



OPEN MEETING

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

THIRD SPECIAL ELECTION INFORMATION MEETING

Friday, May 14, 2021
Laguna Woods Village Community Center
Virtual Meeting • 9:30 a.m.

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1. **Welcome and Acknowledgement of Press, Village TV, and Attendees – Vice President McCary**
Vice President McCary called the meeting to order at 9:30 a.m. and welcomed and acknowledged the press, Village TV and resident watching online. Residents can submit questions to the board by emailing: Info@lagunawoodsvillage.com
 2. **Introduction of the Board Officers – Vice President McCary**
Vice President McCary introduced the board officers in the board room and the board members online attending by Zoom.
 3. **“How We Got Here” Insurance – Director Mutchnick**
Director Mutchnick gave the background on the increase on property insurance. He showed a slide showing the comparison of assessment increases for insurance only.
 4. **Disasters and the Relationship to Insurance -- Director Jarrett**
Director Jarrett discussed how recent disasters that contributed to the increase in insurance. Insurance industry losses from natural catastrophes and man-made disasters across the globe amounted to \$83B in 2020.
 5. **New Amendment Article XI, Section 1 of the CC&Rs – Vice President McCary**
Vice President McCary read the following amendment to Article XI, Section 1 of the CC&Rs.

Proposed Language to Replace Article XI, Section 1 of the CC&Rs:

1. The Mutual shall obtain and maintain a policy or policies of property insurance with extended all-risk coverage for a reasonable insurable replacement value of insurable improvements of the Common Area and Units of the Project and Related Projects. For purposes of this provision, "reasonable insurance replacement value" shall not be required to be 100% full insurable replacement coverage if the same is deemed by the Board of Directors to not be practical or reasonably affordable for the Mutual. The Board of Directors shall endeavor to make a reasonable effort, if reasonably affordable, to

maintain property insurance with a valuation that is generally acceptable to and/not prohibited by residential mortgage and secondary mortgage markets. Notwithstanding anything to the contrary contained herein, at all times if commercially available, no matter the cost, the Mutual shall maintain property insurance in an amount which is no less than two (2) times the most current Probable Maximum Loss (PML).

6. Board Member Responses to Pre-submitted Resident Questions

- Director Engdahl responded to the question about the availability of insurance. It has been difficult to find insurance companies to insure Third Mutual for the full replacement cost.
- Director Karimi responded to the question if there is a deductible that will make insurance more affordable. This year we have a \$25,000 deductible on our insurance because of the increase in insurance
- Director Wayne responded to the question about the likely impact if we are to obtain 100% replacement value. The current replacement value for Third Mutual is \$1.6B. It is difficult to find insurance companies that are willing to insure us for the full replacement value. Currently the assessment cost to provide full replacement cost would be an assessment increase of \$46 per manor per month. Next year the insurance could increase to \$93 per manor per month. The next question asked was why not get another appraisal. We would not have time and get another appraisal this year and considering the recent increase in housing and goods, a new appraisal could significantly increase the replacement cost.
- Director Dotson responded to the question why not specify an insurance amount or percentage that would be more affordable. To address the issue of the increase cost of insurance, the board is suggesting the CC&Rs be revised to set the insurance rate at the minimum of two times the most current Probable Maximum Loss (PML).

7. Concluding Remarks and Adjournment – Vice President McCary

Vice President McCary thanked the residents that submitted questions to the board and thanked those that attended today. The next special election meeting is scheduled for Friday, May 21, 2021 at 9:30 a.m. Today's meeting will be rebroadcast on Village TV on Sunday, May 16, 2021 at 12:00 noon. She provided information on how residents can attend the next meeting on May 21, 2021 via Zoom. The meeting was adjourned at 10:00 a.m.



Lynn Jarrett, Secretary of the Board
Third Laguna Hills Mutual