

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

**February 17, 2009**

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, February 17, 2009 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Carol Moore, Cynthia Conners, Dominic Burrasca, John Paulus, Isabel Muennichow, Stanley Feldstein, Don Lippert, Kathryn Freshley, Carol Skydell, Katherine McDaniel, Larry Souza

Directors Absent: None

Others Present: Milt Johns, Patty Kurzet, Janet Price

**CALL TO ORDER**

Director Carol Moore, 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**

In the absence of Cheryl Walker from the Laguna Woods Globe, Ms. Janet Whitcomb, a freelance reporter was present, and the Channel 6 Camera Crew, by way of remote cameras, were also acknowledged as present.

**APPROVAL OF AGENDA**

Director Paulus made a motion to remove Agenda item 21(b) *California Fire Code, Sections 308.3.1 & 308.3.1.1 that bans open flame cooking on/near Combustible Construction* and refer it to the Maintenance and Construction Committee. Director Freshley seconded the motion and discussion ensued. By a vote of 6-5-0 (Directors Freshley, Paulus, Souza, Conners and Muennichow voted in favor, and President Moore voted in favor to break the tie), the motion carried.

Director Feldstein made a motion to remove closed session agenda item 6(b), a confidential contractual matter, and place it on the open session for discussion. Director McDaniel seconded the motion and discussion ensued.

Director Feldstein argued that the contract in question is a public document and should be properly discussed in open session.

By a vote of 5-6-0 (Directors Freshley, Paulus, Souza, Conners and Muennichow opposed, and President Moore voted against to break the tie), the motion failed.

Director Muennichow made a motion to add a discussion item under New Business regarding the upcoming Community Civic Association meeting. Director Conners seconded the motion and discussion ensued.

By a vote of 4-6-0 (Directors Muennichow, Freshley, Conners and Souza voted in favor) the motion failed due to the lack of a two-thirds vote.

Director Conners commented on the Consent Calendar items not being itemized on the agenda, and advised that it would not be appropriate to approve the Consent Calendar relative to the Maintenance and Construction Committee, Landscape Committee, and Finance Committee recommendations, since the agenda items were not individually listed on the agenda when the agenda was posted.

Mutual Members Mary Robertson (5184) and Jerry Sheinblum (3488-C) addressed their concerns with the agenda items not being listed.

Discussion ensued on items omitted from agenda inadvertently.

Director Conners made a motion recommending that the Board call a Special Open Session Board Meeting on Feb 23, 2009 prior to its 9:00 A.M. Executive Committee Meeting, to adopt the consent calendar. The motion was seconded and discussion ensued.

Mutual Members Allen Cohen (2391-2A) and Lucie Falk (3377-A) addressed the Board on the motion.

By a vote of 9-0-1 (Director Lippert abstained), the motion carried and the Board called a Special Open Session Board Meeting on Feb 23, 2009 at 8:30 A.M.

Director Freshley made a motion to remove Agenda item 21(a) *Non-Smoking Policy* and return it to the Maintenance and Construction Committee. Director Burrasca seconded the motion and discussion ensued. By a vote of 10-0-0, the motion carried, and the agenda item was removed.

Director Feldstein made a motion to remove Agenda item 21(c) *Discussion for Future Actions of the Board*. Director Burrasca seconded the motion and discussion ensued. Director McDaniel explained that she wanted it on the agenda and that she planned on making a motion. By a vote of 2-9-0 (Directors Burrasca and Muennichow voted in favor), the motion failed and the agenda item remained.

#### **CHAIR'S REPORT—Carol Moore**

President Moore reported on the decline of the consumption of water in the Mutual, and encouraged residents to obtain homeowner's insurance for personal items.

### **APPROVAL OF THE MINUTES**

The Board reviewed the Minutes of the Regular Meeting of January 20, 2009. Director Freshley made a motion to remove the reference to those being present in the Executive Session on page 1 and place the reference in the closed session minutes. Director Conners seconded the motion and the motion carried by a vote of 9-0-1 (Director McDaniel abstained).

