

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

August 15, 2006

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, August 15, 2006 at 9:00 A.M. at 24351 El Toro Road, Laguna Woods, California.

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

Directors Absent: None

Others Present: Milt Johns, Patty Fox, Janet Price (9:33 A.M. – 9:49 A.M.)
Executive Session: Milt Johns, Patty Fox, Cris Trap

CALL TO ORDER

Director Richard Moos, President of the Corporation, chaired the meeting and stated that it was a regular meeting held pursuant to notice duly given and that a quorum was present. The meeting was called to order at 9:00 A.M.

A moment of silence was held to honor the US Troops serving our country and those placed in harm's way.

PLEDGE OF ALLEGIANCE

Director Larry Souza led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

Cheryl Walker from the Laguna Woods Globe, and by way of remote cameras, the LWV Channel 6 Camera Crew were acknowledged as present.

APPROVAL OF AGENDA

The Agenda was approved as amended by adding under New Business as 11(d) Discussion on Establishing a Joint Ad Hoc Community Bench Committee, and Status Update on AB 2851 under the General Manager's Report.

APPROVAL OF THE MINUTES

The Minutes of the Regular Meeting of July 18, 2006 and the Special Meeting of August 7, 2006 were approved as submitted.

MEMBER COMMENTS

- Jerry Sheinblum (3488-C) announced the next CCA Townhall Meeting
- Bud Nesvig (2392-3H) commented on Garden Villa Recreation Room Maintenance
- Marcelene Cockrell (2291-C) commented on a notice to remove her roll up shades

CHAIRMAN'S REPORT – Richard Moos

President Moos reported on a bob cat sighting around the community, the business plan meetings, and assessment increases.

GENERAL MANAGER'S REPORT

Mr. Milt Johns updated the Board on GRF's Land Entitlement Specific Plan.

Ms. Wendy Bucknum, Legislative Analyst, updated the Board on AB 2851 *Condo Plan Change* and indicated that the Bill was pulled from the legislative session's review and advancement process.

President Moos introduced Larry Souza, Jim Matson, Isabel Muennichow, and Carol Moore as the new candidates running to fill the three vacancies for the 2006 Board of Director Election.

Ms. Janet Price entered the meeting at 9:33 A.M.

TREASURER'S REPORT

Director Bob Hatch reported on the Treasurer's Report.

Director Mark Schneider made a motion to rescind Resolution 03-04-10 authorizing a supplemental appropriation in the amount of \$43,200 to perform waterproofing in elevator pits. Director Gunter Vogt seconded the motion. Discussion ensued and the motion carried unanimously.

Director Hatch reported on the Mutual's Resale & Lease Activity.

Ms. Price left the meeting at 9:49 A.M.

OLD BUSINESS

A motion was made, seconded and carried to remove from the table the motion to approve a policy on temporary real estate signage.

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

RESOLUTION 03-06-31

WHEREAS, to protect the aesthetic integrity of Laguna Woods Village, and further to prevent the diminishment of the surrounding beauty of the Community, it is necessary to establish architectural guidelines with respect to real estate signage;

NOW THEREFORE BE IT RESOLVED, August 15, 2006 that the Board of Directors of this Corporation hereby adopts the following policy regarding the temporary placement of real estate signs in windows:

1. Sign Location: To be displayed in the manor window
2. Maximum Number: One per residence
3. Maximum Sign Area: The smaller of 6 square feet or 20% of the window area
4. Maximum Character Size: 12 inches
5. Sign Copy: Pertaining only to the sale, rent or lease of the manor
6. Sign Material: Wood, metal, or paper
7. Sign Illumination: None permitted
8. Permit Requirement: None

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.

NEW BUSINESS

The Directors reviewed the list of names for Inspectors of Election Appointments.

The Secretary of the Corporation, Director Gunter Vogt, read a proposed resolution on appointing the Inspectors of Election for the 2006 Director Election. Director Vogt moved to approve the resolution. Director Jim Keysor seconded the motion.

