

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

March 13, 2009

The Special Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Friday March 13, 2009 at 4:00 P.M. at 24351 El Toro Road, Laguna Woods, California.

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

Directors Absent: None

Staff Present: Milt Johns, Patty Kurzet, Gary Kessler, Esq. of Adams Kessler

CALL TO ORDER

Carol Moore, President of the Corporation, chaired the meeting and stated that it was a special meeting held pursuant to notice duly given and that a quorum was present. The meeting was called to order at 4:00 P.M.

APPROVAL OF AGENDA

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 Carol Skydell led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

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

APPROVAL OF AGENDA

Director Lippert made a motion to move the Member Comments agenda item to be heard prior to the Board entertaining a motion to remove Director McDaniel. Director Burrasca seconded the motion and discussion ensued. By a vote of 7-3-0 (Directors Freshley, Paulus, and Muennichow opposed) the motion carried.

Director Feldstein made a motion to add Director Comments to the end of the meeting and prior to adjournment. Director Conners seconded the motion and discussion ensued. By a vote of 10-0-0 the motion carried.

Without objection, the Board approved the agenda as amended.

President Moore introduced Mr. Gary Kessler of Adams Kessler, the Mutual's attorney, who provided an explanation of the process of removing a Director. Mr. Kessler advised that those who were entitled to appoint a member to the Board, also have the right to remove that Director from the Board, citing Corporations Code §7222. He added that accordingly, Director McDaniel would not be allowed to vote on the matter.

President Moore announced that each speaker has 3 minutes to address their comments.

MEMBER COMMENTS

- Barbara Marsh (3433-B) addressed her comments on the subject removal
- Mary Robertson (5184) addressed her comments in favor of the subject removal
- Susan Lackey (2321-D) advised that the Board will face dire consequences if it moves forward with the removal of Katherine McDaniel
- Bud Nesvig (2392-3H) commented on his opposition to the subject removal and passed out an article from his attorney Mr. Howard Neufeld
- Karel Brouwer (3189-C) stated that only the membership can remove a director
- Shari Horne (2354-3C) expressed her sentiments on the need for the Board members to work with each other
- Sarah Hunter (2399-1A) expressed her sentiments on the need for the Board members to work with each other
- Pat Feeney (2399-1E) commented on the legality of the meeting
- Ernestine Hewitt (2289-B) expressed her opposition to the subject removal
- Bob Hatch (5064) addressed his comments in favor of the subject removal
- Diane Norcross (5526-A) commented on the legality of the meeting
- Lucie Falk (3377-A) commented on the need to work together and to perform a job with kindness
- Jay Krueger (5498-N) commented on the recent community thefts and the need to bring in outside security
- Margaret Lemmon (3371-1D) commented on her opposition to the proposed removal and the need to get along
- Faye Pearl (2238-F) commented on the need to work together
- Bill Friedler (2339-B) commented on the polarization of the Board

Member comments were closed.

Director Paulus made a motion to remove Katherine McDaniel from the Board of Directors without cause. Director Freshley seconded the motion and each Director was given the opportunity to provide comments to the motion.

Director Feldstein commented on a document he prepared entitled "Guidelines for the Removal of a Director by the Third Mutual Board of Directors," which provided his opinion of the Board's legal authority for the removal of a director without cause, and distributed copies to the Board.

Directors Feldstein, Skydell, Burrasca commented on their opposition to the removal.

Director McDaniel was given an opportunity to make any comments, and declined.

Mr. Howard Neufeld spoke on behalf of Ms. McDaniel regarding the restrictions in the Bylaws specifying the removal of a Director and indicated that the removal would be illegal.

Mr. Kessler addressed Mr. Neufeld's comments and clarified the Corporation's Code which provides the legal basis for the action.

Directors Lippert and Feldstein challenged Mr. Kessler on his interpretation of the Corporation's Code.

Directors Freshley and Paulus attempted to clarify Director Feldstein's comments on signing checks.

Director Souza called for the question. Director Conners seconded the motion. By a vote of 3-7-0 (Directors Conners, Paulus, and Freshley voted in favor), the motion failed and discussion continued on the motion.

Directors Conners and Muennichow clarified comments made by Director Feldstein.

Director Conners indicated that per the advice of the Board's counsel, Directors have the right to remove from the Board a Director whom they designated to the Board.

By a vote of 6-4-0 (Directors Freshley, Paulus, Souza, Moore, Muennichow and Conners voted in favor, Directors Burrasca, Lippert, Feldstein and Skydell opposed, and Director McDaniel was unable to vote), the motion carried.

The meeting recessed at 6:00 P.M. and reconvened at 6:11 P.M.

ELECTION OF OFFICERS

Director Paulus announced his resignation as the Board's Treasurer.

TREASURER

President Moore entertained nominations for Treasurer.

Director Conners nominated Director Freshley for the position of Treasurer. Director Paulus seconded the nomination.

By a vote 7-3-0 (Directors Burrasca, Lippert and Feldstein opposed), Director Freshley was voted in as Treasurer.

Director Freshley announced her resignation as the Board's Secretary.

President Moore entertained nominations for Secretary.

SECRETARY

Director Connors nominated Director Muennichow for the position of Secretary. Director Freshley seconded the nomination.

By a vote 7-3-0 (Directors Burrasca, Lippert and Feldstein opposed), Director Muennichow was voted in as Secretary.

The Secretary of the Corporation, Director Muennichow, read into the record the proposed resolution ratifying the elected officers. A motion was made and seconded to approve.

By a vote of 7-0-3 (Directors Burrasca, Lippert and Feldstein abstained), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-09-18

RESOLVED, March 13, 2009, that the following persons are hereby elected as officers of this corporation:

Carol Moore	President
Stanley Feldstein	1 st Vice President
Don Lippert	2 nd Vice President
Isabel Muennichow	Secretary
Kathryn Freshley	Treasurer

RESOLVED FURTHER, that Resolution 03-08-85, adopted October 2, 2008 is hereby superseded and canceled, and Resolution 03-07-57 adopted May 15, 2007 is still in effect as to the appointed staff officers of this Corporation.

DIRECTOR COMMENTS

- Director Skydell expressed her sentiments on the Board's action and hoped that the Board can move forward and act in the best interest of the community
- Director Connors echoed Director Skydell's comments on working together
- Director Muennichow invited those interested in filling the vacancy to come forward and fill out an application
- Director Feldstein commented on the Board's action taken today and stated that it was immoral and a power play of the majority of the Board
- Director Paulus commented on the positive actions he has taken on this Board in the best interests of the Community

- Director Freshley commented on the difficulty of the decision and indicated that the decision was not personal and expressed her desire to move forward for the good of the Community
- Director Lippert expressed his sentiments with improving the Community and commented on the lack of actions taken by the Board
- Director Burrasca expressed his disappointment with the Board's action
- Director Moore commented on the Board's constant conflicts which prevents it from making appropriate decisions on behalf of the community

The Board recessed at 6:35 P.M. and reconvened into Executive Session at 6:40 P.M.

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

During its February 23, 2009 Regular Executive Committee Meeting, the Board heard five (5) disciplinary hearings; and discussed other member disciplinary and legal matters.

With no further business before the Board of Directors, the meeting was adjourned at 8:30 P.M.

Isabel Muennichow, Secretary