

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

June 16, 2009

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, June 16, 2009 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Carol Moore, Dominic Burrasca, John Paulus, Isabel Muennichow, Stanley Feldstein, Kathryn Freshley, Don Lippert, Larry Souza, Mary Robertson, Carol Skydell

Directors Absent: None

Others Present: Milt Johns, Patty Kurzet, Janet Price (11:28 A.M – 1:06 P.M.)

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 Mary Robertson led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

Ms. Janet Whitcomb from the Laguna Woods Globe was present, and the Channel 6 Camera Crew, by way of remote cameras, was also acknowledged as present.

APPROVAL OF AGENDA

Without objection, the Board approved the agenda as amended by moving Agenda Item 12 *Report from the Maintenance and Construction Committee* prior to Agenda Item 11 *Finance Committee Report*, and to move Agenda Item 18 (c) *Approval of the Nominating Committee Appointments* to the beginning of the meeting.

Mr. Gunter Vogt, Chair of the Nominating Committee, introduced the proposed Nominating Committee appointments.

The Secretary of the Corporation, Director Isabel Muennichow, read a proposed resolution approving the Nominating Committee. Director Muennichow moved to approve the resolution. Director Kathryn Freshley seconded the motion.

By a vote of 6-0-3 (Directors Feldstein, Lippert, and Skydell abstained), the motion carried and the Board of Directors adopted the following resolution:

June 16, 2009

RESOLUTION 03-09-64

RESOLVED, June 16, 2009 that the following persons are hereby appointed to serve on the Nominating Committee of this Corporation:

Gunter Vogt, Chair
Bud Nesvig
Jerry Sheinblum
Wendy Burry
George Arnold
Richard Moos
Marilyn Sortino
Joan Taft (Alternate)

RESOLVED, that Resolution 03-08-35, adopted April 15, 2008 is hereby superseded and cancelled.

CHAIR'S REPORT—Carol Moore

President Moore commented on the rumors and misinformation promulgated in the Community, and encouraged everyone to work together for the betterment of the Community.

President Moore introduced Mr. Bob Hill, the General Manager of the El Toro Water District, who provided a presentation of the El Toro Water District's Water Conservation and Water Supply Shortage Program.

Mr. Hill answered questions from the audience and Board Members.

Mr. Hill left the meeting at 10:13 A.M.

The Secretary of the Corporation read a proposed resolution proclaiming the El Toro Water District Mandatory Water Rationing Program. Director Muennichow moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

By a vote of 9-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-09-65

WHEREAS, The El Toro Water District (ETWD), serves Third Laguna Hills Mutual; and

WHEREAS, very serious drought conditions exist as a result of three straight years of below-average rainfall, very low snowmelt runoff, and the largest court-ordered water transfer restrictions in State history; and

WHEREAS, Third Laguna Hills Mutual supports ETWD's 2009 Water Conservation and Water Supply Shortage Program, effective April 1, 2009, that outlines newly adopted mandatory rules for all of its customers; and

WHEREAS, the purpose and intent of the Program is to minimize or avoid the effect and hardship of potential shortages of potable water to the greatest extent possible;

NOW THEREFORE BE IT RESOLVED, June 16, 2009, that the Board of Directors of this Corporation hereby commits to working with ETWD to encourage all Laguna Woods Village residents to strive to change consumption habits to endeavor to conserve water; and

RESOLVED FURTHER, staff would assist with dissemination of information from El Toro Water District, including articles and links on the Community website and by direct mailing at no cost to Third Laguna Hills Mutual; and

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

APPROVAL OF THE MINUTES

The Board reviewed the Minutes of the 2010 Business Planning Kick-Off Meeting of March 4, 2009. Director John Paulus made a motion to approve the minutes as written. Director Freshley seconded the motion and the motion carried unanimously.

The Board reviewed and revised the Minutes of the Regular Meeting of May 19, 2009.

Director Freshley made a motion to approve the minutes as amended. Director Paulus seconded the motion and the motion carried by a vote 7-0-2 (Directors Lippert and Feldstein abstained.)