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

RESOLUTION 03-06-32

RESOLVED, August 15, 2006, that the Board of Directors of this Corporation hereby appoints the following persons as Inspectors of Election for the counting of Ballots for the 2006 Election of Directors of this Corporation to be held on Thursday, September 28, 2006:

Hillel Pitlik
Charline Brant
Gene Brant
Carol Davis, Alternate
Dave Davis, Alternate

The Secretary of the Corporation read a proposed resolution on the treatment of corporate documents. The motion was moved and seconded. Discussion ensued.

Mr. Johns indicated that the resolution conforms to the existing law and does not need to go through the required statutory thirty-day notice requirements.

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

RESOLUTION 03-06-33

WHEREAS, California Corporations Code § 8333 provides that:

“The accounting books and records, minutes of proceedings of the members, and the Board and committees of the board shall be open to inspection upon the written demand on the corporation of any member at any reasonable time, for a purpose reasonably related to such person’s interests as a member”; and

WHEREAS, California Civil Code §1365.2 defines “association records” and “enhanced association records” under new subsections (a)(1) and (2) respectively, as follows:

Association Records:

- Any financial document required to be provided to an Owner in Section 1365.
- Any financial document or statement required to be provided in Section 1368.
- Interim unaudited financial statements, periodic or as compiled, containing any of the following: balance sheet, income and expense statement, budget comparison, general ledger (a report that shows all transactions that occurred in an association account over a specified period of time), all of which are prepared in accordance with generally accepted accounting principles.
- Executed contracts not otherwise privileged under law.
- Written board approval of vendor or contractor proposals or invoices.
- State and federal tax returns.
- Reserve account balances and records of payments made from reserve accounts.
- Agendas and minutes of meetings of the members, the board and any committees appointed by the board of directors; excluding, however, agendas, minutes, and other information from executive sessions of the board of directors as described in Section 1363.05.
- Check registers.
- Membership lists.

Enhanced Association Records:

- Invoices, receipts and canceled checks for payments made by the association, purchase orders approved by the association, credit card statements for credit cards issued in the name of the association, statements for services rendered, and reimbursement requests submitted to the association, provided that the person submitting the reimbursement request shall be solely responsible for removing all personal identification information from the request;

WHEREAS, subsection (m) of the new California Civil Code § 1365.2 provides that to the extent of any inconsistency, as applied to an association and its

members, the provisions of § 1365.2 supersede the provisions of California Corporations Code § 8330 and § 8333; and

WHEREAS, California Corporations Code § 8334 provides that:

“Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation of which such person is a director;” and

WHEREAS, the Board of Directors believes, based upon the opinion of Corporate Legal Counsel with respect to members’ inspection rights that there is no legal obligation to make available anything other than those documents that are statutorily required, as specified above; and

WHEREAS, the Board believes, based upon the advice of Corporate Legal Counsel that, in order to legally preserve the attorney client privilege, it is essential that the contents of any communications to or from the corporation’s attorneys or prospective attorneys, whether oral or written, including but not limited to legal opinions, not be disclosed to third parties other than the Directors, Board authorized advisors, and agents.

NOW THEREFORE BE IT RESOLVED, August 15, 2006 that subject to compliance with the corporation’s obligations under the above-referenced California Corporations Code and California Civil Code Sections, as well as the Common Interest Development Open Meeting Act codified at California Civil Code Section § 1363.05, et seq., the Board of Directors on behalf of the corporation hereby states its policy with respect to treating as confidential certain of the documents produced by the corporation, its attorneys, or its agent Professional Community Management (PCM); and

