

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

December 18, 2007

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, December 18, 2007 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Cynthia Conners, Carol Moore, Dominic Burrasca, John Paulus, Jim Matson (12:05 P.M.), Don Lippert, Isabel Muennichow, Gunter Vogt (9:44 A.M.), Larry Souza, Bob Hatch, Stanley Feldstein

Directors Absent: None

Others Present: Milt Johns, Patty Fox, Janet Price (11:15 A.M. – 11:37 A.M.)
Executive Session: Milt Johns, Patty Fox, Cris Trapp

CALL TO ORDER

Director Cynthia Conners, 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 9:30 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 Dominic Burrasca 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 Laguna Woods Village Channel 6 Camera Crew was acknowledged.

President Conners reminded the Directors to speak into the microphones.

President Conners addressed rumors regarding the Board's plan to remove Director Stanley Feldstein from the Board, indicated that there is no such plan, and welcomed her fellow Board members to join her to shake hands in the audience.

Director Vogt entered the meeting at 9:45 A.M.

APPROVAL OF AGENDA

The Agenda was approved as amended by adding a resolution on curb cuts under the Consent Calendar and moving Item 15(a) *Approval to Perform Plumbing Remediation on Plumbing Alterations* to under the Report of the Plumbing Ad Hoc Committee.

Director Moore made a motion to move agenda item 6(b) *Discussion re Statements made by Director Feldstein re Managing Agent* from the closed session agenda to the open session agenda under New Business. Director Lippert seconded the motion and discussion ensued. By a vote of 7-0-2 (Directors Muennichow and Vogt abstained), the motion carried

Without objection, the Board appointed Director Isabel Muennichow as Acting Secretary.

APPROVAL OF THE MINUTES

The Board reviewed the Minutes of the Regular Meeting of November 20, 2007 and made the following change, by rewording the sentence on page 7, "The President denied requests for Member comments at this time." to read "The President determined that the time was not appropriate for member comments."

The Board further discussed changes and agreed to postpone approval of the minutes until staff has reviewed the tape of the November 20, 2007 meeting.

The Board reviewed the Minutes of the Special Meeting of November 28, 2007.

Director Feldstein made a motion to add on page 1, after the words "Open Meeting Act," the following statement "(a copy of the statement of President Feldstein is attached to these minutes)." Director Lippert seconded the motion and discussion ensued.

Director Feldstein amended the motion to also attach to the Minutes an interpretation from legal counsel on the laws that Director Feldstein cited in his statement. Director Lippert seconded the motion and the amendment carried unanimously.

The main motion as amended carried unanimously.

Without objection, the statement on page 3 shall read "Director Moore, who chaired the forum, declined to accept a motion to adjourn and the forum was closed without a motion at 3:25 P.M."

Director Feldstein made a motion to move the following statement on page 3: "President Feldstein provided written comments to the Board on his proposed removal as President" to the end of the first paragraph on page 1. Director Lippert seconded the motion and discussion ensued.

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

Without objection, the minutes were approved as amended and that legal counsel's interpretation shall be distributed to the Board members prior to inclusion in the minutes.

The Board reviewed the Minutes of the Special Meeting of December 3, 2007.

Director Feldstein made a motion to revise the words in the first paragraph "announced the requirement for today's meeting" to "determined that a meeting was duly called and that a quorum was present." The motion was seconded and carried without objection.

Director Moore made a motion to delete the following sentence on page 2: "President Feldstein announced that he refused to curb the comments made by the members." Director Lippert seconded the motion and discussion ensued.

Without objection, Director Moore withdrew her motion.

President Conners made a motion that the minutes be amended to read that "President Feldstein announced that he would not limit comments from the public by time or by Third Mutual membership." Director Lippert seconded the motion, and without objection, the motion carried.

Director Lippert made a motion to postpone the approval of the December 3, 2007 minutes to allow directors time to provide comments and changes.

Without objection, the Board agreed that a red-lined version of the December 3, 2007 Meeting be distributed the Board.

The Board unanimously agreed to postpone the approval of the Minutes of the Special Meeting of December 3, 2007 until the January Meeting.

CHAIR'S REPORT – Cynthia Conners

President Conners expressed her sentiments on how well the Board is working together to address various issues; addressed emails she received quoting the Davis-Stirling Act regarding "joint associations," and indicated that such law does not apply to Third Mutual; and encouraged the residents to continue providing comments to the Board, positive or negative.

President Conners announced that public comments shall be limited to Third Mutual members only, and non-Third Mutual Member comments shall be entertained at the end of the meeting if time is available.

