motion and discussion ensued. By a vote of 7-2-1 (Directors Freshley and Palmer opposed; and Director Moore abstained), the motion carried.

Director Muennichow moved that the Board takes the necessary steps to change the name of the Corporation to "Third Laguna Woods Mutual". Director Welch seconded the motion and discussion ensued. The motion was withdrawn.

Director Wellikson moved to direct Staff to draft a subject report analyzing the impact of changing the name of the Corporation. Director Freshley seconded the motion and the motion carried with Director Moore abstaining.

The Board members commented on Dr. John Paulus' contributions to the Community.

COMMITTEE REPORTS

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

Director Isabel Muennichow reported from the Landscape Committee.

Director Denny Welch reported from the Maintenance and Construction Committee.

The Secretary of the Corporation read a proposed resolution authorizing Staff to perform touch-up paint work in the common areas of Building 5500. Director Welch moved to approve the resolution. Director Muennichow seconded the motion.

Director Freshley left the meeting at 12:06 P.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 03-12-109

WHEREAS, a request was received from the building captain of Building 5500 to have touch-up paint applied to areas in the mailroom, lobby, and laundry rooms for cosmetic reasons; and

WHEREAS, it is not an established service level to repaint or perform touch-up to building components for cosmetic reasons;

NOW THEREFORE BE IT RESOLVED, August 21, 2012, that the Board of Directors of this Corporation hereby authorizes Staff to perform the estimated \$1,070 of touch up paint work in the common areas of Building 5500 as an unbudgeted operating expense in the General Maintenance Fund; 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 Gioia left the meeting at 12:07 P.M. and did not return to open session.

The Secretary of the Corporation read the following proposed resolution adopting a water heater policy that determines responsibility connected to the life of the water heater product warranty:

RESOLUTION 03-12-

WHEREAS, water heaters are owned and maintained by the Unit Owner whether installed by the Mutual as a chargeable service or installed by the Unit Owner or the unit owner's contractor; and

WHEREAS, the Mutual does not have a documented policy for determining the responsibility for damage to Mutual controlled property, and all other related costs, resulting from water heater failures; and

WHEREAS, establishing such a policy would help minimize Mutual responsibility for damages related to water heater failures;

NOW THEREFORE BE IT RESOLVED, October 16, 2012, that the Board of Directors hereby resolves that all costs for damage to Mutual controlled property, and other related costs, resulting from water heater failures occurring more than two years *after expiration of the manufacturer's Warranty Period* are the responsibility of the Unit Owner; and

RESOLVED FURTHER, that the warranty period for a water heater appliance, either installed by the Mutual or by the Unit Owner, begins on the date of permit issuance, or the date of installation as indicated by verifiable documentation; and

RESOLVED FURTHER, that in cases where the appliance is an Owner-Installed Water Heater, the current Unit Owner will be required to provide the warranty information and a copy of the City of Laguna Woods permit to demonstrate that the water heater is less than two years outside of the Warranty Period; and

RESOLVED FURTHER, that the inability of the Unit Owner to provide the required documentation will result in the Unit Owner being held responsible for all costs related to the water heater failure that are incurred by the Mutual; 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 Welch moved to approve the resolution. Director Chang seconded the motion and discussion ensued.

Director Freshley returned to the meeting at 12:11 P.M.

Member Bud Nesvig (2392-3H) spoke to the proposed policy.

Director Wellikson amended the motion to remove the language "occurring more than two years after expiration of the manufacturer's Warranty Period". President Straziuso seconded the motion and discussion ensued.

Mr. Scott Dunham, Risk Manager, entered the meeting at 12:16 P.M. and addressed the Board on the proposed policy.

By a vote of 1-7-1 (Director Wellikson voted in favor; and Director Palmer abstained), the amendment failed.

Without objection, the Board postponed the motion to the September meeting to conform to the 30-day notification requirement.

Mr. Dunham left the meeting at 12:27 P.M.