RESOLVED FURTHER, that during the preparation of documents to be used by the Board of Directors in the performance of their duties, PCM as agent for the corporation, shall designate as “Confidential” all documents submitted to the Boards of Directors for their review, analysis and action which relate to or deal with matters to be addressed in Executive Session, namely matters pertaining to the formation of third party contracts, personnel issues, member discipline, litigation, meeting with a member, upon the member’s request, regarding the member’s payment of assessments, and all written communications to and from Corporate Legal Counsel; and

RESOLVED FURTHER, that the Board of Directors of this corporation reserves the right to designate additional documents as “Confidential” or to modify the confidential designation given by the managing agent, PCM (so long as any such characterization is reasonably supported by applicable law); and

RESOLVED FURTHER, that thereafter, any document so designated as confidential or that the Board shall determine to be confidential shall not be

copied nor distributed to the general membership, nor shall it be disclosed in whole or in part by any Directors or any person connected with this corporation through membership or otherwise, to any third party who is not also: (a) a Director of this corporation, or (b) a PCM agent or employee, (c) a Board authorized advisor, or (d) Corporate Legal Counsel; and

RESOLVED FURTHER, that this policy respecting documents designated as confidential shall be equally applicable to any meetings of the Committees of the Board; and

RESOLVED FURTHER, that the Board of Directors encourages its members to participate in the community's governance by attending Committees and Board meetings where full discussion of corporate business may be heard (other than business that is statutorily protected by empowering the Board to meet in closed Executive Session; i.e., for personnel matters, member discipline, the formation of third party contractual matters, and matters involving litigation, and to meet with a member upon the member's request, regarding the member's payment of assessments); and

RESOLVED FURTHER, that the Board of Directors of this corporation hereby instructs staff to carry out the purpose of this resolution; and

RESOLVED FURTHER, that Resolution M3-00-17 dated April 18, 2000 is hereby superseded and cancelled by the terms of this Resolution.

By way of consensus, the discussion on the letter to the City of Laguna Woods regarding Public Use of Right of Way was deferred to the September meeting.

By way of consensus, the Board agreed to work with United and GRF on forming a Joint Ad Hoc Community Bench Committee.

CONSENT CALENDAR

By way of consensus, the Consent Calendar was approved and the following actions were taken:

Maintenance and Construction Committee Meeting

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|--------|--|
| 2247-D | Denial of request to retain unauthorized wood and Plexiglas patio cover |
| 3161-C | Approval of request to extend back patio slab and replace wood patio cover with aluminum cover, with contingencies |
| 4022-B | Approval of request to install aluminum and glass patio enclosure on back patio, with contingencies |
| 5014 | Approval of request to extend Master Bedroom by incorporating attached private garden area, with contingencies |
| 5106 | Approval of request to install aluminum and glass patio enclosure on back patio, with contingencies |

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|---------|---|
| 5296 | Denial of request to retain unauthorized 38 inch satellite dish on the roof lattice of rear patio cover |
| 5517-1G | Denial of request to install patio gate to existing wrought iron railing on back patio |
| 5518-2F | Approval of request to retain stained colored front door |
| 5518-3B | Approval of request to retain stained colored front door |
| 5558-B | Approval of request to remove existing wrought iron entry gate and replace adjacent entry wrought iron fixed panels with concrete balusters, with contingencies |
| 5581-A | Approval of request to extend patio slab of back patio, with contingencies |
| 4005-3C | Denial of Request that the Mutual Bear the Cost for Outstanding Chargeable Services |
| 5321-B | Denial of Request that the Mutual Bear the Cost for Outstanding Chargeable Services |

Landscape Committee Recommendations

No Recommendations were made. No Meeting Held.