Director Vogt made a motion to incorporate a written copy of the President's comments into the minutes of the meeting. Director Hatch seconded the motion. By a vote of 4-5-0 (Directors Paulus, Vogt, Hatch and Souza voted in favor), the motion failed.

THIRD MUTUAL MEMBER COMMENTS

- Lucie Falk (3377-A) commented on copies of litigation cases, and personal attacks
- Gene Ryan (3361-O) commented on Director Feldstein's service on the Board
- Jerry Sheinblum (3488-C) announced the next CCA Town Hall Meeting
- Bud Nesvig (2392-3H) commented on statements made at the recent Finance Committee Meeting
- Ron Saccone (3026-B) commented on increasing financial requirements
- Carol Skydell (3070-B) commented on Director Conners' need to increase liability insurance

DIRECTOR COMMENTS AND RESPONSES TO MEMBER COMMENTS

- Director Hatch commented on the maintenance budget and the need to increase other revenue, and the need for greater transparency
- Director Muennichow addressed the uncivil emails she received
- Director Burrasca commented on setting up a meeting to discuss the minutes
- Director Vogt commented on angry phone calls he received regarding the removal of Director Feldstein from office and expressed his desire to work together
- Director Lippert commented on Director Vogt's column in the Laguna Woods Globe
- Director Moore commented on a person's right to freedom of speech
- Director Feldstein supported Director Moore's comments

GENERAL MANAGER'S REPORT

Mr. Johns updated the Board on GRF's Community and Recreation Needs Assessment Plan Study, and described the Community Outreach Program and its findings.

Ms. Janet Price entered the meeting at 11:15 A.M.

TREASURER'S REPORT

Director John Paulus reported on the Treasurer's Report and Resale & Lease Activities.

Ms. Cris Trapp entered the meeting at 11:22 A.M.

The Secretary of the Corporation, Director Isabel Muennichow, read the following resolution regarding chargeable services billing disputes:

RESOLUTION 03-06-08

WHEREAS, chargeable services billing disputes are reviewed in light of the Mutual's Chargeable Services Policies, the Occupancy Agreement and the Bylaws of the Corporation; and

WHEREAS, there are situations where policy may be too vague, information may be lacking, or individuals may disagree with the policy and seek out assistance from third parties, often being individual board directors for resolution; and

WHEREAS, governing documents do not provide for an individual board director to act unilaterally and/or render decisions in conflict with Mutual Policy;

NOW THEREFORE BE IT RESOLVED, February 21, 2006 that the Board of Directors hereby authorizes that each chargeable service billing dispute that cannot be resolved by the application of existing policy be submitted to the appropriate committee for review and recommendation to the Board for final decision; 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 rescind the resolution. Director Lippert seconded the motion and discussion ensued.

Without objection, Director Hatch withdrew his motion.

Director Hatch made a motion to refer the resolution back to the Finance Committee. Director Lippert seconded the motion and discussion ensued. The motion carried unanimously.

Ms. Price left the meeting at 11:37 A.M.

OLD BUSINESS

The Secretary of the Corporation read a proposed resolution on approving revisions to the Nominating Committee Appointments. Director Muennichow made a motion to approve the resolution. Director Lippert seconded the motion.

Without objection the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-07-112

RESOLVED, December 18, 2007 that the following persons are hereby appointed to serve on the Nominating Committee of this Corporation:

Virginia Templeton, Chair

Harold Woods

Al Fierer

Sarah Hunter

Katherine McDaniel (replaced Edward Sherwood)

Faye Pearl

Henry Eilbert

Roger Noble (alternate)

RESOLVED FURTHER, that Resolution 03-07-102 adopted November 20, 2007 is hereby superseded and cancelled.

NEW BUSINESS

Ms. Cris Trapp gave a presentation on the new changes to the Davis-Stirling Act pertaining to Agendas.

Ms. Trapp left the meeting at 11:46 A.M.

The Secretary of the Corporation read a proposed resolution on the treatment of confidential documents. Director Lippert moved to approve the resolution. Director Moore seconded the motion and discussion ensued.

Director Jim Matson entered the meeting at 12:05 P.M.

