

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

April 23, 2014

The Special Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Wednesday, April 23, 2014 at 2:00 P.M. at 24351 El Toro Road, Laguna Woods, California.

Members Present: Mike Straziuso, Kathryn Freshley, Beth Perak, Judith Troutman, Jim Juhan, Hank Gioia, Wei-Ming Tao, Won Chang (via telephone), Bert Moldow

Members Absent: Ray Gros, Rosemarie di Lorenzo Dickins

Others Present: Kelly Richardson, Esq. Corporate Counsel

Staff Present: Jerry Storage, Cris Robinson, Kim Taylor

Minutes modified per Third Board Open meeting of May 20, 2014. The minutes are to reflect that Director Kathryn Freshley and Director Wei-Ming Tao voted against both the resolution and the motion.

CALL TO ORDER

Director Mike Straziuso, President of the Corporation, called the meeting to order at 2:25 P.M. and established a quorum.

ACKNOWLEDGEMENT OF PRESS

There was no press in attendance.

APPROVAL OF THE AGENDA

By way of unanimous consensus, the agenda was approved as written.

MEMBER COMMENTS

There were no member comments.

Director Troutman read a proposed resolution ratifying Third Laguna Hills Mutual's position regarding the United Laguna Woods Mutual vs The Golden Rain Foundation lawsuit. Director Troutman moved to approve the resolution. Director Gioia seconded the motion and discussion ensued.

By a vote of 7-2-0 (Directors Freshley and Tao opposed), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-14-47

**Third Laguna Hills Mutual's position regarding the United Laguna Woods Mutual
vs The Golden Rain Foundation lawsuit**

Whereas: In 2012 the Golden Rain Foundation commissioned a legal analysis of the GRF Trust and GRF Bylaws be performed by the Paul Hastings law firm;

In 2013 the results of Paul Hastings study were shared by GRF with Third Laguna Hills Mutual, United Laguna Woods Mutual, and Mutual 50;

The Paul Hastings memorandum noted a number of problems with the Golden Rain Foundation Trust, including that the Trust would expire in approximately 10 years, and that there were contradictions between the GRF Bylaws and the GRF Trust;

One of the contradictions noted by the Paul Hastings law firm was that the Bylaws prohibited GRF from acquiring or disposing of real property without permission of the Corporate Members, while the Trust authorized GRF to acquire or dispose of real property;

In a Corporate Members meeting and in various discussions and correspondence in 2013, a consensus was reached that the Trust should be amended to add a limitation corresponding to the Bylaw restriction on GRF power regarding acquisition or disposal of real property, and that the Trust should be amended in other respects, including extending or deleting the termination date of the Trust;

A Joint Task Force was created, with two representatives from each of the four Village corporations. The Joint Task Force met several times to move forward toward reaching agreed amendments to the Trust;

In late 2013, progress of the Joint Task Force was stopped when United Laguna Woods Mutual withdrew from participation;

In December 2013, United Laguna Woods Mutual proposed an amendment to the GRF Bylaws which would add an additional limitation on GRF power, but did not propose a corresponding amendment to the GRF Trust;

The proposed amendment was criticized by legal counsel for Third Laguna Hills Mutual, who proposed modifications to clarify the proposed amendment, and who suggested discussion rather than a Corporate Member vote, but the input was rebuffed by United Laguna Woods Mutual;

On January 9, 2014, the amendment was passed by a majority of the Corporate Member voters, despite the urging of Officers of Third Laguna Hills Mutual that the amendment conflicted with the Trust, was poorly drafted, and should have been discussed between the members of the Joint Task Force;

On January 21, 2014, Third Laguna Hills Mutual Board passed two resolutions in its open meeting, the first of which endorsed the concept of

the January 9, 2014 amendment but not the amendment itself, and the second which specifically asked United Laguna Woods Mutual to work with Third Laguna Hills Mutual on an approach to accomplish the goal of the amendment, which resolutions did not produce any response from United Laguna Woods Mutual;

In February and in March 2014, Third Laguna Hills Mutual attempted through various means to obtain the cooperation of United Laguna Woods Mutual, but was unsuccessful;

On approximately March 27, 2014, United Laguna Woods Mutual filed a lawsuit against GRF, seeking among other things an injunction stopping current demolition and construction of certain amenities/facilities, based upon January 9, 2014 amendment to the GRF Bylaws; and

Third Laguna Hills Mutual believes that the current dispute could have and should have been avoided by cooperation between United Laguna Woods Mutual, Third Laguna Hills Mutual and Mutual 50, that the amendment which is the basis of the lawsuit is invalid, and that the lawsuit itself is anathema to the cooperative spirit which has been the backbone of Laguna Woods Village for 50 years.

THEREFORE IT IS HEREBY RESOLVED: On April 23, 2014, Third Laguna Hills Mutual:

1. Opposes the lawsuit filed by United Laguna Woods Mutual;
2. Urges United Laguna Woods Mutual to drop the lawsuit immediately;
3. Urges United Laguna Woods Mutual to resume cooperative and neighborly work with the Housing Mutuals on the project of amending the GRF Trust and GRF Bylaws to include reasonable and well defined limitations on GRF power as well as to resolve problems such as Trust termination date and other problems observed by the Paul Hastings study.

SO RESOLVED: The Board discussed publishing a position statement regarding the United Laguna Woods Mutual vs The Golden Rain Foundation lawsuit.

Director Gioia moved, seconded by Director Perak, to publish a position statement regarding the United Laguna Woods Mutual vs The Golden Rain Foundation lawsuit, using the 3 points from the resolution:

1. Third Laguna Hills Mutual opposes the lawsuit filed by United Laguna Woods Mutual, and

2. Third Laguna Hills Mutual urges United Laguna Woods Mutual to drop the lawsuit immediately, and
3. Third Laguna Hills Mutual urges United Laguna Woods Mutual to resume cooperative and neighborly work on the project of amending the GRF Trust and GRF Bylaws to include reasonable and well defined limitations on GRF power as well as to resolve problems such as Trust termination date and other problems observed by the Paul Hastings study.

By a vote of 7-2-0 (Directors Freshley and Tao opposed), the motion carried.

ADJOURNMENT

The meeting was adjourned at 3:05 P.M.

Judith Troutman, Secretary