



OPEN MEETING

**MINUTES OF THE SPECIAL TOWN HALL 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 21, 2021
Laguna Woods Village Community Center
Virtual Meeting • 9:30 a.m.

Directors Present: Annie McCary, Robert Mutchnick, Lynn Jarrett, Cush Bhada, Debbie Dotson, Ralph Engdahl, Reza Karimi, John Frankel

Directors Absent: Steve Parsons, Craig Wayne, Donna Rane-Szostak

Staff Present: Jeff Parker-CEO, Siobhan Foster-COO, Cheryl Silva, Grant Schultz, Ellyce Rothrock

- 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 Members – Vice President McCary**
Vice President McCary introduced the board members in the board room and online attending by Zoom.
- 3. 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).

4. **Member Comments (Three Minutes per Speaker)**

At this time Members only addressed the Board of Directors regarding the Third Mutual Special Election. The Board reserved the right to limit the total amount of time allotted for the Open Forum. Members could join the Zoom Meeting by clicking on the link <https://zoom.us/j/94899806730>; calling (949) 268-2020 or emailing their question to meeting@vmsinc.org.

- A Member asked if the board looked at other 55+ communities and if other communities are having the same problem.
- A Member asked who pays for damages.
- A Members asked about an increase in monthly assessments.
- A Member asked about self-insurance.
- A Member asked about the current PML.
- A Member asked about the amenities.
- A Member asked about the increase in monthly assessments if the measure does or does not pass.
- A Member asked about a program to receive some of the transfer or membership fee of \$5,000 when units are sold.
- A Member asked for sales and rentals in Third: Do we charge fees to those investors that are gaining profit off our Village.
- A Member asked about if we have earthquake insurance.
- A Member asked how much the board expects to repay to the Disaster Fund and the projected dues for 2022.
- A Member asked what does Davis-Stirling require the board to do in repayment of the Disaster Fund and the minimum amount to be paid.
- A Member asked to give a practical example of expected reimbursement that would take place under the new policy should property be destroyed.
- A Member is seeking clarification if a “yes” vote will provide more flexibility for the board to better lead decisions to reduce costs and if there is a program in place to increase new owners HOA fees moving forward.
- A Member commented that losing maintenance programs is not acceptable.
- A Member asked what the cost will be for each manor if we vote “yes” on this initiative and when will the increase go into effect.
- A Member asked if the increase would be less if we pass this measure, if it increases on a yes vote as well it sounds like we lose no matter which way we vote.
- A Member asked about the difference between the current wording and the new wording in the CC&Rs.
- A Member asked the odds that a major loss would be covered by 40% replacement cost (2x PML) insurance.
- A Member commented even with \$700,000,000 of insurance most everybody here would be able to replace every unit in a disaster and that needing \$1.6 billion is not likely.

- A Member commented about the previous Restated CC&R's initiative and stated that insurance should have been the focus. The member also thanked the board for the current initiative only addressing insurance.
- A Member asked if the assessments are divided evenly.
- A Member commented about the PML vs. total replacement costs.
- A Member asked what help the board needs.
- A Member feels the threat of fire is great and asked everyone to remember what happened to the town of Paradise.

5. Board Member Responses to Resident Questions

- Director McCary responded the board has looked intensively at other communities.
- Director Jarrett responded that the residents are encouraged to obtain an HO6 policy.
- Director Jarrett responded self-insurance is something we have considered.
- Director McCary responded about the PML.
- Director Mutchnick responded that GRF will be responsible to insure amenities.
- Director Mutchnick responded the estimated increase in monthly assessments is based on what the insurance companies are saying about the cost of insurance.
- Director Mutchnick commented that the money would go directly to GRF, but we will look into that suggestion.
- Director Mutchnick commented that we have earthquake insurance.
- Director Mutchnick commented even if the ballot measure passes we will see an increase in assessments, but we will have more control over the costs.
- Director Dotson commented passing this measure gives the board members more flexibility to keep the assessment lower.
- Director Mutchnick encouraged residents to ask their insurance agent about special loss assessment insurance.
- Director Mutchnick responded that everyone pays the same assessment regardless of the size of the unit.
- Director Jarrett, Bhada, Dotson and Karimi commented that we need 67% of the members to vote "yes" to pass this measure.

6. 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 members meeting is scheduled for Monday, June 7, 2021 at 9:30 a.m. Today's meeting will be rebroadcast on Village TV on Sunday, May 23, 2021 at 2:00 p.m. She provided information on how members can attend the next meeting on Monday, June 7, 2021 at 9:30 a.m. via Zoom. The meeting was adjourned at 11:00 a.m.



Lynn Jarrett, Secretary of the Board
Third Laguna Hills Mutual