

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

September 17, 2013

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, September 17, 2013 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Mike Straziuso, Isabel Muennichow, Won Chang, Kathryn Freshley, Denny Welch, Beth Perak, Judith Troutman, Hank Gioia, Sy Wellikson, Rae Tso, Jim Juhan

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

ACKNOWLEDGEMENT OF MEDIA

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

APPROVAL OF AGENDA

Without objection, the Board approved the agenda as submitted.

CHAIR'S REMARKS—Mike Straziuso

President Straziuso reported on the informational meetings held with the Presidents and Vice Presidents; commented on the presentation made last month by Staff on civility and cyber bullying; and thanked the outgoing board members for their service on the Board.

APPROVAL OF THE MINUTES

Without objection the Board approved the minutes of the August 20, 2013 Regular Meeting as written.

CONSENT CALENDAR

Without objection, the Board approved the Consent Calendar as amended by removing 3487-A - *Approval to extend garage and add entry walkway*, placing it under the Maintenance and Construction Committee Report for discussion, and took the following actions:

Maintenance & Construction Committee Recommendations:

- 2118-O Approval to retain the original guest bedroom sliding glass door, with contingencies
- 2177-B Approval to install stepping stones, with contingencies
- 2349-A Approval to repair/replace entry to the rear patio, with contingencies
- 3001-D Approval of front patio extension with a block wall and wrought iron fence, with contingencies
- 3163-D Approval of paver patio extension and widening entry walkway, with contingencies
- 3171-D Approval of **appeal** to park golf cart on Common Area, with contingencies
- 3182-B Approval of **appeal** to retain second satellite dish, with contingencies
- 3409-A Approval of entry trellis, with contingencies
- 3514-A Approval to perform major remodel consisting of enclosing the entry portico and a rear room addition, and excluding the extension of the neighboring slumpstone wall, with contingencies
- 3528-A Approval to widen driveway, with contingencies
- 5054 Approval to install pavers on walkway extensions and driveway, with contingencies
- 5087 Approval to retain stepping stones, with contingencies
- 5377-A Approval to install stucco patio wall, with contingencies

Landscape Committee Recommendations

- 2392-2B Denial of request for additional plants
- 3228-C Approval of request for additional plants, including cost of installing irrigation at Mutual member's expense
- 3528-A Approval of request for tree removal, including cost of replacement tree at Mutual member's expense
- 5549-A Denial of request for lawn replacement
- 5377-A Approval of request for tree removal, including cost of replacement tree at Mutual member's expense

Finance Committee Recommendation

RESOLUTION 03-13-89

WHEREAS, Member ID 932-120-99 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, September 17, 2013, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-120-99; 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 03-13-90

WHEREAS, Member ID 932-380-13 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, September 17, 2013, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-380-13; 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 03-13-91

WHEREAS, Member ID 932-810-47 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, September 17, 2013, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-810-47; 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 03-13-92

WHEREAS, Member ID 934-500-12 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, September 17, 2013, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-500-12; 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 03-13-93

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, September 17, 2013, 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.

RESOLUTION 03-13-94

WHEREAS, Member ID 935-050-37 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, September 17, 2013, that the Board of Directors hereby approves the recording of a Lien for Member ID 935-050-37; 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 03-13-95

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, September 17, 2013, that the Board of Directors hereby approves the filing of separate Small Claims Court cases for Member ID 931-370-45, Member ID 931-580-95, and Member ID 932-810-47; 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

The Membership was updated on the ongoing GRF projects within the Community and on Third Mutual projects.

MEMBER COMMENTS

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

UNFINISHED BUSINESS

Tim Huval, Maintenance Projects Manager, provided an update on the design and construction improvements for the storm drain project. The Board agreed to discuss the matter further in closed session.

Mr. Huval left the meeting at 10:42 A.M.

Mr. Richardson provided an update on the draft election rules.

Mr. Richardson reported on the El Toro Water District's tiered billing rates and the meeting held with himself, President Straziuso, PCM Staff, ETWD legal counsel, and ETWD Staff to discuss its high billing to the Community.

Director Muennichow reported on the progress of the Joint Task Force to Analyze the GRF Trust and Bylaws.

NEW BUSINESS

The Board discussed communications or lack thereof with other Mutuals regarding the GRF Trust.

The Secretary of the Corporation, Director Isabel Muennichow, read a proposed resolution approving the 2014 Business Plan. Director Wellikson moved to approve the resolution. Director Welch seconded the motion and discussion ensued.