Without objection, the Board directed Mr. Richardson to work with Mr. Dunham on the proposed policy.

The Secretary of the Corporation read a proposed resolution authorizing the continuation of general maintenance programs despite the prediction of an unfavorable variance. Director Welch moved to approve the resolution. Director Chang seconded the motion.

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

RESOLUTION 03-12-110

WHEREAS, an unfavorable year-end variance of approximately \$233,000 is currently anticipated for the overall General Maintenance section of the 2012 Business Plan;

NOW THEREFORE BE IT RESOLVED, August 21, 2012, that the Board of Directors of this Corporation hereby authorizes the continuation of general maintenance programs despite the prediction of an unfavorable variance at year end; 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 direct Staff to track moisture intrusion events and costs by cause. Director Chang seconded the motion and discussion ensued.

Mr. Tim Huval, Projects Manager, entered the meeting at 12:31 P.M.

By a vote of 8-1-0 (Director Freshley opposed), the motion carried.

Director Welch moved to not install pavers in various cul-de-sacs, per resolution 03-11-131, at this time. Director Tso seconded the motion and discussion ensued.

Director Welch moved to return the matter back to the M&C Committee for a staff report. Director Chang seconded the motion and discussion ensued.

Mr. Huval spoke to the issue.

By a vote of 5-5-0 (Directors Moore, Shimon, Freshley, Palmer, and Muennichow opposed, and President Straziuso voted in favor to make the tie), the motion failed.

Discussion ensued on the original motion.

Member Marc Bayer (2402-1C) spoke to the motion. By a vote of 5-5-0 (Directors Moore, Shimon, Freshley, Palmer, and Muennichow opposed, and President Straziuso voted in favor to make the tie), the motion failed.

Director Muennichow moved to authorize an appropriation in the amount of \$30,900 from the Revitalization Fund to continue installing pavers, but relocate Via La Mesa and straighten out pavers at Via Dicha. Director Freshley seconded the motion and discussion ensued.

By a vote of 5-5-0 (Directors Moore, Shimon, Freshley, Palmer, and Muennichow opposed, and President Straziuso voted in favor to make the tie), the motion failed.

Director Moore moved to ratify the M&C Committees action to petition to GRF to pay for paver Installation at CDS 206. Director Freshley seconded the motion and discussion ensued. The motion carried by a vote of 7-2-0 (Directors Muennichow and Tso opposed).

Due to time constraints, Director Muennichow moved to postpone the remaining agenda items. Director Wellikson seconded the motion and the motion carried by a vote of 5-4-0 (Directors Moore, Shimon, Freshley and Palmer opposed).

GRF Committee Reports

No reports were given.

DIRECTORS' COMMENTS

No additional comments were made.

The Board recessed at 1:15 P.M. and reconvened into Executive Session at 1:53 P.M.

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

During its July 17, 2012 Regular Executive Session Board Meeting, the Board approved the June 19, 2012 Regular Executive Session minutes, and the July 2, 2012 Special Executive Session minutes. The Board approved recording a Notice of Default for Member ID 933-800-91; approved three write-offs; approved filing four Small Claims Case of \$2,500 (or less); heard four disciplinary hearings and imposed fines totaling \$1,350 for violations of the Mutual's rules and regulations; discussed the legal matters of Lee Childress v. Third Mutual lawsuit and the Yoncich v. Third Laguna Hills Mutual Small Claims lawsuit; and discussed other member disciplinary, contractual and legal matters.

The Eligibility to Vote Executive Disciplinary Committee met on July 23, 2012, July 24, 2012, and July 25, 2012 to consider voter eligibility for members.

During its August 1, 2012 Special Joint Executive Session Board Meeting, the Board discussed a contractual and potential litigation issue with the United Board of Directors.

During its August 1, 2012 Special Emergency Executive Session Board Meeting, the Board spoke with legal counsel on corporate matters.

With no further business before the Board of Directors, the meeting was adjourned at 5:35 P.M.

Isabel Muennichow, Secretary