

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

July 15, 2008

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, July 15, 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, Isabel Muennichow, Gunter Vogt, Larry Souza (via telephone – 9:30 A.M.–12:19 P.M.), Bob Hatch, Stanley Feldstein, Don Lippert

Directors Absent: None

Others Present: Milt Johns, Patty Kurzet, and Janet Price (10:03 A.M. – 11:36 A.M.)
Executive Session: Milt Johns, Patty Kurzet, Pamela Bashline, and Luis Rosas

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.

President Conners announced that Director Larry Souza was present by way of telephone, however, Director Muennichow shall serve as the temporary Secretary for this meeting only.

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 were acknowledged.

APPROVAL OF AGENDA

Without objection, the Agenda was approved as amended by moving the New Business agenda items *25(a) Entertain Motion to Outsource Portion of Election re Receipt, Validation, and Opening of Ballots* and *25(b) Entertain Motion to Approve Ballot Package - Resolution* after the Consent Calendar for action; and return agenda item *24(a) Motion to remove from table motion to approve establishing a time requirement for new members to complete repairs or corrections identified via resale inspections* back to the Maintenance and Construction Committee for further review.

CHAIR'S REPORT—Cynthia Conners

President Conners gave her top 10 reasons why she likes being on the Third Mutual Board.

APPROVAL OF THE MINUTES

The Board reviewed the Minutes of the Regular Meeting of June 17, 2008 and amended page 3 by revising the sentence under Committee Reports to read "Director Lippert reported on the Copper Pipe Project," and by revising the name "Guyer" to "Dwyer" on page 5, and due to the wording on page 10, the Board postponed approval of the minutes to next month.

THIRD MUTUAL MEMBER COMMENTS

- Jerry Sheinblum (3488-C) announced the next Disaster Plan Town Hall Meeting
- Tom Hall (3120-D) thanked the Board for canceling the Incentive Plan
- Paula Page (4008-2E) announced a CPR class hosted by the Disaster Task Force at CH 6
- Lucie Falk (3377-A) commented on attendance at committee meetings
- Omar Dreyer (4006-3D) commented on service charges for maintenance work
- Pat Feeney (2339-1E) commented on the list of candidates

DIRECTOR RESPONSES TO MEMBER COMMENTS

- President Conners, Director Moore, Director Muennichow commented on member comments

Nominating Committee Report

Ms. Virginia Templeton, Chair of the Nominating Committee, presented the report of the Nominating Committee and Pearl Faye, another member of the Nominating Committee, announced and introduced the eleven (11) candidates willing to run for the 2008 Board Election.

Ms. Templeton presented to the Board a proposal to revise the by-laws with regards to the Nominating Committee and its services.

GENERAL MANAGER'S REPORT

Mr. Johns announced the upcoming budget meetings and invited the membership to attend to voice their opinions on service levels; updated the Board on the Moulton Widening Project and its broad impact on GRF land and facilities; and responded to a comment made from a Director last month regarding auditing.

Ms. Janet Price entered the meeting at 10:03 AM.

Director Feldstein requested permission to respond and President Conners recommended that he make his comments during Directors' Comments at the end of the meeting. Director Lippert expressed his opposition to President Conners' request.

CONSENT CALENDAR

President Conners explained the items on the Consent Calendar for the television audience. Absent objections, the Consent Calendar was approved as written and the following actions were taken:

Maintenance & Construction Committee Recommendations:

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| 2273-C | Approval of request to extend front patio and install a slumpstone wall and gate, with contingencies |
| 2299-F | Denial of request to retain stepping stone and decorative rock patio extension adjacent to front patio in current condition and resubmit plan to reset and stabilize the stepping stones |
| 3459-A | Approval of request to construct room addition on the rear patio, with contingencies |
| 5073 | Approval of request to extend Master Bedroom, with contingencies |
| 5559-A | Approval of request to construct room addition on front patio, relocate entry door, and remove and fill in side garage door, with contingencies |
| 5592-A | Approval of request to extend portion of rear patio and install solarium, with contingencies |

Landscape Committee Recommendations

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| 3240-B | Approval of request for tree removal at the Mutual's expense |
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Finance Committee Recommendation

RESOLUTION 03-08-53

WHEREAS, Member ID 933-190-02 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, July 15, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 933-190-02; 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.

NEW BUSINESS

President Connors commented on outsourcing the upcoming election, and explained the election procedures.

President Connors entertained a motion to approve outsourcing a portion of the election receipt, validation, and opening of ballots.

Director Lippert made a motion to outsource all aspects of the election process with an outside contractor, and retain the Board-approved Inspectors of Election for oversight only. Director Feldstein seconded the motion and discussion ensued.

Members Ernestine Hewitt (2289-B), Pat Feeney (2339-1E), Lucie Falk (3377-A), Carol Skydell (3070-B), Jerry Sheinblum (3488-C), and Shari Horne (2354-3C) commented on outsourcing the election; and Bud Nesvig (2392-3H) offered to give money toward the cost of outsourcing.

Director Souza made a motion to call the question. Director Hatch seconded the motion. By a vote of 4-6-0 (Directors Hatch, Matson, Souza, Vogt voted in favor), the motion failed and discussion continued.

Director Paulus amended the original motion to allow the ballot procedure to remain as status quo, with the exception of having the returned ballots addressed to and received by the mailing contractor. Director Moore seconded the motion and discussion ensued.