By a vote of 9-1-0 (Director Freshley opposed), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-13-96

**THIRD LAGUNA HILLS MUTUAL
2014 BUSINESS PLAN RESOLUTION**

RESOLVED, September 17, 2013, that the Business Plan of this Corporation for the year 2014 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 net sum of \$28,706,023 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions for the year 2014. In addition, the sum of \$16,393,492 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 2014. Therefore, a total of \$45,099,515 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 \$8,845,116 of which \$6,363,455 is planned from the Replacement Fund, \$511,788 from the Elevator Replacement Fund, \$108,991 from the Laundry Replacement Fund, \$1,786,120 from the Disaster Fund, and \$74,762 from the Garden Villa Recreation Room 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 2014 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 2014; 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 Muennichow read a proposed resolution approving the 2014 Replacement Reserves. Director Tso moved to approve the resolution. Director Welch 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 03-13-97

**THIRD LAGUNA HILLS MUTUAL
2014 REPLACEMENT RESERVES RESOLUTION**

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 Corporation's obligations for repair and/or replacement of major components during the next 30 years; and

WHEREAS, Civil Code §5570 requires specific reserve funding disclosure statements for common interest developments;

NOW THEREFORE BE IT RESOLVED, September 17, 2013, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding Plans (attached) with the objective of maintaining replacement reserve balances at or above established thresholds totaling \$5,095,000, 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 purposes of this resolution.

Director Troutman moved to remove Agenda item 12(d) *Discuss and consider resolution directing Corporate Counsel to send a letter to Third Mutual Director Candidates Rosemarie di Lorenzo Dickens and Wei-Ming Tao regarding allegations made in their election flyer* from the agenda. Director Freshley seconded the motion and discussion ensued.

The motion failed by a lack of a 2/3rd vote (Directors Perak, Wellikson, Troutman, Freshley voted in favor; Directors Juhan, Chang, Tso, Gioia, Welch, Muennichow opposed).

Director Muennichow read the following proposed resolution directing Corporate Counsel to send a letter to Third Mutual Director Candidates Rosemarie di Lorenzo Dickens and Wei-Ming Tao regarding allegations made in their election flyer:

RESOLUTION 03-13

WHEREAS, a campaign flyer has been distributed under the names of Third Mutual Director Candidates Rosemarie di Lorenzo Dickens and Wei-Ming Tao,

making certain allegations concerning current Third Mutual Treasurer and Finance Committee Chair, Rae Tso; and

WHEREAS, the allegations are serious, and if true must be documented, and are potentially harmful to Director Tso and others;

NOW THEREFORE BE IT RESOLVED, September 17, 2013, that the Board hereby directs Corporate Counsel to send a letter to Third Mutual Director Candidates Rosemarie di Lorenzo Dickens and Wei-Ming Tao demanding that they provide documentation for the following allegations made in their election flyer:

- Third Directors accepted a secret donation of \$40,000 in the previous election
- Finance Chair, Rae Tso, fired the Oversight Audit Committee
- \$5,000,000 was given to PCM
- Finance Chair, Rae Tso, directed that \$500,000 “excess benefit” be awarded to PCM

RESOLVED FURTHER, that if the allegations are not documented forthwith, and no later than September 24, 2013, the Board hereby demands the candidates withdraw their allegations and apologize to the affected and maligned persons.

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

Members Carol Skydell (3070-B), Shari Horne (2354-3C), Margaret Klein (3487-A), Pamela Clerico (2285-C), Edward Tao (2306-B), Barbara Marsh (3433-B), Ming-Lee Chang (2386-1A), and Wei-Ming Tao (2306-B) expressed their sentiments with the resolution.

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

COMMITTEE REPORTS

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

Director Muennichow read the following proposed resolution approving the Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies:

RESOLUTION 03-13-xx

WHEREAS, Section 1365 of the California Civil Code requires that homeowner associations have a specific policy relating to collection of delinquent assessment accounts and enforcement of liens placed upon such delinquent properties; and

NOW THEREFORE BE IT RESOLVED, November 19, 2013, that the Board of Directors of this Corporation hereby approves the attached Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies, effective January 1, 2014; and

RESOLVED FURTHER, that Resolution 03-12-119, adopted September 18, 2012 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 purposes of this resolution.

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

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

Cris Robinson entered the meeting at 12:14 P.M. and reported on a request to the Aliso Viejo Golf Course to remove overgrown vegetation at the edge of the east-facing hill, overlooking Golf Course. The Board discussed the matter. Without objection, the Board directed Staff to send a letter to Aliso Viejo Golf Course, under the President's signature.

Ms. Robinson left the meeting at 12:18 P.M.

Director Chang reported from the Landscape Committee.

Director Welch reported from the Maintenance and Construction Committee.

