

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

July 21, 2009

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, July 21, 2009 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Carol Moore, Dominic Burrasca, John Paulus, Don Lippert (9:33 A.M.), Isabel Muennichow, Stanley Feldstein, Kathryn Freshley, Larry Souza, Mary Robertson, Carol Skydell, Katherine McDaniel (9:30 A.M. – 9:36 A.M.)

Directors Absent: None

Others Present: Milt Johns, Patty Kurzet, Janet Price (11:18 A.M – 12:18 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.

Director Freshley made a motion to move Agenda item 22 *Director Comments* prior to the Pledge of Allegiance due to the agreement made between the Board and Katherine McDaniel at the Voluntary Settlement Conference on July 20, 2009. The motion was seconded and carried without objection.

DIRECTOR COMMENTS

Katherine McDaniel commented on her lawsuit filed against the Board regarding the Board's action removing her from the Board. She expressed her sentiments with the action and resigned from the Board effective at 9:36 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 Larry Souza 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, were acknowledged as present.

APPROVAL OF AGENDA

Director Feldstein made a motion to remove Agenda item 19(a) *Entertain Motion to Approve Unity Resolution* and refer it to the Rules Ad Hoc Committee. Director Skydell seconded the motion and discussion ensued. By a vote of 9-0-0 the motion carried.

Without objection, due to emergency circumstances and per Civil Code, the Board agreed to add a directive to the Nominating Committee to extend its search to find qualified candidates, to run for the newly acquired one-year position.

Without objection, the Board approved the agenda as amended.

Director Muennichow made a motion directing the Nominating Committee to extent its search for additional candidates willing to serve on the Board for the one-year term. Director Robertson seconded the motion and the motion carried unanimously.

Mr. Gunter Vogt, Ms. Joan Taft, and other members of the Nominating Committee, reported on the Committee's efforts to recruit candidates for the upcoming director election.

Director Freshley commented on the necessary qualifications candidates must possess in order to run a business and carry out fiduciary duties as a board member.

CHAIR'S REPORT—Carol Moore

President Moore commented on disagreements and conflicts in common interest developments and the need for civility and board decorum in order to make correct business decisions, and expressed her sentiments with moving forward in working together as a Board for the betterment of the community.

APPROVAL OF THE MINUTES

The Board reviewed and revised the Minutes of the Regular Meeting of June 16, 2009. Director Souza a moved to approve the minutes as amended. Director Freshley seconded the motion. By a vote of 7-0-2 (Directors Muennichow and Lippert abstained), the motion carried.

THIRD MUTUAL MEMBER COMMENTS

- Shari Horne (2354-3C) commented on recycling program
- Corkey Eley (2401-2E) addressed comments made during a GRF Board meeting regarding frivolous lawsuits and commented on her lawsuit against GRF regarding CC&Rs
- Anita Robertson (2243-F) commented on the financial stability of the Community and the need to save money by cutting employee salaries by 10%
- Lucie Falk (3377-A) commented on her removal by Security at a United meeting
- Sue Ann Lackey (2321-D) commented on the removal of Director McDaniel and the landscaping in her area

The Board recessed at 10:21 A.M. and reconvened at 10:22 A.M.

- Mike Straziuso (4006-2E) commented on the Incentive Plan, the repercussions if Third Mutual or United Mutual terminates the contract with PCM, and commented on the unnecessary movement of the United Recall
- Richard Moos (5345) commented on the Incentive Plan and stated that he knew about the Plan for many years as a board member
- Bud Nesvig (2392-3H) commented on the Incentive Plan

- Harriet Arnest (4010-1A) reminded the Board to speak into the microphones
- Katherine McDaniel (3379-N) commented on the Incentive Plan
- Dave Talcott (5447) commented on the difference between the City's budget and the Community's budget and the replacement of the Golf Starter Building
- Pat Feeney (2399-1E) commented on the Incentive Plan
- Karel Brouwer (3189-C) commented on roof replacement service levels
- Jerry Sheinblum (3488-C) announced the content of the next CCA Meeting

RESPONSES TO MEMBER COMMENTS

- Director Muennichow clarified Ms. Falks' comments regarding being removed at a meeting by Security
- Director Feldstein addressed the two member comments made on the Incentive Plan and commented on the sound system
- Director Paulus addressed Ms. Lackey's comment regarding Landscaping and encouraged residents to run for the Board
- Director Lippert commented on ways to save money in the Community
- Director Freshley addressed comments relative to financing
- Director Burrasca inquired on PCM providing examples of the Incentive Plan savings
- Director Robertson commented on budget meetings and decreasing costs in landscaping to keep assessments down and avoiding special assessments
- President Moore commented on maintaining the Community

GENERAL MANAGER'S REPORT

Mr. Milt Johns explained the policy enacted by PCM at the direction of the Board or Board representative relative to attendance at open Board meetings. He advised that staff has been directed on past occasions to allow into the Board room only members of the corporation who may be holding a meeting. The reason for this is so that if capacity attendance is expected, members of the corporation may be first seated. If there is space available, non-members are then offered seating.

