

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

AUGUST 10, 2007

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

Directors Present: Jim Matson, Bob Hatch, Richard Moos, Raymond Gros, Dominic Burrasca, Rich Haskell, John Paulus, Carol Moore, Isabel Muennichow, Gunter Vogt (10:15 AM)

Directors Absent: Larry Souza

Others Present: Milt Johns, Janet Price, Betty Parker, Patty Fox

CALL TO ORDER

Jim Matson, 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.

PLEDGE OF ALLEGIANCE

Director John Paulus led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

Lindsey Baguio from the Laguna Woods Globe, and by way of remote cameras, the Laguna Woods Village Channel 6 Camera Crew were acknowledged as present.

MEMBER COMMENTS

- Stanley Feldstein (2403-1B) commented on reserve contributions
- Bud Nesvig (2392-3H) commented on articles in the Globe
- Ron Saccone (3026-B) commented on landscape increases
- Allan Cohen (2391-2A) commented on operating expenses
- Anita Robertson (2243-F) commented on keeping the costs down
- Bob McDaniel (3379-N) commented on cutting costs and fiscal restraint
- Karel Brouwer (3189-C) commented on assessment increases
- Tony Sorich (3402-B) encouraged the residents to get involved in the Community

Director Vogt entered the meeting at 10:15 A.M.

REVIEW 2008 BUSINESS PLAN – VERSION 3

President Matson stated that the purpose of the special meeting was to review Version 3 of the proposed 2008 Business Plan, and turned the meeting over to Janet Price, Director of Finance and Administration, who presented Version 3 of the proposed 2008 Business Plan.

The Board Members were given an opportunity to ask questions and comment on Version 3 of the proposed 2008 Business Plan.

Director Haskell made a motion to reduce the Paint Program planned expenditures by \$3.00 per manor/per month, reducing the monthly assessment for General Maintenance from \$59.17 to \$56.17. Director Moore seconded the motion and discussion ensued.

Mutual Member Bud Nesvig (2392-3H) addressed the Board on the Paint Program

Director Haskell amended the motion redirecting the \$3.00 assessment reduction to the Surplus Recovery line item, leaving General Maintenance at \$59.17, with the understanding that the surplus is expected to be generated by additional savings achieved in the Paint Program. Director Moore seconded the motion and discussion ensued.

By a vote of 7-2-0 (Directors Vogt and Muennichow opposed) the amendment to redirect carried.

By a vote of 6-3-0 (Directors Hatch, Vogt, and Muennichow opposed) the amended main motion to change the Surplus Recovery from \$3.00 to \$6.00 per manor/per month carried.

Director Haskell made a motion to reduce the Landscape Budget by \$3.55 per manor/per month. Director Moore seconded the motion and discussion ensued.

Mutual Members Jim Hart (5510-3A) commented on making changes to service levels at the appropriate times during Versions 1 and 2; Allen Cohen (2391-2A) commented on reductions to the paint program, Anita Robertson (2243-F) commented on outsourcing, and Ron Saccone (3026-B) commented on landscaping service levels.

Director Haskell amended the motion to change the amount to \$3.00 per manor/per month and redirect it to be a reduction to the Unappropriated Expenditures Fund contributions. The motion was seconded.

By a vote of 5-4-0 (Directors Haskell, Moore, Moos, Paulus and Burrasca voted in favor and Directors Hatch, Vogt, Gros and Muennichow opposed) the amendment carried.

By a vote of 4-5-0 (Directors Haskell, Moore, Moos and Burrasca voted in favor, and Hatch, Vogt, Gros, Paulus, and Muennichow opposed), the amended main motion to reduce the Unappropriated Expenditures Fund contribution from \$3.00 to \$0.00 per manor/per month failed.

Mutual Member Joan Coles (3147-C) commented on the proposed budget.

Director Haskell made a motion to reduce the Replacement Fund contribution by \$8.00 from \$49.00 to \$41.00 per manor/per month. Director Moos seconded the motion and discussion ensued.

Director Vogt amended the motion to increase the Replacement Fund by \$5.00. The motion failed due to the lack of a second.