Director Muennichow read a proposed resolution approving the revised Mutual Alteration Standard Section 4 – Air Conditioning Units/Heat Pumps, which was postponed to satisfy the 30-day notification requirement. Director Welch moved to approve the resolution. Director Juhan seconded the motion.

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

RESOLUTION 03-13-98

WHEREAS, the Board of Directors of this Corporation adopted Resolution M3-96-28 on May 21, 1996, which approved the Third Laguna Hills Mutual Standards; and

WHEREAS, the Maintenance & Construction Committee of this Corporation recognizes the need to further amend a portion of the standards with regard to Section 4 – Air Conditioning Units/Heat Pumps;

NOW THEREFORE BE IT RESOLVED, September 17, 2013, that Section 4 – Air Conditioning Units/Heat Pumps of the Mutual Alteration Standards is hereby amended as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-06-40 adopted September 19, 2006 and Resolution 03-10-100, adopted July 20, 2010 are hereby superseded and canceled and Resolution M3-96-28, adopted May 21, 1996 is hereby amended; 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 Muennichow read the following proposed resolution approving a Regulated Building Materials Rule:

RESOLUTION 03-13-xx

WHEREAS, the majority of buildings in Third Laguna Hills Mutual were constructed when lead-based paint and asbestos-containing materials (ACM) were common; and the handling of these materials is now regulated at both Federal and State levels, mandating specific testing, material handling and disposal procedures when building components suspected to contain Regulated Building Materials are disturbed; and

WHEREAS, in order to protect members, residents, guests and Staff from exposure to asbestos and lead when these materials are disturbed; to strengthen the Corporation's defense against fines, penalties and litigation related to disturbances; and to address a members' responsibility for compliance while performing alterations to their manor, a Rule Regulating Building Materials should be in place;

NOW THEREFORE BE IT RESOLVED, November 19, 2013, that the Board of Directors of this Corporation hereby approves the attached Regulated Building Materials Rule affirming member responsibility for testing and handling of ACM, lead and lead-based paint, and other Regulated Building Materials when performing alterations to their manors; and

RESOLVED FURTHER, that if it is discovered that an alteration has been performed without required regulated building materials testing and remediation procedures, as applicable, the member would be financially responsible for testing and decontamination/abatement of the affected area(s) by qualified professionals; 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 Straziuso seconded the motion and discussion ensued.

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

Director Muennichow moved to allow the El Toro Water District to install a new conduit and network cable from Calle Sonora to the ETWD Reservoir. Director Welch seconded the motion and the motion carried unanimously.

Director Welch reported from the Standards Sub-Committee.

Director Juhan reported from the Garden Villa Recreation Room Sub-Committee.

The Board discussed the variance request from 3487-A to extend the garage and add an entry walkway. Counsel recommended that he review the subject report and that the matter be discussed in closed session. Director Troutman moved to defer discussion on the matter to closed session. Director Tso seconded the motion and discussion ensued.

The motion carried by a vote of 8-2-0 (Directors Muennichow and Freshley opposed).

President Straziuso reported from the Board Operating Rules Committee.

Director Welch reported from Resident Problem Resolution Services.

Director Gioia reported from the Quarterly Traffic Committee.

Director Welch reported from the Traffic Rules and Regulations Ad Hoc Committee.

Director Chang reported from the Revitalization Committee.

No report was given from the Joint Task Force to Analyze the GRF Trust and Bylaws.

GRF Committee Reports

- No reports were made.

DIRECTORS' COMMENTS

No comments were made.

ADDITIONAL MEMBER COMMENTS

No additional member comments were made.

The Board recessed at 12:55 P.M. and reconvened into Executive Session at 1:48 P.M.

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

During its August 20, 2013 Regular Executive Session Board Meeting, the Board reviewed and approved the July 16, 2013 Regular Executive Session minutes; heard three disciplinary hearings and imposed fines totaling \$600 for violations of the Mutual's rules and regulations; and discussed other member disciplinary, contractual and legal matters.

