

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

March 8, 2007

The Special Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Thursday March 8, 2007 at 10:00 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Jim Matson, Bob Hatch, Isabel Muennichow, George Arnold, Dominic Burrasca, Gunter Vogt, Ray Gros

Directors Absent: Larry Souza, Carol Moore, Richard Moos

Others Present: Milt Johns, Patty Fox

CALL TO ORDER

President Jim Matson, President of the Corporation, chaired the meeting, stated that it was a special meeting held pursuant to notice duly given, established a quorum, and stated that the purpose of the meeting was to discuss the vacancy, term ending 2007, created by the resignation of John Heiney. The meeting was called to order at 10:05 A.M.

President Matson announced that he personally interviewed five candidates and provided a summary of the interviews. He announced that two candidates, John Paulus and Rich Haskell, agreed to serve.

Director Matson indicated that the Nominating Committee was not involved in the selection process and discussion ensued on the proper procedure.

Virginia Templeton, Nominating Committee Chair, offered that the solicitation of candidates for the vacancy has not been aggressively pursued by the Board. Mr. Johns advised that the Nominating Committee's review and recommendation of candidates offers an objective, third party review of candidates for the electorate and distances the Board from the candidate selection process. Adding that the Nominating Committee may end up offering the same candidates that were before the Board, he recommended utilizing the Nominating Committee to ensure an arm's length process.

By way of consensus, the Board agreed to enlist the Nominating Committee to interview candidates and make recommendations to the Board.

Discussion ensued on John Paulus currently serving on the Nominating Committee and the Bylaws require that the Nominating Committee shall consist of seven resident Mutual Members of the Corporation.

By way of consensus, the Board agreed to remove John Paulus as a member of the Nominating Committee.

The Board elected Ed Pollard to fill the vacancy on the Nominating Committee.

With no further business before the Board of Directors, the special meeting was adjourned at 10:46 P.M.

Isabel Muennichow, Secretary