THIRD MUTUAL MEMBER COMMENTS

- Richard Moos (5345) wished Cheryl Walker a quick recovery
- Karel Brouwer (3189-C) commented on receiving the agenda before the meeting begins
- Margaret Klein (3487-A) spoke on behalf of her father, Harry Bloom about his plumbing matters and service levels
- Charles Henningsen (3237-A) commented on the length of time it takes to reconstruct a building after a fire
- Judith Lepley (2287-D) commented on maintenance service levels and the number of lessors in the Community
- Katherine McDaniel (3379-N) stated that she continues to reserve her right to take legal steps against Board action due to her inability to vote at a meeting as a board member

- Bud Nesvig (2392-3H) commented on the hearing to hear his appeal of the finding of his disciplinary hearing
- Richard Palmer (3031-O) commented on low flow toilets and water conservation
- Jerry Sheinblum (3488-C) announced the content of the next CCA Meeting
- Mike Straziuso (4006-2E) commented on the service at his building manor
- Sarah Hunter (2399-1A) commented on service levels
- Monika Hobson (3300-B) commented on irrigation
- Harriet Arnest (4010-1A) commented on monitoring the irrigation system

RESPONSES TO MEMBER COMMENTS

- President Moore addressed the comments regarding plumbing
- Director Muennichow commented on providing copies of the agendas to the Library and the number of renters in the Community
- Director Paulus commented on the plumbing matters in the Three-Story Buildings and recommended that such matters can be addressed at the committee level and at the Resident Problem Resolution Services
- Director Freshley addressed the amount of time it takes to reconstruct a building after a fire and the number of renters in the Community
- Director Souza commented on staff's efforts to expedite the reconstruction of the building damaged by the recent fire
- Director Skydell encouraged residents to obtain homeowner's insurance
- Director Feldstein commented on renters violating the Mutual's rules and regulations
- Director Robertson recommended that Mr. Palmer contact the Landscape Department about monitoring water usage
- Mr. Johns commented on the irrigation efficiency.

GENERAL MANAGER'S REPORT

Mr. Milt Johns provided an update on GRF's re-evaluation of its efforts to pursue legislation to allow charging a Transfer Fee and announced that there will be a meeting of the Corporate Members on June 26, 2009 to hear a presentation from an expert on legislation changes, and further stated that an internet survey has been conducted to gather preliminary information on the industry's interest in such legislative change.

Ms. Janet Price entered the meeting at 11:28 A.M.

CONSENT CALENDAR

Without objection the Consent Calendar was approved as written. (Director Lippert abstained) and the following actions were taken:

Maintenance & Construction Committee Recommendations:

- | | |
|---------|---|
| 2385-3C | Approval of request to retain unauthorized roof mounted heat pump package unit, with contingencies |
| 3204-C | Approval of request to extend patio area, construct slumpstone wall, and install wrought iron fence, with contingencies |
| 3265-C | Approval of request for patio and walkway extensions, with contingencies |

- 3434-C Approval of request for rear patio extension, wrought iron fence with gate and patio cover, with contingencies
- 3493-B Approval of request for rear patio extension, slumpstone wall and enclosure, with contingencies
- 5281 Approval of request for bedroom extension into garage and roof over entry, with contingencies

Landscape Committee Recommendations

- 2169-E Denial of request for additional trash bin at trash enclosure by Building 2182
- 3265-C Approval of request for tree removal at Mutual Member's Expense
- 3491-C Denial of request for tree removal
- 5432 Denial of request for tree removal
- 5464-C Approval to retain personal trellis with provision
- 5559-A Denial of request for sod – lawn replacement

Finance Committee Recommendations

RESOLUTION 03-09-66

WHEREAS, Member ID 931-460-61 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 16, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-460-61; and

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

RESOLUTION 03-09-67

WHEREAS, Member ID 931-590-77 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 16, 2009

NOW THEREFORE BE IT RESOLVED, June 16, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-590-77; and

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

RESOLUTION 03-09-68

WHEREAS, Member ID 931-591-35 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 16, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-591-35; and

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

RESOLUTION 03-09-69

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, June 16, 2009, 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 this resolution as written.

RESOLUTION 03-09-70

WHEREAS, Member ID 932-600-31 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 16, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-600-31; and

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

Director Larry Souza reported from the Maintenance and Construction Committee.

Director Paulus made a motion authorizing changing the funding source from the Garden Villa Recreation Room Fund (a reserve to which only Garden Villa members contribute) to the Replacement Fund (a reserve to which all Third members contribute) for the replacement of Garden Villa Recreation Room Heat Pumps and Water Heaters, beginning in 2009. Director Feldstein seconded the motion and discussion ensued.