Finance Committee Recommendation

RESOLUTION 03-06-34

WHEREAS, Member ID 931-360-05 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment in an amount exceeding \$1800; 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, August 15, 2006 that the Board of Directors hereby approves the recording of a Lien for Member ID 931-360-05; 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 03-06-35

WHEREAS, Member ID 931-680-48 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment in an amount exceeding \$1800; 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, August 15, 2006 that the Board of Directors hereby approves the recording of a Lien for Member ID 931-680-48; 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 03-06-36

WHEREAS, Member ID 931-710-29 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment in an amount exceeding \$1800; 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, August 15, 2006 that the Board of Directors hereby approves the recording of a Lien for Member ID 931-710-29; 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 03-06-37

WHEREAS, Member ID 933-800-19 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment in an amount exceeding \$1800; 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, August 15, 2006 that the Board of Directors hereby approves the recording of a Lien for Member ID 933-800-19; 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.

Denise Welch (5517-1C) addressed the Board on Delinquent Assessments.

COMMITTEE REPORTS

Director Jim Matson reported from the Maintenance and Construction Committee.

The Secretary of the Corporation read a proposed resolution on authorizing a supplemental appropriation to replace the perimeter wall behind Building 4008. Director Vogt moved to approve the resolution. Director Matson seconded the motion and discussion ensued.

RESOLUTION 03-06

WHEREAS, a 204 ft. section of Laguna Woods Village perimeter block wall behind Building 4008 has severely rotated and is nearing collapse onto neighboring Laguna Audubon property;

NOW THEREFORE BE IT RESOLVED, August 15, 2006 that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$158,200 funded from the Replacement Fund; and

RESOLVED FURTHER, that such funds shall be used to replace the perimeter block wall behind Building 4008 with wrought iron fencing with block columns, block base and a v-gutter on the upslope wall side; 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 Hatch made a motion to table until the September meeting. Director Gros seconded the motion. The motion carried unanimously.

The Secretary of the Corporation read the following proposed resolution on approving a new Mutual Alteration Standard Section 40 *Satellite Dishes on Two and Three Story Buildings*:

RESOLUTION 03-06-

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, this Corporation recognizes the need to establish a policy to streamline the proper installation and maintenance of Satellite Dishes on Two and Three Story Buildings;

NOW THEREFORE BE IT RESOLVED, September 19, 2006, that the Board of Directors of this Corporation hereby adopts a policy on Satellite Dishes on Two and Three Story Buildings – Section 40, as attached to the official minutes of this meeting; 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; and

RESOLVED FURTHER, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended.

Director Vogt moved to approve the resolution. Director Matson seconded the motion. Discussion ensued and minor changes were made regarding piping.

Mutual Members Isabel Muennichow (5285) requested that the Board summarize each standard for the audience, and Denise Welch (5517-1C) addressed the Board on the proposed standard.

Director Vogt made a motion to table the resolution to satisfy the required statutory thirty-day notice requirements. Director Gros seconded the motion and the motion carried unanimously.

The Secretary of the Corporation read the following proposed resolution on approving revised Mutual Alteration Standard Section 29 *Solarium*:

RESOLUTION 03-06

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, (revised April, 1996); and

WHEREAS, the Maintenance & Construction Committee of this Corporation recognizes the need to further amend a portion of the alteration standards with regard to Section 29 – *Solariums*;

NOW THEREFORE BE IT RESOLVED, September 19, 2006, that Mutual Alteration Standard Section 29 – *Solariums* is hereby amended as attached to the official minutes of this meeting; 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; and

RESOLVED FURTHER, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended, and Resolution 03-03-10 adopted January 21, 2003 is hereby superseded and cancelled.

August 15, 2006

Director Vogt moved to approve the resolution. Director Matson seconded the motion and discussion ensued.

Director Vogt made a motion to table the resolution to satisfy the required statutory thirty-day notice requirements. The motion was seconded and carried unanimously.

The Secretary of the Corporation read the following proposed resolution on approving revised Mutual Alteration Standard 35 – *Glass Windscreens / Windbreaks*:

RESOLUTION 03-06

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 alteration standards with regard to Section 35 – *Glass Windscreens / Windbreaks*;

NOW THEREFORE BE IT RESOLVED, September 19, 2006, that Mutual Alteration Standard Section 35 – *Glass Windscreens / Windbreaks* is hereby amended as attached to the official minutes of this meeting; 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; and

RESOLVED FURTHER, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended, and Resolution 03-03-46 adopted May 20, 2003 is hereby superseded and cancelled.