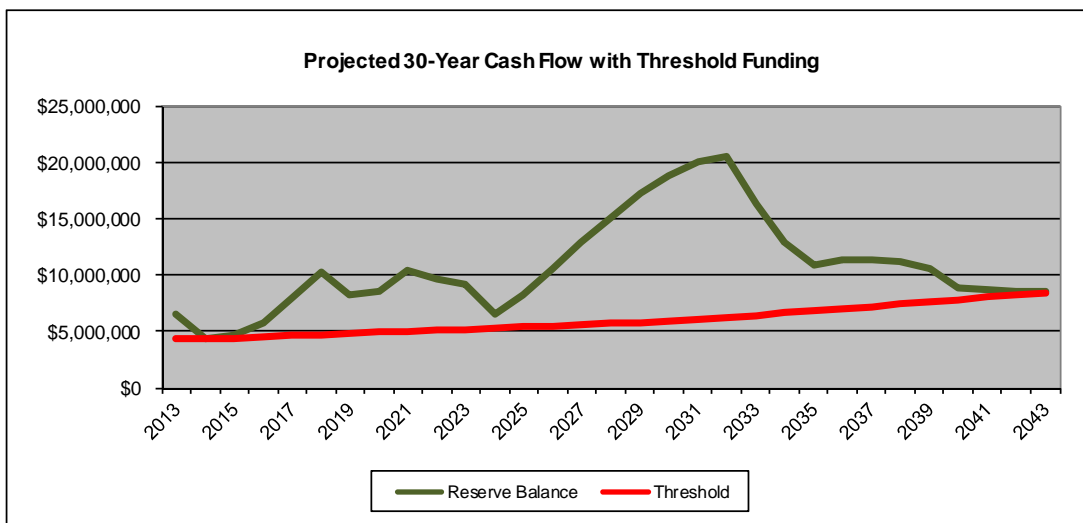
With no further business before the Board of Directors, the meeting was adjourned at 5:55 PM.

Isabel Muennichow, Secretary

**THIRD LAGUNA HILLS MUTUAL
 2014 RESERVES PLAN
 Replacement Reserve 30-Year Funding Plan**

Threshold (Min Balance): \$ 4,300,000
 Indexed for projected inflation

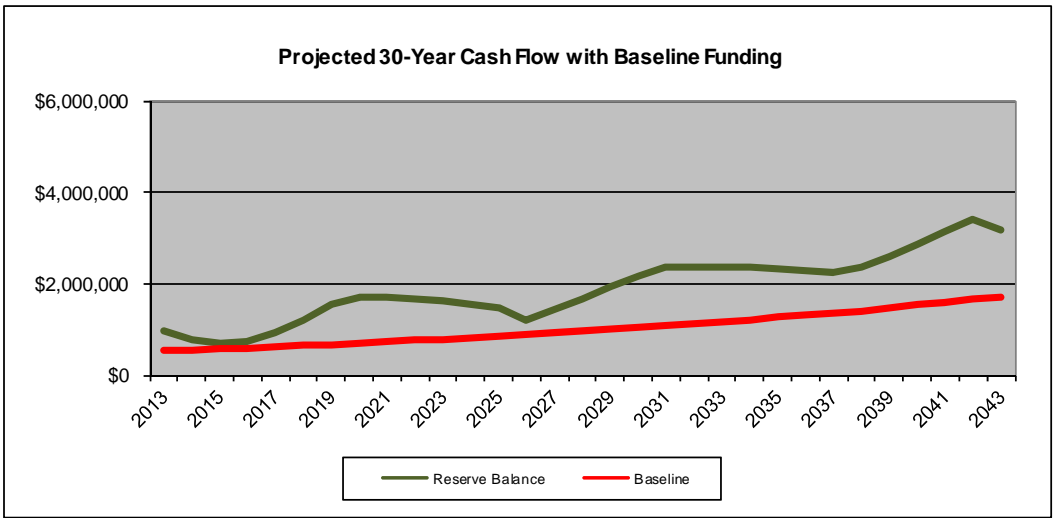
Year	Assessment		Interest Earnings	Other Additions	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution				
2013	\$ 52.00	\$ 3,807,648	\$ 161,819		\$ 6,582,322	\$ 6,480,147
2014	\$ 57.00	\$ 4,173,768	\$ 113,091		\$ 6,363,455	\$ 4,403,551
2015	\$ 62.00	\$ 4,539,888	\$ 79,162		\$ 4,299,945	\$ 4,722,657
2016	\$ 67.00	\$ 4,906,008	\$ 91,193		\$ 3,929,246	\$ 5,790,612
2017	\$ 67.00	\$ 4,906,008	\$ 118,558		\$ 2,937,755	\$ 7,877,423
2018	\$ 67.00	\$ 4,906,008	\$ 156,680		\$ 2,754,532	\$ 10,185,579
2019	\$ 67.00	\$ 4,906,008	\$ 159,569		\$ 7,040,754	\$ 8,210,403
2020	\$ 67.00	\$ 4,906,008	\$ 145,481		\$ 4,700,415	\$ 8,561,476
2021	\$ 67.00	\$ 4,906,008	\$ 164,231		\$ 3,259,656	\$ 10,372,059
2022	\$ 67.00	\$ 4,906,008	\$ 173,873		\$ 5,778,955	\$ 9,672,985
2023	\$ 67.00	\$ 4,906,008	\$ 163,021		\$ 5,621,050	\$ 9,120,964
2024	\$ 67.00	\$ 4,906,008	\$ 136,238		\$ 7,577,913	\$ 6,585,296