Mutual members Bud Nesvig (2392-3H), Harry Curtis (5371-2A), Harriet Arnest (4010-1A), Pat Feeney (2399-1E), Margaret Klein (3487-A), Marilyn Sortino (4008-1G), Shari Horne (2354-3C), and Mike Straziuso (4006-2E) expressed their sentiments re the motion.

Director Paulus called for the question. By a vote of 6-4-0 (Directors Lippert, Feldstein, Burrasca, Paulus, Muennichow voted in favor; Directors Robertson, Skydell, Freshley and Souza opposed; and President Moore voted in favor to make the majority, and the question was called.

By a vote of 6-3-0 (Directors Muennichow, Freshley, Lippert, Feldstein, Burrasca, and Paulus voted in favor), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-09-71

RESOLVED, June 16, 2009 that the Board of the Directors of this Corporation hereby authorizes to change the funding source from the Garden Villa Recreation Room Fund (a reserve to which only Garden Villa members contribute) to the Replacement Fund (a reserve to which all Third members

contribute) for the replacement of Garden Villa Recreation Room Heat Pumps and Water Heaters, beginning in 2009; and

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

Director Souza left the meeting at 12:15 P.M. and did not return.

A motion was made and seconded to authorize previously unplanned expenditures from the Replacement Fund in the amount of approximately \$7,025 for those Garden Villa heat pumps and water heaters originally planned to be replaced in 2009 from the Recreation Room Fund. Discussion ensued.

By a vote of 6-2-0 (Directors Lippert, Feldstein, Burrasca, Paulus, Freshley, and Muennichow voted in favor), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-09-72

RESOLVED, June 16, 2009, that the Board of the Corporation hereby authorizes the previously unplanned expenditures from the Replacement Fund in the amount of approximately \$7,025 for those Garden Villa heat pumps and water heaters originally planned to be replaced in 2009 from the Recreation Room Fund, and

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

A motion was made and seconded to authorize, beginning with the 2010 Business Plan, the inclusion in the Reserves Plan replacement of all Garden Villa Recreation Room heat pumps and water heaters from the Replacement Fund (at a total cost of approximately \$65,000) and the related contributions from members. Discussion ensued.

By a vote of 6-2-0 (Directors Lippert, Feldstein, Burrasca, Paulus, Freshley, and Muennichow voted in favor, and Director Souza was absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-09-73

RESOLVED, June 16, 2009, that the Board of Directors of this Corporation hereby authorizes, beginning with the 2010 Business Plan, the inclusion in the Reserves Plan replacement of all Garden Villa Recreation Room heat pumps and water heaters from the Replacement Fund (at a total cost of approximately \$65,000) and the related contributions from members; and

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

FINANCE REPORT

Director Kathryn Freshley gave the Treasurer's and the Finance Committee Reports, and commented on the Resale & Lease Activities.

Director Freshley made a motion to proceed with the Landscape Operational Review with its revised specifications and scope of work (dated June 16, 2009), without involvement of both United Laguna Hills Mutual and the Golden Rain Foundation. Director Skydell seconded the motion and discussion ensued.

Director Muennichow amended the motion to limit the cost of the Operational Review to not exceed \$30,000. Director Robertson seconded the motion and discussion ensued.

Director Muennichow moved to refer the matter back to the Committee. Director Feldstein seconded the motion. By a vote of 7-1-0 (Director Freshley opposed), the motion carried.

Ms. Price left the meeting at 1:06 P.M.

No report was made from the Standards Sub Committee.

No report was made from the Plumbing Ad Hoc Committee.

No report was made from the Garden Villa Recreation Room Ad Hoc Committee.

Director Muennichow made a motion to postpone the remaining committee reports and the following proposed resolutions: *Approve an Appeals Policy* and to *Approve the Revised Thresholds for Referral of Member Disciplinary Matters to the GRF Board* to next month's meeting. The motion was seconded and carried without objection.

Absent objection, the Board directed staff to draft a subject report regarding hoarding.

OLD BUSINESS

No Old Business came before the Board.

GRF COMMITTEE REPORTS HIGHLIGHTS

- No reports were made.

PUBLIC FORUM

- No comments were made.

Director Comments

- No comments were made

The Board recessed at 1:12 P.M. and reconvened into Executive Session at 2:00 P.M.