Director Freshley made a motion that the last paragraph on the first page read as follows: "Director Feldstein was offered to have access to read the union contract at his leisure in the Directors' Room in the Community Center since the contract is an employment agreement with PCM, Inc. employees and not Third Mutual employees." Director Conners seconded the motion and the motion carried unanimously.

Director McDaniel made a motion to revise the fourth paragraph on page 10 to read as follows: "Mr. Johns asked direction from the Board on how to handle the day to day legal matters, aside from the lien and foreclosure matters. The Board directed that those matters be sent through the Executive Committee." Director Skydell seconded the motion and by a vote of 8-0-2 (Directors Souza and Freshley abstained), the motion carried.

Director McDaniel made a motion to refer the approval of the Minutes of the Special Meeting of January 29, 2009 to the February 23<sup>rd</sup> Special Open Session meeting. Director Lippert seconded the motion and discussion ensued.

Director Feldstein commented on the need to hire a stenographer to properly record the minutes verbatim.

Mutual Members Mary Robertson (5184) commented on her opposition to postpone approving the January 29, 2009 minutes.

By a vote 6-2-2 (Directors Souza and Muennichow opposed, and Directors Conners and Freshley abstained) the motion carried.

President Moore announced the Board decorum for Member comments.

### **THIRD MUTUAL MEMBER COMMENTS**

- Denny Welch (5517-1C) commented on adding the CCA discussion item to the agenda after the agenda had been posted
- Lucie Falk (3377-A) commented on the denial of her landscaping request
- Mary Robertson (5184) commented on erroneous rumors regarding some Board Members
- Richard Moos (5345-A) commented on the Board's decision to hire separate counsel and its plan to change banks
- Karel Brouwer (3189-C) commented on his inquiry made at the January 20 Meeting regarding contractors paying PCM in order to be added to the Contractors' Referral List

- Pat Feeney (2399-1E) commented on Director Feldstein's motion to move an agenda item from the Closed session to the Open session
- Allen Cohen (2391-2A) commented on the appearance of the Board's lack of trust with its professional experts and asked that the Board consider the significant cost if the Board chooses to replace PCM as its managing agent
- Jerry Sheinblum (3488-C) announced the next CCA Town Hall Meeting
- Shari Horne (2354-3C) announced the next Garden Villa Association meeting
- Barbara Marsh (3433-B) commented on the rumor that the Board plans on replacing its management company and the significant cost involved
- Members of the realty community expressed their concern regarding the pending lawsuits in the community that impacts a Member's ability to obtain financing with Fannie Mae and asked that the Board ask its attorney to look into the matter
- Margo Bouer (2370-1E) commented on the Board's actions causing bad publicity
- Denny Welch (5517-1C) addressed her concerns with the Board not following its code of ethics
- Karel Brouwer (3189-C) commented on increasing assessments and the Board's duty to keep costs down
- Bud Nesvig (2392-3H) commented on the numerous comments from residents about replacing the managing agent

#### **RESPONSES TO MEMBER COMMENTS**

- Director Feldstein responded to comments regarding the Board not having all the facts, taking action behind closed doors, rumors to replace the managing agent and other professional experts, lack of trust, misappropriation of funds by PCM through its incentive plan and use of credit cards, and bloated financing
- Director Connors addressed comments regarding changing banks, assessment increases, and dispelled accusatory and libelous rumors against her
- President Moore commented on researching new banks

#### **GENERAL MANAGER'S REPORT**

Mr. Johns responded to the allegations made by Director Feldstein; commented on the termination of the managing agreement and the Voice's plan to bring in Merit Properties to speak at its next meeting; commented on the presentation made by the realtors asking the Board to ask their counsel for guidance regarding the promulgation of litigations status; and updated the Board on the Moulton Widening Project.

#### **CONSENT CALENDAR**

The Board agreed to approve the Consent Calendar at its Open Special Board Meeting on February 23, 2009.