2025	\$ 67.00	\$ 4,906,008	\$ 128,743		\$ 3,363,058	\$ 8,256,989
2026	\$ 67.00	\$ 4,906,008	\$ 162,564		\$ 2,841,204	\$ 10,484,358
2027	\$ 69.00	\$ 5,052,456	\$ 202,199		\$ 2,912,699	\$ 12,826,313
2028	\$ 69.00	\$ 5,052,456	\$ 242,574		\$ 2,982,358	\$ 15,138,985
2029	\$ 69.00	\$ 5,052,456	\$ 280,992		\$ 3,217,010	\$ 17,255,424
2030	\$ 69.00	\$ 5,052,456	\$ 312,425		\$ 3,857,630	\$ 18,762,675
2031	\$ 69.00	\$ 5,052,456	\$ 336,563		\$ 4,113,456	\$ 20,038,237
2032	\$ 69.00	\$ 5,052,456	\$ 351,679		\$ 4,937,012	\$ 20,505,360
2033	\$ 69.00	\$ 5,052,456	\$ 319,785		\$ 9,516,357	\$ 16,361,244
2034	\$ 69.00	\$ 5,052,456	\$ 253,724		\$ 8,777,973	\$ 12,889,451
2035	\$ 69.00	\$ 5,052,456	\$ 206,549		\$ 7,225,787	\$ 10,922,670
2036	\$ 69.00	\$ 5,052,456	\$ 192,465		\$ 4,901,773	\$ 11,265,817
2037	\$ 69.00	\$ 5,052,456	\$ 195,597		\$ 5,230,171	\$ 11,283,699
2038	\$ 69.00	\$ 5,052,456	\$ 194,230		\$ 5,422,087	\$ 11,108,297
2039	\$ 69.00	\$ 5,052,456	\$ 187,430		\$ 5,848,523	\$ 10,499,661
2040	\$ 69.00	\$ 5,052,456	\$ 167,728		\$ 6,882,906	\$ 8,836,939
2041	\$ 69.00	\$ 5,052,456	\$ 151,818		\$ 5,375,658	\$ 8,665,555
2042	\$ 69.00	\$ 5,052,456	\$ 149,693		\$ 5,275,819	\$ 8,591,885
2043	\$ 69.00	\$ 5,052,456	\$ 148,847		\$ 5,225,111	\$ 8,568,077