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

During its May 19, 2009 Regular Executive Session, the Board reviewed and approved the Minutes of the Regular Executive Session Meeting of April 21, 2009, the Minutes of the Special Executive Session Meeting of April 28, 2009, the Minutes of the Special Executive Session Meeting of May 4, 2009, and the Minutes of the Special Executive Session Meeting of May 11, 2009; approved the recording of Notices of Default for Member ID 931-470-42, Member ID 931-710-84, and Member ID 933-200-77; authorized two delinquency write-offs; heard one (1) Disciplinary Hearing; held a Meet and Confer regarding Delinquent Assessments; discussed potential litigation and other member discipline matters, and reviewed the Litigation Status Report.

During its June 15, 2009 Special Executive Session, the Board discussed litigation matters.

The Traffic Committee of the Board met in Executive Session on May 27, 2009 to discuss member disciplinary issues.

With no further business before the Board of Directors, the meeting was adjourned at 5:20 P.M.

Isabel Muennichow, Secretary

Nomination Standard Operating Procedures (SOP)
for the Third Mutual Board of Directors

This SOP describes the Nominating Committee procedures for preparing the list of candidates for the annual election for the Third Mutual Board of Directors.

Any member of Third Mutual who wishes to be a candidate for the Third Mutual Board of Directors shall be included on the ballot if he or she complies with the eligibility requirements and procedures stated below.

1. **Eligibility for Candidacy for Director of Third Mutual**

The candidate must:

- a. be a member of Third Mutual
- b. be a resident of Third Mutual, e. g., reside in Third Mutual more than six months in any 12-month period
- c. not be, or reside in the same manor as, a director, stockholder, officer, employee, or partner of any other organization, whether private, public, or governmental, where such dual status would create a **conflict of interest or adversely** impact on a director's ability to serve on the Third Board
- d. not concurrently serve, or reside in the same manor as, as a GRF director or a Laguna Woods City Councilmember
- e. not be, or reside in the same manor as, a current employee of the Corporation's management agent
- f. not be, or reside in the same manor as, a current member of the nominating Committee
- g. not be shown on the books of account of Third Mutual to be more than 30 days delinquent in the payment of any sums.

2. **Procedures for Becoming a Candidate**

The candidate must:

- a. submit a completed Application for Candidacy, including his or her signature affirming that he or she is willing to serve his or her full term if elected
- b. attend an orientation meeting with the Nominating Committee
- c. submit a Candidates Statement to appear on the ballot.

It is strongly suggested that the candidate:

- a. attend Board and committee meetings before the election
- b. attend the "Meet the Candidates" event.

3. **Nominating Committee Members**

A Nominating Committee shall be selected by the president and approved by the Board.

- a. The committee shall consist of seven members plus two alternates who will fill any openings on the committee.

- b. The Board shall designate the committee chair.
- c. Eligibility to serve on this committee shall be the same as eligibility to be a candidate.
- d. The committee chair shall have the right to replace any member of the committee for lack of attendance at meetings of the committee.
- e. The committee shall be independent of any board or outside influence.
- f. No member of the committee shall be a director of Third Mutual, nor shall reside in the same manor as any director of Third Mutual.
- g. No member of the committee shall be related to any ~~potential~~ candidate by blood, marriage or adoption.
- h. The committee shall treat each candidate fairly and without prejudice.

4. **Duties of Nominating Committee**

The duties of the committee shall be to:

- a. recruit candidates
- b. assist members who wish to be candidates
- c. review candidates applications for eligibility as stated in 1. above
- d. hold an orientation session with every candidate to describe the job of Director
- e. conduct a "Meet the Candidates" forum (see below)
- f. prepare a final report to the Board of Directors at least 70 days before the Annual Meeting of Mutual Members, listing those candidates who meet the eligibility requirements.

5. **Meet the Candidates Event**

The Nominating Committee shall conduct a televised Meet the Candidates event no more than 10 days, and no less than one day, before the ballots are mailed to the members. Time permitting, the format should be as follows:

- a. Candidates are given a fixed amount of time to present a statement.
- b. All candidates are asked a series of questions that have been prepared by the Third Mutual Board of Directors.
- c. Candidates are asked written questions which have been submitted by members of the audience and screened by the chair of the Nominating Committee for appropriateness and duplication. All candidates are given a chance to answer all questions.
- d. Candidates are given a fixed amount of time to make a closing statement.