Mutual Members Bud Nesvig (2392-3H), Karel Brouwer (3189-C), Allen Cohen (2391-2A), George Arnold (5346-A), Myrna Sheinblum (3488-C), Ron Saccone (3026-B), Tony Sorich (3402-B) addressed the Board on the motion.

By a vote of 4-5-0 (Directors Haskell, Moore, Moos and Burrasca voted in favor), the motion failed.

Director Paulus made a motion to reduce the Replacement Fund by \$5.00 from \$49.00 to \$44.00 per manor/per month. Director Haskell seconded.

By a vote of 5-5-0 (Directors Haskell, Moore, Paulus, Moos, Burrasca voted in favor, and Directors Hatch, Gros, Vogt, Muennichow opposed, and President Matson voted in opposition to make a tie) the motion failed.

Mutual Member Stanley Feldstein (2403-1B) addressed the Board on the General Operating Fund.

Director Haskell made a motion to reduce the General Operating Fund by \$5.00 from \$31.00 to \$26.00 per manor/per month. Director Moos seconded the motion and discussion ensued.

By a vote of 3-6-0 (Directors Haskell, Moos, and Burrasca voted in favor) the motion failed.

Director Paulus made a motion to reduce the Replacement Fund by \$2.50 from \$49.00 to \$46.50 per manor/per month. Director Haskell seconded the motion.

By a vote of 6-3-0 (Directors Vogt, Gros, and Muennichow opposed) the motion carried.

Director Paulus made a motion to reduce the General Operating fund by \$2.50 from \$31.00 to \$28.50 per manor/per month. The motion was seconded.

By a vote of 4-5-0 (Directors Paulus, Haskell, Moos, and Burrasca voted in favor) and the motion failed.

Mutual Members Joan Coles (3147-C) commented on the low attendance.

Director Vogt made a motion to increase the Unappropriated Expenditures Fund contribution by \$5.50 per manor per month to offset assessment reductions made earlier in the meeting. Director Muennichow seconded the motion.

Mutual Members Allen Cohen (2391-2A) and Bud Nesvig (2392-3H) commented on the motion.

By the following roll call vote, the motion failed by a vote of 4-5-0:

AYES: Hatch, Vogt, Gros, Muennichow

NAYES: Haskell, Moore, Paulus, Moos, Burrasca

Director Muennichow made a motion to increase the Replacement Fund by \$2.49, attempting to create an even dollar amount in the total basic assessment. Director Hatch seconded the motion.

By a vote of 4-5-0 (Directors Hatch, Vogt, Gros and Muennichow voted in favor), the motion failed.

By way of consensus the Board agreed to present the proposed 2008 Business Plan as amended for approval in September.

DIRECTOR COMMENTS

- Director Moore commented on audience participation
- Director Vogt commented on the budget increases
- Director Paulus thanked staff for a job well done and commented on the reserve contributions
- Director Gros thanked staff for a great job on the budget
- Director Moos commented on increasing reserve contributions
- Director Burrasca commented on raising GRF contributions
- Director Muennichow commented on rescheduling the M&C Bus Tour to 2:30 PM
- President Matson commented on reserve contributions and decreasing assessments in the future

Mutual Member Bud Nesvig (2392-3H) commented on the Garden Villa Recreation Room reserves

During the July 17, 2007 Regular Board Meeting, the Board reviewed and approved the Minutes of the Regular Executive Meeting of June 19, 2007, and the Action By Way of Unanimous Written Consent of June 28, 2007; approved the recording of Notices of Default for Member ID 931-630-04, Member ID 933-612-17, and Member ID 933-620-29; heard four (4) Disciplinary Hearings and one Meet and Confer, approving the payment plan; discussed other member disciplinary matters; and discussed litigation issues.

During the July 30, 2007 Special Executive Session Board Meeting, the Board discussed contractual issues.

During the August 9, 2007 Special Executive Session Board Meeting, the Board discussed personnel matters.

ADJOURNMENT

There being no further business to come before the board of directors the special meeting was adjourned at 1:10 P.M.

Isabel Muennichow, Secretary