**THIRD LAGUNA HILLS MUTUAL
 2014 RESERVES PLAN
 Elevator Reserve 30-Year Funding Plan**

Threshold (Min Balance): \$ 560,000
 Indexed for projected inflation

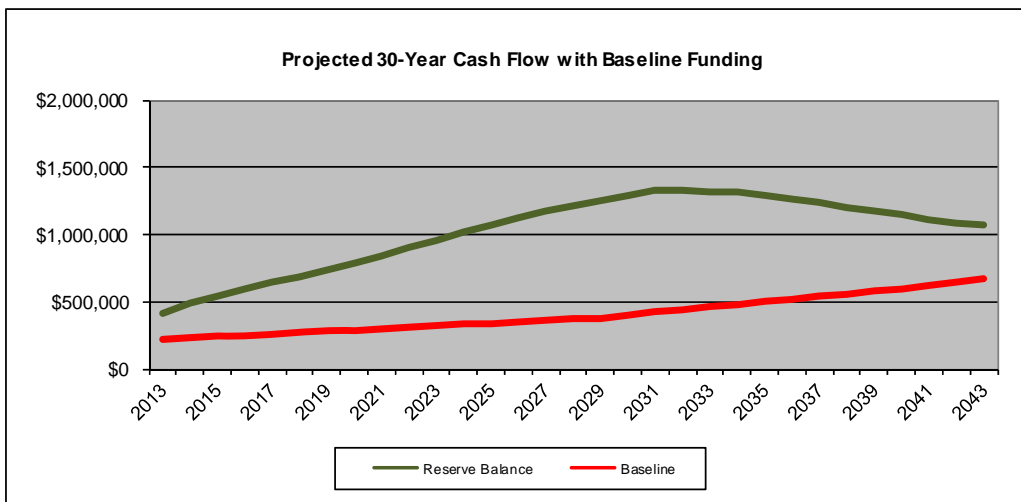
Year	Assessment		Interest Earnings	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution			
2013	\$ 3.00	\$ 219,672	\$ 22,161	\$ 420,240	\$ 977,180
2014	\$ 4.00	\$ 292,896	\$ 18,222	\$ 511,788	\$ 776,510
2015	\$ 6.00	\$ 439,344	\$ 12,641	\$ 547,670	\$ 680,825
2016	\$ 8.00	\$ 585,792	\$ 12,335	\$ 537,697	\$ 741,255
2017	\$ 10.00	\$ 732,240	\$ 14,344	\$ 575,396	\$ 912,443
2018	\$ 11.00	\$ 805,464	\$ 18,342	\$ 534,110	\$ 1,202,140
2019	\$ 11.00	\$ 805,464	\$ 23,984	\$ 468,756	\$ 1,562,832
2020	\$ 11.00	\$ 805,464	\$ 28,410	\$ 684,219	\$ 1,712,487
2021	\$ 11.00	\$ 805,464	\$ 29,652	\$ 841,590	\$ 1,706,013
2022	\$ 11.00	\$ 805,464	\$ 29,355	\$ 862,629	\$ 1,678,203
2023	\$ 11.00	\$ 805,464	\$ 28,680	\$ 884,195	\$ 1,628,152
2024	\$ 11.00	\$ 805,464	\$ 27,610	\$ 906,300	\$ 1,554,926
2025	\$ 11.00	\$ 805,464	\$ 26,131	\$ 928,957	\$ 1,457,564
2026	\$ 9.00	\$ 659,016	\$ 22,942	\$ 952,181	\$ 1,187,340
2027	\$ 3.00	\$ 219,672	\$ 22,701	\$ -	\$ 1,429,713
2028	\$ 3.00	\$ 219,672	\$ 26,942	\$ -	\$ 1,676,327
2029	\$ 3.00	\$ 219,672	\$ 31,258	\$ -	\$ 1,927,257
2030	\$ 3.00	\$ 219,672	\$ 35,649	\$ -	\$ 2,182,578
2031	\$ 3.00	\$ 219,672	\$ 39,303	\$ 93,077	\$ 2,348,476
2032	\$ 3.00	\$ 219,672	\$ 41,017	\$ 228,970	\$ 2,380,195
2033	\$ 3.00	\$ 219,672	\$ 41,258	\$ 264,909	\$ 2,376,215
2034	\$ 3.00	\$ 219,672	\$ 41,076	\$ 277,726	\$ 2,359,238
2035	\$ 3.00	\$ 219,672	\$ 40,718	\$ 284,669	\$ 2,334,959
2036	\$ 3.00	\$ 219,672	\$ 40,231	\$ 291,786	\$ 2,303,076
2037	\$ 3.00	\$ 219,672	\$ 39,609	\$ 299,080	\$ 2,263,277
2038	\$ 3.00	\$ 219,672	\$ 40,202	\$ 151,662	\$ 2,371,489
2039	\$ 3.00	\$ 219,672	\$ 43,055	\$ 42,047	\$ 2,592,168
2040	\$ 3.00	\$ 219,672	\$ 47,285	\$ -	\$ 2,859,125
2041	\$ 3.00	\$ 219,672	\$ 51,957	\$ -	\$ 3,130,754
2042	\$ 3.00	\$ 219,672	\$ 56,710	\$ -	\$ 3,407,136
2043	\$ 3.00	\$ 219,672	\$ 56,932	\$ 527,482	\$ 3,156,259



