

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

AUGUST 11, 2006

A Special Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Friday, August 11, 2006 at 10:00 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Richard Moos, Gunter Vogt, Phyllis Fish, Jim Keysor, Raymond Gros, James Matson, Bob Hatch, Mark Schneider, Larry Souza, George Arnold, Dominic Burrasca

Directors Absent: None

Others Present: Janet Price, Betty Parker, Patty Fox

CALL TO ORDER

Richard Moos, President of the Corporation, called the meeting to order at 10:00 A.M., indicated that it was duly noticed, and that a quorum was present.

ACKNOWLEDGEMENT OF PRESS

Cheryl Walker of the Laguna Woods Village was acknowledged as present, and the Channel 6 TV camera crew was acknowledged as present by way of remote cameras.

MEMBER COMMENTS

- Bud Nesvig (2392-3H) commented on increasing the budget for the Garden Villa Recreation Rooms. Mr. Moos agreed to speak with the Garden Villa Association president regarding the suggestion to increase contributions to that Fund.

Director Jim Keysor left the meeting at 10:15 A.M. and did not return.

REVIEW 2007 BUSINESS PLAN – VERSION 3

President Moos stated that the purpose of the special meeting was to review Version 3 of the proposed 2007 Business Plan, and turned the meeting over to Janet Price, Director of Finance and Administration, who presented Version 3 of the proposed 2007 Business Plan. She noted that many of the figures are based on assumptions, estimates or projections, and that certain 2007 actual expenses may be considerably different from the operating budget; e.g. salaries & wages due to a probable 2007 increase in the minimum wage.

The Board Members were given an opportunity to ask questions and comment on Version 3 of the proposed 2007 Business Plan.

Director Hatch made a motion to increase the surplus recovery by \$1.50 from \$4.50 to \$6.00 per manor per month. Director Burrasca seconded the motion and discussion ensued.

Director Isabel Muennichow (5285) addressed the Board on the motion.

By a vote of 5-4-0 (Directors Fish, Schneider, Souza, and Gros opposed), the motion carried.

Director Hatch made a motion to transfer \$250,000 surplus to the Unappropriated Expenditures Fund and leave reserve contributions as proposed. Director Matson seconded the motion. Discussion ensued. By a vote of 9-0-0, the motion carried.

Mutual Member Denise Welch (5517-1C) addressed the Board on the proposed budget.

By way of consensus the Board agreed to present the proposed 2007 Business Plan as amended, for approval in September.

DIRECTOR COMMENTS

- Director Souza commented on increasing assessments.
- Director Schneider thanked Janet Price and her staff for the presentation.
- Director Hatch thanked Janet Price and her staff for their hard work.
- Director Burrasca stated he was happy with the results of the meeting.
- Director Vogt dispelled rumors on misplacing funds.
- Director Matson thanked Janet Price and her staff.
- Director Arnold thanked Janet Price and her staff for a job well done.
- Director Fish thanked Janet Price and her staff for a job well done.

ADJOURNMENT

There being no further business to come before the board of directors the special meeting was adjourned at 11:27 A.M.

Gunter Vogt, Secretary