Without objection, the motion was withdrawn.

Director Lippert made a motion to call the question. Director Feldstein seconded the motion.

By a vote of 10-0-0 the question was called.

By a vote 5-5-0 (Directors Hatch, Muennichow, Vogt, Matson, and Souza opposed) the original motion failed.

Director Paulus made a motion to have the return ballots reflect the address of the mailing contractor. Director Lippert seconded the motion and discussion ensued.

By a vote of 10-0-0 the motion carried.

The Temporary Secretary of the Corporation, Director Isabel Muennichow, read a proposed resolution to approve the ballot package. Director Muennichow moved to approve the resolution. Director Matson seconded the motion and discussion ensued.

Members Bud Nesvig (2392-3H) commented on the motion.

Without objection, the Board agreed to revise the paragraphs regarding the return address to reflect the mailing address of the contractor and that the contractor shall pick up ballots from a locked ballot box in the Community Center.

By a vote of 10-0-0 the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-08-53

RESOLVED, July 15, 2008, that the ballot package for the 2008 Election of Directors of this Corporation, as prepared by the managing agent, is hereby approved; 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.

TREASURER'S REPORT

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

Director Paulus reported on separate accounting.

Director Muennichow reported on proposed Assembly Bill 59 regarding the Corporation's ability to rent units.

Ms. Price left the meeting at 11:36 A.M.

COMMITTEE REPORTS

Director Jim Matson reported from the Maintenance and Construction Committee.

Director Matson made a motion to establish an Exterior Paint Colors Ad Hoc Committee and appoint President Cynthia Connors, and resident members Allen Cohen, Nina Brice, and Ann Souza to the Committee. Director Lippert seconded the motion and discussion ensued.

By a vote of 9-0-1 (Director Moore abstained) the motion carried.

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

Director Don Lippert stated that there was nothing to report from the Standards Sub Committee.

Director Jim Matson reported from the Plumbing Ad Hoc Committee.

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

Director Lippert left the meeting at 11:52 A.M.

Director Gunter Vogt reported from the Landscape Committee.

Director Bob Hatch reported from the Long Range Planning Committee.

President Connors reported from the Management Agreement Ad Hoc Committee.

Director John Paulus reported from the Resident Information Services.

Director Paulus indicated that the current name of the service is confusing to residents and recommended that the name be changed to "Resident Problem Resolution Committee." No action was taken. Mr. Johns recommended that it is not called a committee.

Director Dominic Burrasca reported from the Traffic Committee.

Director Gunter Vogt reported from the Laguna Canyon Foundation.

OLD BUSINESS

Director Vogt made a motion to remove from the table the motion to approve initiating a resale settlement fee per manor resale transaction. Director Matson seconded the motion and the motion carried without objection.

Director Vogt made a motion to approve the following resolution:

RESOLUTION 03-08

WHEREAS, when a manor is sold, items noted for repair or replacement on the final inspection report are flagged as correction settlement items, and it is indicated whether it's the Mutual's or the seller's responsibility; and

WHEREAS, the corrections settlement process includes the distribution of funds to the Mutual, through escrow, necessary for the completion of required corrections to the manor; and

WHEREAS, the Property Services Department manages the resale corrections settlement process, including service order entry, coordinating with members, scheduling work as required, tracking completion status, initiating reimbursements upon completion of corrections, and closing out completed events, and

WHEREAS, currently there are no fees collected in the resale process to offset settlement administrative costs,

NOW THEREFORE BE IT RESOLVED, July 15, 2008 that the Board of Directors hereby establishes a fee to be collected from sellers on each resale transaction of \$27.50 per manor, and

RESOLVED FURTHER, that this fee would directly recover costs to administer the activities required to complete resale transactions and corrections settlements, and

RESOLVED FURTHER, the settlement fee would be the seller's responsibility and would be added to the escrow demand; and

July 15, 2008

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purposes of this resolution.

Director Matson seconded the motion and discussion ensued.

Director Muennichow made a motion to refer the resolution back to the Maintenance and Construction Committee. Director Moore seconded the motion and the motion carried unanimously.

GRF COMMITTEE REPORTS HIGHLIGHTS

No reports were made.

PUBLIC FORUM

Due to time constraints, no comments from non-Third members were made.

Director Comments

- Director Moore commented on spending time on budget items like board agenda items
- Director Feldstein commented on identifying the correct address for undeliverable ballots

The Board recessed for lunch at 12:19 P.M. and reconvened into Executive Session at 1:12 P.M.

The Traffic Committee of the Board met in Executive Session on June 25, 2008 to discuss member disciplinary issues.

During the June 17, 2008 Regular Executive Board Meeting, the Board reviewed and approved the Special Executive Meeting of June 9, 2008. The Board heard one (1) Regular Disciplinary Hearing; approved the recording of Notices of Default for Member ID 931-470-97, Member ID 931-720-11, Member ID 932-440-01, and Member ID 932-810-66; discussed other member disciplinary matters; and discussed legal matters.

During the July 10, 2008 Special Executive Board Meeting, the Board discussed the Minutes of the Regular Executive Board Meeting of May 20, 2008.

With no further business before the Board of Directors, the meeting was adjourned at 5:25 P.M.

Isabel Muennichow, Temporary
Acting Secretary