**THIRD LAGUNA HILLS MUTUAL
 2014 RESERVES PLAN
 Laundry Reserve 30-Year Funding Plan**

Threshold (Min Balance): \$ 235,000
 Indexed for projected inflation

Year	Assessment		Interest Earnings	Planned Expenditures	Reserve Balance
	Per Man Per Month	Total Contribution			
2013	\$ 4.25	\$ 215,062	\$ 7,490	\$ 106,593	\$ 418,394
2014	\$ 4.25	\$ 176,154	\$ 9,491	\$ 108,991	\$ 495,048
2015	\$ 4.25	\$ 176,154	\$ 9,037	\$ 133,416	\$ 546,823
2016	\$ 4.25	\$ 176,154	\$ 9,914	\$ 136,751	\$ 596,140
2017	\$ 4.25	\$ 176,154	\$ 10,747	\$ 140,170	\$ 642,872
2018	\$ 4.25	\$ 176,154	\$ 11,534	\$ 143,674	\$ 686,886
2019	\$ 4.25	\$ 176,154	\$ 12,382	\$ 134,869	\$ 740,553
2020	\$ 4.25	\$ 176,154	\$ 13,291	\$ 138,240	\$ 791,758
2021	\$ 4.25	\$ 176,154	\$ 14,161	\$ 141,218	\$ 840,855
2022	\$ 4.25	\$ 176,154	\$ 15,114	\$ 130,521	\$ 901,602
2023	\$ 4.25	\$ 176,154	\$ 16,149	\$ 133,784	\$ 960,121
2024	\$ 4.25	\$ 176,154	\$ 17,144	\$ 137,129	\$ 1,016,290
2025	\$ 4.25	\$ 176,154	\$ 18,097	\$ 140,557	\$ 1,069,984
2026	\$ 4.25	\$ 176,154	\$ 19,005	\$ 144,071	\$ 1,121,072
2027	\$ 4.25	\$ 176,154	\$ 19,868	\$ 147,673	\$ 1,169,421
2028	\$ 4.25	\$ 176,154	\$ 20,682	\$ 151,365	\$ 1,214,892
2029	\$ 4.25	\$ 176,154	\$ 21,444	\$ 155,149	\$ 1,257,342
2030	\$ 4.25	\$ 176,154	\$ 22,153	\$ 159,027	\$ 1,296,621
2031	\$ 4.25	\$ 176,154	\$ 22,806	\$ 163,003	\$ 1,332,578
2032	\$ 4.25	\$ 176,154	\$ 23,091	\$ 202,380	\$ 1,329,443
2033	\$ 4.25	\$ 176,154	\$ 22,992	\$ 207,439	\$ 1,321,150
2034	\$ 4.25	\$ 176,154	\$ 22,853	\$ 206,687	\$ 1,313,470
2035	\$ 4.25	\$ 176,154	\$ 22,614	\$ 218,617	\$ 1,293,621
2036	\$ 4.25	\$ 176,154	\$ 22,219	\$ 224,083	\$ 1,267,911
2037	\$ 4.25	\$ 176,154	\$ 21,720	\$ 229,685	\$ 1,236,101
2038	\$ 4.25	\$ 176,154	\$ 21,113	\$ 235,427	\$ 1,197,941
2039	\$ 4.25	\$ 176,154	\$ 20,572	\$ 220,998	\$ 1,173,669
2040	\$ 4.25	\$ 176,154	\$ 20,098	\$ 226,523	\$ 1,143,399
2041	\$ 4.25	\$ 176,154	\$ 19,526	\$ 231,402	\$ 1,107,677
2042	\$ 4.25	\$ 176,154	\$ 19,054	\$ 213,874	\$ 1,089,011
2043	\$ 4.25	\$ 176,154	\$ 18,681	\$ 219,221	\$ 1,064,625



THIRD LAGUNA HILLS MUTUAL SECTION 4 AIR CONDITIONING UNITS/HEAT PUMPS

**REVISED SEPTEMBER 2005, RESOLUTION 03-05-20
REVISED FEBRUARY 2006, RESOLUTION 03-06-09
REVISED SEPTEMBER 2006, RESOLUTION 03-06-40
GENERAL REQUIREMENTS REVISED APRIL 2011, RESOLUTION 03-11-49
REVISED SEPTEMBER 2013, RESOLUTION 03-13-98**

1.0 GENERAL REQUIREMENTS

- 1.1 PERMITS AND FEES:** A Mutual permit is required for all alterations to the building. A City of Laguna Woods permit may be required. All fees for both Mutual and City permits shall be paid for by the Member and/or his or her contractor. Member and/or his or her contractor must provide the Permits and Inspections office with City permit number(s) prior to beginning work.
- 1.2 MEMBERS' RESPONSIBILITY:** The Member is solely responsible for the maintenance, repair, and/or removal of all alterations to the building.
- 1.3 CODES AND REGULATIONS:** All work shall comply with all applicable local, state, and federal requirements including, but not limited to, the current edition of the National Electric Code (NEC).
- 1.4 WORK HOURS:** No work shall commence prior to 7:00a.m. and no work shall be permitted after 6:00p.m. Monday through Friday. Work on Saturday shall be permitted from 9:00a.m – 2:00p.m. for work which results in construction-related noise (e.g. cutting tile, hammering, use of power tools). For work that does not result in excessive noise, such as painting and carpet installation, permitted hours are 7:00a.m. – 6:00p.m. No work whatsoever shall be permitted on Sunday.
- 1.5 PLANS:** The Member applying for a permit shall provide to the Permits and Inspections office a detailed plan(s) for approval indicating all work to be done, i.e., size, location, description and specifications.
- 1.6 DUMPSITES:** The premises shall be kept free of accumulation of waste materials and/or rubbish caused by construction work. The Member and/or his or her contractor is responsible for removal of debris and excess material and must leave work areas "**BROOM CLEAN**" daily. **USE OF COMMUNITY DUMPSITES FOR CONSTRUCTION RELATED DUMPING IS NOT PERMITTED.** Contractor's or Member's dumpsters, if required, must have location approved by the Permits and Inspections office.
- 1.7 CONTRACTOR:** Installation must be performed by a California licensed contractor of the appropriate trade.