Director Vogt moved to approve the resolution. Director Matson seconded the motion and discussion ensued.

Staff recommended that this Standard be revoked because it does not meet the description for a patio structure under the Uniform Building Code.

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

Director Schneider made a motion to remove the Standard in its entirety. Director Gros seconded the motion and carried unanimously.

The Secretary of the Corporation read the following proposed resolution on approving new Mutual Alteration Standard 38 – *Patio Enclosures*:

RESOLUTION 03-06-

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, this Corporation recognizes the need to establish a policy to streamline the proper installation and maintenance of Patio Enclosures;

NOW THEREFORE BE IT RESOLVED, September 19, 2006, that the Board of Directors of this Corporation hereby adopts a policy on Patio Enclosures - Section 38, as attached to the official minutes of this meeting; 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; and

RESOLVED FURTHER, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended.

Director Vogt moved to approve the resolution. Director Matson seconded the motion. Discussion ensued.

Staff provided clarification to the proposed Standard.

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

Director Vogt made a motion to table the resolution to satisfy the required statutory thirty-day notice requirements. The motion was seconded and carried unanimously.

The Secretary of the Corporation read the following proposed resolution on approving new Mutual Alteration Standard 39 – *Balcony Enclosures*:

RESOLUTION 03-06-

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, this Corporation recognizes the need to establish a policy to streamline the proper installation and maintenance of Balcony Enclosures;

NOW THEREFORE BE IT RESOLVED, September 19, 2006, that the Board of Directors of this Corporation hereby adopts a policy on Balcony Enclosures - Section 39, as attached to the official minutes of this meeting; 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; and

RESOLVED FURTHER, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended.

Director Vogt moved to approve the resolution. Director Matson seconded the motion and discussion ensued.

Mutual Member Bud Nesvig (2392-3H) addressed the Board on the motion.

Director Vogt made a motion to table the motion to satisfy the required statutory thirty-day notice requirements. Director Matson seconded the motion, and the motion carried unanimously.

Director Jim Matson reported from the Standards Sub Committee.

Director Ray Gros reported from the Plumbing Ad-Hoc Committee.

Director Phyllis Fish reported from the Landscape Committee.

Director Mark Schneider reported from the Third Long Range Planning Committee.

Director Dominic Burrasca reported from Resident Information Services.

Director Ray Gros reported from the Traffic Committee.

Director Jim Matson reported from the Joint GRF Bylaw Review Ad Hoc Committee.

A motion was made and seconded to disband the Joint GRF Bylaw Review Ad Hoc Committee. By a vote of 6-4-0 (Directors Hatch, Keysor, Burrasca, Arnold opposed) the motion carried.

GRF COMMITTEE REPORTS

Director Robert Hatch reported from the GRF Finance Committee.

Director Jim Matson reported from the Maintenance & Construction Committee.

Director Mark Schneider reported from the Community Activities Committee.

Director Mark Schneider reported from the Government and Public Relations Committee.

Director Ray Gros reported from the GRF Security and Community Access Committee.

Mutual Members Jerry Sheinblum (3488-C) and George Portlock (2379-B) addressed the Board on the Security Report.

Director Jim Keysor reported from the Broadband Services Committee.

Director Phyllis Fish reported from the Bus Services Committee.

DIRECTORS COMMENTS

- None

The meeting recessed at 11:45 A.M. and reconvened into Executive Session at 12:50 P.M.

The Traffic Committee of the Board met in Executive Session on July 26, 2006 to discuss member disciplinary issues.

With no further business before the Board of Directors, the meeting was adjourned at 3:40 P.M.

Gunter Vogt, Secretary