#### **COMMITTEE REPORTS**

Director John Paulus reported from the Finance Committee and on the Treasurer's Report.

Director Lippert reported from the Maintenance and Construction Committee.

Director Stanley Feldstein reported from the Landscape Committee.

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

Director Don Lippert reported from the Standards Sub Committee.

Director Don Lippert reported from the Plumbing Ad Hoc Committee.

Director Carol Skydell reported from the Long Range Planning Committee.

Director John Paulus reported from Resident Problem Resolution Services.

Director Dominic Burrasca reported from the Traffic Committee.

### **OLD BUSINESS**

Director Muennichow made a motion to establish an Ad Hoc Committee comprised of 2 Directors to finalize the Nominating Standard Operating Policy. Director Connors seconded the motion and discussion ensued.

Director Connors announced that the policy is not attached to the agenda and thus the membership doesn't know what the Board is approving.

Mutual Members Mary Robertson (5184) addressed the importance that the document go through a committee; and Karel Brouwer (3189-C) commented on conflicts of interest.

Director Lippert left the meeting at 12:45 P.M.

By a vote of 3-5-1 (Directors Souza, Muennichow, and Connors voted in favor, and Director Paulus abstained, and Director Lippert was absent from the meeting), the motion failed.

Director Lippert returned to the meeting at 12:52 P.M.

Director Connors made a motion to send a draft copy of the Nominating Standard Operating Policy and the July Report to counsel with a cover letter addressing issues such as the requirement of 20 signatures, conflicts of interest and the election schedules as prepared by staff and Director McDaniel. Director Freshley seconded the motion and discussion ensued.

By a vote of 8-1-1 (Director Muennichow opposed, and Director Souza abstained), the motion carried.

### **NEW BUSINESS**

Director McDaniel lead a discussion on the future actions of the Board regarding the readiness of the Board if the need arose to replace the managing agent, bank and the Mutual's other professional experts.

Director McDaniel made a motion that the Director's of Third Laguna Hills Mutual identify and make contact with property management companies and receive proposals from those companies interested and capable of properly managing operations under the Board of

Directors' oversight and in order to have one available at a few days notice if necessary. Director Feldstein seconded the motion and discussion ensued.

President Moore ruled the motion out of order due to the motion not being properly placed on the agenda.

Director McDaniel made a motion to discuss the matter in the closed session. Director Skydell seconded the motion.

By a vote of 5-5-0 (Directors Freshley, Paulus, Souza, Muennichow, and Conners opposed, and President Moore did not vote), the motion failed.

### **GRF COMMITTEE REPORTS HIGHLIGHTS**

No reports were made.

### **PUBLIC FORUM**

No comments from non-Third members were made.

### **Director Comments**

- Director Lippert commented on the decline of manor resales in the Mutual
- Director Muennichow commented on the proposed city ordinance controlling the number of cats and dogs allowed in the Community
- Director Conners commented on residents defaulting on their assessments, and commented on the number of board meetings and committee meetings during the month
- Director Paulus commented on making exceptions to manor resales for those not meeting the financial requirements
- Director Freshley commented on performing an internal control audit of PCM's finance department

The Board recessed at 1:16 P.M. and reconvened into Executive Session at 2:14 P.M.

### **Summary of Previous Closed Session Meetings per Civil Code Section §1363.05**

During its January 20, 2009 Regular Executive Session, the Board reviewed, revised, and approved the Minutes of the Regular Executive Session Meeting of December 16, 2008; approved the recording of a Notice of Default for Member ID 932-670-73, and Member ID 933-620-67; discussed member discipline and contractual matters, and reviewed the Litigation Status Report.

During its January 26, 2009 Executive Committee Meeting, the Board heard six (6) Disciplinary Hearings, and discussed other member disciplinary and contractual matters.

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

During its January 29, 2009 Special Executive Session, the Board discussed contractual issues.

February 17, 2009

With no further business before the Board of Directors, the meeting was adjourned at 6:45 P.M.

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Kathryn Freshley, Secretary