

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

December 3, 2007

The Special Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Monday December 3, 2007 at 1:30 P.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Stanley Feldstein, Jim Matson, Larry Souza, Dominic Burrasca, Bob Hatch, Isabel Muennichow, John Paulus, Carol Moore, Gunter Vogt, Cynthia Conners, Don Lippert

Directors Absent: None

Others Present: Milt Johns, Patty Fox, Bill Hart of HKC

CALL TO ORDER

President Stanley Feldstein, President of the Corporation, called the meeting to order at 1:30 P.M., and requested that Director Carol Moore announce the requirement for today's meeting.

Director Carol Moore announced that Directors Vogt, Hatch, Matson, Muennichow, Conners, and Souza identified themselves as the quorum of Directors who called the meeting.

Director Moore asked Director Hatch to state the purpose of the meeting, who stated that the purpose was to consider the removal of the Board President from office, and if necessary, to elect another President.

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

Director Bob Hatch led the Membership in the Pledge of Allegiance to the Flag.

A discussion was held relative to replaying the taped November 28, 2007 Special Board Meeting and the authorization to replay today's taped meeting.

Director Muennichow made a motion to replay and air this week the November 28, 2007 and the December 3, 2007 meetings. Director Vogt seconded the motion and discussion ensued.

Director Conners amended the motion to delay the November 28 meeting until legal counsel has had the opportunity to review the tape to determine illegality or defamation. Director Matson seconded the motion.

Director Lippert made a second amendment requesting that the tapes be played within 10 days of today's meeting. The motion failed due to the lack of a second.

Mutual Members Connie Grundke (2399-3C) commented on editing the board meetings; Sy Wellikson (5026) addressed the Board on parliamentary procedures and editing board

meetings; Lilly Lachter (3211-B) commented on editing the special meeting; and Noel Hatch (5460-B) addressed the Board on allowing counsel to review the tapes.

By a vote of 5-6-0 (Directors Vogt, Hatch, Matson, Souza, Conners voted in favor and Directors Lippert, Muennichow, Burrasca, Moore, Paulus opposed, President Feldstein voted against the amendment to break the tie) the amendment failed.

By a vote of 8-0-2 (Directors Matson and Conners abstained) the main motion carried.

Mr. Johns indicated that he would be happy to forward the request to GRF for airing approval.

Director Souza made a motion to allow Third Mutual Members the opportunity to speak first. Director Vogt seconded the motion and discussion ensued. By a vote of 7-2-1 (Directors Burrasca and Moore opposed, and Director Lippert abstained) the motion carried.

MEMBER COMMENTS

- Katherine McDaniel (3379-N) announced that a recall is in progress
- Denise Welch (5517-1C) commented on freshmen not qualified to hold office and the need to learn more about the needs of the Community
- Susan Lackey (2321-D) commented on Director Conners' conduct

President Feldstein announced that he refused to curb the comments made by the members.

Director Conners addressed Ms. Lackey's comments and made a motion asking that Bill Hart respond to the comments. Director Vogt seconded the motion. President Feldstein ruled the motion out of order.

- Gene Ryan (3361-O) commented on President Felstein's leadership and intent to keep meetings open to the public
- Connie Grundke (2399-3C) commented on oversight
- Bud Nesvig (2392-3H) asked who invited Bill Hart to attend the meeting and commented on Director Conners' conduct
- Corkie Eley (2401-2E) commented on following the governing documents
- Lucie Falk (3377-A) commented on the President's background and experience
- Lilly Lachter (3211-B) commented on obtaining GRF approval to air the Special Meeting
- Karel Brouwer (3189-C) announced that the meeting will be broadcast this evening
- Sarah Hunter (2399-1A) commented on open communication
- Anita Robertson (2243-F) commented on President Feldstein's service on the Board, and budget increases
- Iris Gorin (828-Q) commented on the current Board's professional conduct and President Feldstein's knowledge and experience
- Delsie Zuzak (674-A) commented on the division of the Boards and residents
- Bob Zuzak (674-A) commented on openness
- Lucienne Skogen (364-O) United commented on service levels
- Robert Chen (2363-A) commented on the presence of Security
- Sheldon Feitlind (369-G) commented on President Feldstein's qualifications and ramifications should the Board decide to take action to remove him as President

- Catherine Miglis (466-O) commented on President Feldstein's qualifications to serve as President
- Pamela Grundke (2399-3C) thanked the President for his courage and integrity
- Charlene Sydow (646-A) commented on the President's experience and competency, and commented on Mr. Hart's presence
- Ken Hammer (797-B) thanked Mr. Hart for his services as a GRF attorney, and thanked Mr. Johns for his services as General Manager, and requested that the board carry out their proposed action
- Frankie Henry (679-C) commented on the President's integrity

Director Burrasca commented on an article about the outcome of the Seal Beach lawsuit about disclosure of corporate documents.

Mutual Member Sy Wellikson (5026) offered correction regarding Director Burrasca on his comments about the Seal Beach lawsuit and commented on allowing United Mutual members to speak on Third Mutual issues.

Director Souza made a motion to remove the President from office. Director Hatch seconded the motion and discussion ensued.

The Directors addressed their comments and concerns with President Feldstein's leadership abilities and the Board's proposed action.

Director Lippert requested for a roll call vote and the following vote was taken:

AYES: Vogt, Hatch, Matson, Muennichow, Conners, Souza

NAYES: Burrasca, Moore, Paulus, Lippert, Feldstein

The motion carried by a vote of 6-5-0.

Director Feldstein relinquished the Chair to First Vice President Moore who entertained nominations for President.

Director Hatch nominated Director Conners for the position of President. Director Souza seconded the nomination. Director Conners accepted the nomination.

Director Lippert nominated Director Matson for the Position of President. Director Feldstein seconded the nomination. Director Matson declined the nomination.

Ballots were passed, collected and tallied, and Director Conners was elected President, by a vote of 7-3-1.

President Conners entertained a motion to allow Bill Hart to speak on the legality of the November 28, 2007 Special Meeting.

Director Souza made a motion to allow Mr. Hart to address the Board on the legality of the November 28, 2007 Special Meeting. Director Vogt seconded the motion. No action was taken

President Conners expressed her sentiments on living in the Community, and commented on her desires and goals for the Community.

During its November 20, 2007 Regular Board Meeting, the Board reviewed and approved the Minutes of the Regular Executive Session Meeting of October 26, 2007 and the Special Executive Session Meeting of November 5, 2007; heard one Disciplinary Hearing; approved the recording of Notices of Default for Member ID 931-480-75, Member ID 931-680-25; authorized a delinquency write-off; and discussed contractual, litigation, and other disciplinary matters.

During its November 28, 2007 Special Executive Meeting, the Board discussed personnel matters.

Director Vogt made a motion to adjourn. Director Souza seconded the motion, and the motion carried.

With no further business before the Board of Directors, the special meeting was adjourned at 4:16 P.M.

Cynthia S. Conners, President