- 1.8 CONTRACTOR'S CONDUCT:** Member's contractor's, their personnel, and sub-contractors shall refrain at all times from using profanity, abusive or loud language, and must wear shirts at all times. Radio, MP3, CD or cassette players are not permitted on the project site. Contractor personnel will, at all times, extend and exhibit a courteous demeanor to residents.

2.0 THROUGH THE WALL A/C-H/P UNITS

- 2.1** Units must be installed in knock-out panel areas, under windows, or as determined by the Permits and Inspections office, with due consideration given to the effect on adjoining manors.
- 2.2** No condensing unit may be located or project directly into any walkway, breezeway or interior court of a three-story building.
- 2.3** Window mounted units are prohibited.
- 2.4** Condensing units must match in appearance, size and type to existing condensing units on the same side of the building.
- 2.5** Condensing units must not be located more than 12" off the floor as measured from the bottom of the unit, unless otherwise approved by the Permits and Inspections office due to site conditions.
- 2.6** Sleeves must be painted to match the color of the wall.
- 2.7** Above grade installation of heat pumps require condensation drain line connection to an approved discharge location. Mutual Member assumes all responsibilities for any damage that may occur.
- 2.8** In the absence of an approved alternate heat source, removal of the through-the-wall AC/Heat pump and wall condensing unit sleeves is prohibited.
- 2.9** Removal of sleeves in stucco walls require that the patch must be made in accordance with standard construction practices to maintain the water proof integrity of the wall. The texture and color must match the existing wall.
- 2.9.1** Removal of sleeves in walls with wood siding must be made in accordance with standard construction practices to maintain the water proof integrity of the wall. The entire section of wood siding under a window, from trim to trim, must be replaced and the texture and color must match the existing wood siding.

3.0 CENTRAL AND DUCTLESS UNITS

- 3.1** Only one condensing unit per manor is permitted.
- 3.2** Roof-mounted self-contained package units are prohibited.

- 3.3** No outdoor condensing unit will be larger than 48" high, 37" wide, and 36" deep.
- 3.4** Outdoor condensing units for single level manors shall be installed on the ground only.
- 3.5** Outdoor condensing unit locations for two story buildings are as follows: first floor manors will be installed only on the ground, second floor manors will be installed only on the flat roof, directly above the manor, or on the ground.
- 3.6** Outdoor condensing unit locations for three story buildings are as follows: first floor manors will be installed only on the ground, second floor manors will be installed on the flat roof directly above the manor, or on the ground, third floor manors will be installed only on the flat roof, directly above the manor.
- 3.7** The location of outdoor condensing units must be approved by the Permits and Inspections office. Prior to permit issuance, consideration will be given to any affected or adjoining manors. The Mutual Member is required to submit signed Neighbor Awareness forms as deemed needed by the Permits and Inspections office.
- 3.8** All landscape and irrigation revisions required to accommodate the location of an outdoor condensing unit must be performed by the Mutual at the Mutual Member's expense.
- 3.9** Ground-mounted outdoor condensing units must be located within 24" of the building wall and mounted on a manufactured non-metallic and/or concrete pad.
 - 3.9.1** All exterior wiring, condensate, and coolant lines must be encased in a single square sheet metal two-piece chaseway painted to match the color of the wall to which it is attached. No roof ducts or chases are allowed.
 - 3.9.2** The chaseway must be made rodent proof by using wiremesh at the bottom of the chaseway.
 - 3.9.3** Watertight seals must be provided around all penetrations.
 - 3.9.4** Each installation will be limited to one run and the length must be kept to a minimum and be as unobtrusive as possible.
 - 3.9.5** Cutting of a cornice moulding to accommodate a chaseway shall be performed by removing the affected section of moulding, cutting the metal flashing at both ends, applying sealant under the metal flashing, bending the metal flashing to be flush with the wall and fastening the metal flashing in place using screws. Sealant shall be applied as needed and the cut ends of the cornice moulding shall be sealed.

- 3.9.6** Roof-mounted condensing units must be mounted on a raised platform constructed per Mutual approved standard plan drawings. All tie-ins to a PVC Cool Roof must be performed by a certified roofing contractor. A Roofing Contractor Verification form will be required prior to the issuance of a permit.
- 3.9.7** Cutting or altering of roof trusses for the installation of air handlers in attic spaces are strictly prohibited.
- 3.9.8** When air handlers are installed in water heater closets, sufficient space must be provided above and around the water heater for repair and replacement of the water heater.