

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

June 17, 2008

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, June 17, 2008 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 (left 10:00 returned 12:15), Isabel Muennichow, Gunter Vogt (left 12:45), Larry Souza (left 2:15), Bob Hatch, Stanley Feldstein

Directors Absent: Don Lippert

Others Present: Milt Johns, Kim Taylor, and Janet Price (10:10 A.M. – 11:10 A.M.)
Executive Session: Milt Johns, Kim Taylor, 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 Isabel Muennichow led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

Cheryl Walker from the Laguna Woods Globe entered the meeting at 9:40 am. By way of remote cameras, the Laguna Woods Village Channel 6 Camera Crew were acknowledged.

APPROVAL OF AGENDA

A motion was made by Director Matson and seconded by Director Paulus to move Agenda Item 11-Report from the Maintenance & Construction Committee Report and Agenda Item 23a-Entertain Motion to Approve Inspectors of Election, before Agenda Item 10-Report of the Finance Committee and Treasurer's Report. The motion carried without objection.

A motion was made by Director Hatch and seconded by Director Matson to bring the resolution regarding the Inspectors of Election back from the Rules Committee and to have it on this agenda as it has all ready been noticed. By a vote of 5-4-0 (Directors Matson, Muennichow, Souza, Hatch, and Vogt voted in favor) the motion carried.

Without objection, the Agenda was approved as amended.

CHAIR'S REPORT—Cynthia Conners

President Conners commented on maintaining order and decorum in meetings and stated that if a member suspects any malfeasance of the board or staff, that the member should bring the evidence to the Board in Executive Session and the Board will investigate any allegations. President Conners encouraged members to maintain order and decorum during the meeting and not speak while others are speaking. President Conners also encouraged participation from the Board in keeping order and decorum during the Board meetings.

APPROVAL OF THE MINUTES

The Board reviewed the Minutes of the Regular Meeting of May 20, 2008, and without objection, the Minutes were approved as amended by adding the following sentence on Page 7: "The need for a report from the Garden Villa Recreation Ad Hoc Committee should go to the Maintenance and Construction Committee before review by the Board."

THIRD MUTUAL MEMBER COMMENTS

- Lucie Falk (3377-A) commented on the Management Agreement and the Third Board
- Bud Nesvig (2392-3H) commented on Directors participation at the Bus Committee and outsourcing elections.
- Jerry Sheinblum (3488-C) announced the next Disaster Plan Town Hall Meeting
- Gene Ryan (3361-O) commented on the Mutual's accounting system and need for an independent audit
- Virginia Templeton (3243-1E) announced that the Third and United Nominating Committees are still looking for qualified candidates to fill vacancies on the Board and encouraged residents to pick up an application in the Administration Building

DIRECTOR RESPONSES TO MEMBER COMMENTS

- Director Moore discussed the division of the community and time restrictions placed on Directors at the last meeting
- Mr. Johns spoke to the time restriction placed on Directors at the last meeting
- Director Souza commented on the Director's responsibility to enhance the community
- Director Feldstein commented on the enhancements in the community
- Director Hatch commented on the responsibility to maintain the community and the need to make the community as efficient as possible
- Mr. Johns responded to member Gene Ryan's comment on the mutual's accounting system and need for an independent audit
- President Conners responded to Ms. Falk's comment on the Management Agreement and the Third Board

Director Matson left the meeting at 10:00 AM.

Ms. Janet Price entered the meeting at 10:10 AM.

GENERAL MANAGER'S REPORT

Mr. Johns commented on the role of Managing Agent in advising the corporation.

Mr. Johns updated the Board on operating accounts, operating funds and reserve funds pertaining to Third Mutual.

Mr. Johns clarified the specifications for the annual financial audit for Third Mutual.

Mr. Johns clarified for the Board the process of expenditures made by or on behalf of Third.

Mr. Johns reminded the Board of the duty and powers of Staff Officers of the Corporation.

Ms. Janet Price addressed the Board with regards to transfer of funds.

Mr. Johns clarified a statement made by a Director regarding the increase of the Resale Settlement Fee

President Conners stated that due to Director Matson having left the meeting the Board will proceed with the agenda as follows.

TREASURER'S REPORT

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

Director Paulus reported on payment plans stating that the average price is down and the number of leases is being followed closely and Third Mutual has a very low percentage of people behind in their assessments. Director Paulus stated that for people who are behind in their assessments, the Mutual considers payment plans.

Director Paulus reported on the proposed Facilities Fees plan. The Plan would require a new member to pay a fee to GRF for use of their facilities upon the transfer of the title.

Director Paulus updated the Board on earthquake insurance and stated that based on the probability of an earthquake and due to the high premiums, the Board will continue to look at Loss Assessment Insurance.

Director Paulus stated that an operational review is being discussed and has been suggested for the Landscape department.

Ms. Price left the meeting at 11:10 A.M.