By a vote of 6-4-0 (Directors Lippert, Burrasca, Moore, Paulus, Hatch, and Feldstein voted in favor), the motion carried, and the Board of Directors adopted the following resolution:

RESOLUTION 03-07-113

WHEREAS, California Civil Code Section 1363.05, the Common Interest Development Open Meeting Act, provides that any member of the association may attend meetings of the board of directors of the association, except when the board adjourns to executive session to consider litigation, matters relating to the formation of contracts with third parties, member discipline, personnel matters, or to meet with a member, upon the member's request, regarding the member's payment of assessments, as specified in Section 1367 or 1367.1; and

WHEREAS, California Civil Code Section 1365.2 provides for the inspection of Accounting Books and Records and Minutes of Proceedings, and identifies the records that may be inspected and provides the procedure by which the inspection shall be conducted; and

WHEREAS, California Civil Code Section 1365.2 (d) (1) provides that except as provided in paragraph (2), the association may withhold or redact information from the association records for any of the reasons therein stated; and

WHEREAS, Section 1365.2 also provides that an association that denies or redacts records shall provide a written explanation specifying the legal basis for withholding or redacting the requested records if requested by the requesting member; and

WHEREAS, this board of directors wishes to establish a means to facilitate the communication to the members of the association of all information that does not require confidentiality for the protection of the association or the directors from litigation;

NOW, THEREFORE, BE IT RESOLVED, that the managing agent shall submit to the board of directors of the association all documents or information which the managing agent believes should be designated as confidential, together with a written explanation stating the legal basis for such designation; and

FURTHER RESOLVED, that Resolution 03-06-33 is hereby rescinded and cancelled.

Without objection the Board established an Ad Hoc Committee to fine tune the resolution and appointed Directors Lippert, Feldstein, and Conners to such committee.

The Board recessed at 12:33 P.M. and reconvened at 12:45 P.M.

President Conners gave the board an option to continue the meeting or to adjourn to another day to continue unfinished business.

Without objection the Board agreed to adjourn to December 21, 2007 at 9:00 A.M.

The Board agreed on agenda items that will be carried over to the December 21st meeting.

A discussion was held relative to making changes to the Management Agreement in compliance with the CC&Rs regarding the termination clause.

Without objection the Board agreed to ask legal counsel to draft a supplemental letter agreement or other document that would create amendments to the Management Agreement.

Without objection, the Board agreed to request that the Select Audit Committee undertake an investigation of the costs to perform a forensic audit. Without objection, the Board agreed to have Directors Paulus, Hatch, and Feldstein represent Third Mutual on the Select Audit Committee.

CONSENT CALENDAR

Absent objections, the Consent Calendar was approved as written and the following actions were taken:

Maintenance & Construction Committee Recommendations:

- | | |
|---------|--|
| 2225-C | Denial of chargeable service dispute, and uphold Chargeable Services Policy |
| 2390-1D | Waive chargeable services associated with plumbing services |
| 3102-C | Denial of request to retain stepping stones in common area, and approval to install new concrete walkway at the Mutual's expense |
| 3280-P | Waive chargeable services associated with plumbing services |
| 3364-1G | Approval to extend rear patio slab, with contingencies |
| 5337-C | Approval to remove existing front patio cover, install new patio cover, and replace existing front patio wood fence with block wall and wrought iron fence, with contingencies |
| 5538-A | Approval to extend rear patio slab and install concrete path, with contingencies |

Landscape Committee Recommendations

- | | |
|---------|---|
| 4010-1A | Approval of appeal request for tree removal at the Mutual's expense |
|---------|---|

3055-A	Denial of request for lawn removal and replacement
5493-A	Denial of request for tree removal and replacement
5534-A	Denial of request for tree removals and replacements
5539-C	Approval of request for landscaping modifications at the Mutual Member's expense

Finance Committee Recommendation

RESOLUTION 03-07-114

WHEREAS, Member ID 932-201-54 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, December 18, 2007 that the Board of Directors hereby approves the recording of a Lien for Member ID 932-201-54; 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 03-07-115

WHEREAS, Member ID 932-810-25 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, December 18, 2007 that the Board of Directors hereby approves the recording of a Lien for Member ID 932-810-25; 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 03-07-116

RESOLVED, December 18, 2007 that, in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, adopted May 2006, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Business Planning

John Paulus
Bob Hatch

Bus Services Committee

Dominic Burrasca
Jim Matson

Broadband Services Committee

Stanley Feldstein (replaced Larry Souza)
Don Lippert

Community Activities

Isabel Muennichow
Carol Moore

Finance

John Paulus
Bob Hatch

Government and Public Relations

Isabel Muennichow
Dominic Burrasca

Landscape Committee

Gunter Vogt
Carol Moore

Maintenance and Construction

Jim Matson
Don Lippert

Security and Community Access

John Paulus
Dominic Burrasca

RESOLVED FURTHER, Resolution 03-07-97, adopted October 16, 2007 is hereby superseded and canceled.