COMMITTEE REPORTS

Director Lippert reported on the Copper Pipe Project

Director Dominic Burrasca reported on investigating acquiring free bus benches and shelters, including vertical panels that could generate income by selling advertisements.

By way of a consensus, the Board directed staff to move forward with investigating bus shelters and carrying advertising to offset the cost of the shelters.

The Secretary of the Corporation, Director Larry Souza, read the following proposed resolution authorizing interior inspections of manors vacant over one year:

RESOLUTION 03-08-

WHEREAS, Third Mutual currently does not conduct regular, periodic inspections of manor interiors to assist with determining the condition of the manor and taking remedial action to reduce loss or damage to Mutual controlled property; and

WHEREAS, there has been an increased concern with the condition of manors which have been vacant for one or more years; and

WHEREAS, based on corporate counsel's advice, and the Mutual's governing documents, the Mutual has the right to inspect manors at a reasonable hour in the event of an emergency, at any time; and the right to enter manors for the purposes of inspections to determine whether maintenance or repairs may be necessary as well as performing such maintenance and/or making repairs;

NOW THEREFORE BE IT RESOLVED, August 19, 2008 that the Board of Directors hereby authorizes non-emergency inspections of manor interiors that have been identified as being unoccupied for one year or more; and

RESOLVED FURTHER, that the Mutual would provide a minimum of 15 days' notice of inspection to the owner of record of each vacant manor; and

RESOLVED FURTHER, that inspections would be conducted with Security personnel in attendance to document and ensure there is no adverse impact upon the manor interior by the Mutual's inspection; and

RESOLVED FURTHER, that the inspector would identify and note conditions within the manors and facilitate remediation of adverse functional conditions identified; and

RESOLVED FURTHER, the Mutual shall charge a fee of \$100 to the member owning the inspected manor; and

RESOLVED FURTHER, that that costs not offset by collected fees will be charged to the Mutual as unbudgeted operating expenditures in 2008 and will be included in the Mutual's annual operating budget going forward; 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.

President Connors provided a brief summary of the resolution.

Director Souza made a motion to approve the resolution. Director Paulus seconded the motion.

Members Barbara Marsh (3433-B), Harriet Arnest (4010-1A), Richard Palmer (3031-O), and Karel Brouwer (3189-C) commented on the resolution.

Director Souza made a motion to table the resolution to the August Meeting to satisfy the required statutory thirty-day notice requirements. Director Paulus seconded the motion and the motion carried unanimously with the following amendments; staff will correct typographical errors, address the responsibility for affording repairs, and address access sans member approval.

Director John Paulus reported on the Garden Villa Recreation Room Ad-Hoc Committee.

Director Paulus made a motion to add Jim Matson, Shari Horne and John Dwyer to the Garden Villa Recreation Room Ad-Hoc Committee. Without objection the motion was approved.

Member Bud Nesvig (2392-3H) commented on the resolution

President Cynthia Connors reported from the Board Operating Rules Ad Hoc Committee.

Director Gunter Vogt reported from the Landscape Committee.

The Secretary of the Corporation read the following proposed resolution approving bench standards:

RESOLUTION 03-08-

WHEREAS, over the years, a few benches, in a variety of styles, have been donated to the Mutual by individuals or organizations, and these benches can affect both the aesthetics of the Community and the landscape maintenance operations; and

WHEREAS, currently the Mutual has no approved policy regarding standard styles, colors or anchoring used for donated benches;

NOW THEREFORE BE IT RESOLVED, August 19, 2008 that the Board of Directors hereby approves the thermoplastic coated metal mesh bench in dark green as its bench standard style and color for benches donated to the Mutual; and

RESOLVED FURTHER, that the Board of Directors further approves, as an alternative, benches made of recycled plastic in dark green (similar to the ones used on the golf course of recent); and

RESOLVED FURTHER, that such benches shall be installed on either a concrete pad (if along sidewalk) or on concrete anchors in the grass (if the location is not along sidewalk); and

RESOLVED FURTHER, that the determination of whether the bench would have a back or not would be determined on a case-by-case basis, depending upon the location of the bench on Third property; and

RESOLVED FURTHER, that the cost of manufacturing and installation of the bench shall be borne by the donor; 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 Souza made a motion to approve the resolution. Director Feldstein seconded the motion.

Members Katherine McDaniel (3379-N) and Jerry Sheinblum (3488-C) commented on the resolution.

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

Director Bob Hatch reported from the Long Range Planning Committee.

President Conners reported from the Management Agreement Ad Hoc Committee.

Director John Paulus reported from the Resident Information Services.

Director Dominic Burrasca reported from the Traffic Committee.

Director Gunter Vogt reported from the Laguna Canyon Foundation.

CONSENT CALENDAR

President Conners explained the items on the Consent Calendar for the television audience. Absent objections, the Consent Calendar was approved as amended, by removing from the Landscape Consent Calendar: *Denial of request for tree removal at 3240-B* and returning it back to the Landscape Committee for further discussion, and by adding the word "shrubs" next to 2258-D and the following actions were taken:

Maintenance & Construction Committee Recommendations:

- | | |
|---------|--|
| 2323-D | Approval of request to retain ivy wall during painting process, with contingencies |
| 2401-1A | Approval of request for damage restoration |

- 3240-B Approval of request to extend dining room and kitchen, with contingencies
- 3321-B Approval of request to replace metal patio cover with wood slat trellis over back patio, and install cement tile-covered walkway from back patio to back door of garage, with contingencies
- 3338-1G Approval of request to construct two planters and install tile on patio at rear of manor, with contingencies
- 3437-C Approval of request to retain satellite dish, with contingencies
- 3487-A Approval of request to extend rear patio slab and construct bedroom extension, a living room extension, and install new patio, with contingencies
- 5038 Approval of request to perform master bedroom extension, kitchen, dining room and bedroom two modifications, and patio enclosure, with contingencies
- 5337-C Approval of request to install gate and white vinyl fence on top of stucco wall surrounding front patio, with contingencies
- 5479-B Approval of request to construct room addition on west-facing patio at rear of manor adjacent to garage, with contingencies

Landscape Committee Recommendations

- 3132-B Approval of appeal request for tree removal at the Mutual Member's expense
- 2208-D Approval of request for tree and shrub removals and planter conversion at the Mutual's expense
- 2258-D Denial of request to retain the shrubs
- 2290-A Denial of request for landscaping modifications
- 2297-D Approval of request for relandscaping at the Mutual Member's expense
- 3240-B Denial of request for tree removal
- 3380-O Denial of request for relandscaping of slope
- 3420-3D Approval of request for tree removal at the Mutual's expense
- 4004-2G Approval of request for tree removal at the Mutual Member's expense
- 5396-B Denial of request for tree removal

Finance Committee Recommendation

RESOLUTION 03-08-45

WHEREAS, Member ID 932-950-11 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;

June 17, 2008

NOW THEREFORE BE IT RESOLVED, June 17, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 932-950-11; 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 03-08-46

WHEREAS, Member ID 933-050-68 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, June 17, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 933-050-68; 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 Matson entered the meeting (12:10)

OLD BUSINESS

President Connors explained the resolution regarding Inspectors of Election. The Secretary of the Corporation read the proposed resolution appointing the Inspectors of Election. Director Souza moved to approve the resolution. The motion was seconded and discussion ensued.

Member Bud Nesvig (2392-3H) commented on the resolution.

A motion was made by Director Souza to call the question. By a vote of 4-5-0 (Directors Matson, Souza, Hatch, and Muennichow voted in favor), the motion failed. Discussion continued.

President Connors called the question.

By a vote of 5-3-1 (Directors Matson, Muennichow, Vogt, Souza, and Hatch in favor; Director Moore abstained) the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-08-47

RESOLVED, June 17, 2008 that the Board of Directors of this Corporation hereby appoints the following persons as Inspectors of Election:

Hillel Pitlik
Charline Brant
Gene Brant
Howard Baumann, Alternate

RESOLVED FURTHER, that such appointees shall serve for the counting of the ballots for the 2008 Election of Directors of this Corporation and any other elections that may arise; and

RESOLVED FURTHER, that such appointments shall remain in effect until successors are appointed by the Board.

NEW BUSINESS

No New Business came before the Board.

GRF COMMITTEE REPORTS HIGHLIGHTS

Director Isabel Muennichow reported from the Government and Public Relations Committee.

Director Muennichow discussed making the Government and Public Relations Committee a joint committee.

President Connors directed staff to put on the next Government and Public Relations Committee agenda a discussion regarding the making of the committee a joint committee.

Director Feldstein reported from the Broadband Committee.

Ms. Wendy Bucknum updated the Board on increasing the community's visibility nationwide via the Internet. Ms. Bucknum announced that staff will be providing a report to the Government and Public Relations Committee meeting.

PUBLIC FORUM

No comments from non-Third members were made.

Director Comments

- Director Vogt stated that he will not be attending the closed meeting this afternoon.
- Director Souza apologized for his tone earlier in the meeting and on behalf of the Board

The Board recessed for lunch at 12:45 P.M. and reconvened into Executive Session at 1:35 P.M.

June 17, 2008

The Traffic Committee of the Board met in Executive Session on May 28, 2008 to discuss member disciplinary issues.

During the May 20, 2008 Regular Executive Board Meeting, the Board reviewed and approved the Minutes of the Regular Executive Meeting of April 15, 2008. The Board heard two (2) Regular Disciplinary Hearings; discussed other member disciplinary matters; and discussed legal and contractual matters.

During the June 9, 2008 Special Executive Board Meeting, the Board heard one (1) Regular Disciplinary Hearing and discussed contractual issues.

With no further business before the Board of Directors, the meeting was adjourned at 4:35 P.M.

Larry Souza, Secretary