RESOLUTION 03-07-117

WHEREAS, The Mutual and the Golden Rain Foundation (GRF) periodically receive requests for the installation of curb cuts and sidewalk ramps at crosswalk intersections in the community; and

WHEREAS, The sidewalk is the responsibility of the Mutual; and

WHEREAS, The curb is the responsibility of GRF; and

WHEREAS, GRF is currently considering a request for a curb cut;

NOW THEREFORE BE IT RESOLVED, December 18, 2007 that the Board of Directors of this Corporation hereby directs that when GRF installs a curb cut the Mutual sidewalk shall be ramped to match the curb cut; and

RESOLVED FURTHER, that the costs associated with the curb cut and sidewalk ramps be apportioned to the Mutual and GRF; 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.

COMMITTEE REPORTS

Director Jim Matson reported from the Maintenance and Construction Committee.

The Secretary of the Corporation read a proposed resolution approving performing plumbing remediation on plumbing alterations. Director Muennichow moved to approve the resolution. Director Hatch seconded the motion.

Without objection the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-07-118

WHEREAS, During the execution of plumbing remediation programs on both the water supply and waste line systems, Staff anticipates the discovery of permitted and non-permitted alterations on these systems. Plumbing alterations will result in additional necessary work for the remediation programs to be completed successfully; and

WHEREAS, current maintenance policy for alterations, as established by Resolution 03-03-73 shall not be applied to plumbing alterations as it is applied to other manor alterations, then the Mutual will bear the cost for any work performed on the alterations when facilitating plumbing remediation by the Mutual; and

WHEREAS, it is beneficial for the Mutual to have preventative maintenance and or replacement of plumbing; and

WHEREAS, in order to maintain the integrity of the plumbing system, it is necessary to develop a uniform policy for all alterations in the plumbing system; and

NOW THEREFORE BE IT RESOLVED, December 18, 2007 that the Board of Directors of this Corporation hereby authorize that Plumbing remediation to be performed as necessary on the complete plumbing system (water supply and waste line systems), and all required extra work due to Member(s) alterations, permitted and non-permitted, to be borne by the Mutual; and

RESOLVED FURTHER, that the Board shall review the policy after the completion of the pilot program; 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.

A summary of a proposed resolution on increasing the resale inspection fee was provided.

Without objection the Board of Directors adopted the following resolution:

RESOLUTION 03-07-119

WHEREAS, resale inspections are utilized to identify any damages and/or modifications to the property for which the selling party may be financially responsible, as well as identify any necessary repairs and/or replacements that may be the Mutual's financial responsibility; and

WHEREAS; a recent cost analysis revealed that a portion of the costs associated with the resale inspection process is not recovered from the requesting member, and an increase in the fee would serve to recover more of the administrative costs associate with the transactions;

NOW THEREFORE BE IT RESOLVED, December 18, 2007 that the Board of Directors of this Corporation hereby increases the Resale Inspection Fee from \$80 to \$115; and

RESOLVED FURTHER, that such fee shall be charged as follows: \$60 for the first inspection, \$55 for the final inspection, if necessary, and each charge will be billed separately; and

RESOLVED FURTHER, that the first inspection portion of the fee will be billed as a chargeable service to the seller upon completion of the first

inspection, and the final inspection portion of the fee will be collected through escrow upon closing; and

RESOLVED FURTHER, that Resolution M3-80-44 adopted April 15, 1980 and M3-80-145 adopted December 16, 1980 are hereby superseded and cancelled; 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.

A discussion was held relative to the request of Mr. David Stuard of 2400-1C Via Mariposa West for reimbursement for water intrusion damage. Director Moore made a motion to accept staff's recommendation to deny the request, but reimburse the electricity charges incurred as a result of repairs to the building. Director Souza seconded the motion. By a vote 7-2-1 the motion carried (Directors Matson, Vogt, Paulus, Moore, Muennichow, Hatch and Souza voted in favor.)

Without objection, the Board agreed to dispense with the GRF Committee reports.

Without objection, the Board agreed to tape the December 21, 2007 meeting.

Director Comments

- Director Lippert thanked the Board for passing his resolution on the treatment of confidential documents
- Director Muennichow thanked the remaining audience members for attending

The open session meeting adjourned until December 21, 2007 at 9:00 A.M.

The Board recessed for lunch at 1:15 P.M. and reconvened into Executive Session at 1:56 P.M.

The Traffic Committee of the Board met in Executive Session on November 28, 2007 to discuss member disciplinary issues.

During the Special Closed Workshop of December 13, 2007, the Board discussed personnel matters.

With no further business before the Board of Directors, the meeting was adjourned at 4:49 P.M.

Isabel Muennichow, Secretary