Ms. Janet Price entered the meeting at 11:18 A.M.

Mr. Johns commented on GRF's Communication Plan to correct misinformation circulating in the Community, specifically the Incentive Plan.

Mr. Johns commented on PCM's duty to protect its employees' privacy.

Director Feldstein addressed Mr. John's comments about PCM's duty to protect its employees.

Director Feldstein left the meeting at 11:23 A.M.

Director Souza commented on the reserve funding and assessments.

CONSENT CALENDAR

Director Freshley made a motion to approve the consent calendar as written. Director Burrasca seconded the motion, and the motion carried by a vote of 7-0-1 (Director Muennichow abstained, and Director Feldstein was absent from the meeting.)

Maintenance & Construction Committee Recommendations:

- | | |
|-----------|--|
| 3056-D | Approval of request to retain oversize washer/dryer cabinet on patio, with contingencies |
| 5372 Bldg | Approval of request to remove fountain at Building 5372 |
| 5447 | Approval of request to install stepping stones adjacent to driveway, with contingencies |

Landscape Committee Recommendations

No Meeting was Held

Finance Committee Recommendations

RESOLUTION 03-09-77

WHEREAS, Member ID 931-370-71 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 21, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-370-71; 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 03-09-78

WHEREAS, Member ID 931-480-77 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;

July 21, 2009

NOW THEREFORE BE IT RESOLVED, July 21, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-480-77; 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 03-09-79

WHEREAS, Member ID 931-581-27 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 21, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-581-27; 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 03-09-80

WHEREAS, Member ID 931-631-49 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 21, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-631-49; 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.

July 21, 2009

RESOLUTION 03-09-81

WHEREAS, Member ID 931-720-89 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 21, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-720-89; 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 03-09-82

WHEREAS, Member ID 931-901-28 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 21, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-901-28; 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 03-09-83

WHEREAS, Member ID 932-390-07 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 21, 2009, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-390-07; 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 Feldstein returned to the meeting at 11:28 P.M.

The Secretary of the Corporation, Director Isabel Muennichow, read a proposed resolution authorizing the transfer of surplus of \$526,000 from the Operating Surplus to the Replacement Fund. Director Freshley moved to approve the resolution. Director Skydell seconded the motion and discussion ensued.

Director Feldstein amended the resolution by transferring a lesser amount to the Reserves. Director Burrasca seconded the motion. Discussion ensued and Director Freshley recommended that such change be discussed at the next budget meeting.

Without objection, the amendment was withdrawn.

Director Lippert amended the motion to postpone approval of the resolution for 30 days. Director Feldstein seconded the motion and discussion ensued.

By a vote of 6-3-0 (Directors Robertson, Freshley and Muennichow opposed), the amendment carried.

By a vote of 5-5-0 (Directors Lippert, Feldstein, Burrasca, Souza and Skydell voted in favor, Directors Robertson, Paulus, Muennichow and Freshley opposed, and President Moore voted in opposition to make a tie), the main motion as amended failed.

Director Freshley made a motion to approve the resolution as written. Director Robertson seconded the motion and discussion ensued.

Mr. Johns recommended that the Board add language as to the timing of the transfer, due to the language in all of the Mutual's resolutions.

By a vote of 5-4-0 (Directors Skydell, Burrasca, Lippert and Feldstein opposed), the motion carried and the Board of Directors adopted the following resolution:

July 21, 2009

RESOLUTION 03-09-84

WHEREAS, according to the Davis-Stirling Act, a Common Interest Development shall not retain significant operating surplus (funds that are not needed to defray current operating costs); and

WHEREAS, at December 31, 2008, Third Laguna Hills Mutual had a cumulative operating surplus of approximately \$1,039,000. During the preparation of the 2009 Business Plan, the Board agreed to reduce the 2009 operating budget by \$513,000 in order to reduce member assessments. The remaining amount of 2008 cumulative surplus is \$526,000;

NOW THEREFORE BE IT RESOLVED, July 21, 2009 that the Board of Directors of this Corporation hereby authorizes the transfer of surplus of \$526,000 from the Operating Surplus to the Replacement Fund; and

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

Ms. Price left the meeting at 12:18 P.M.

On behalf of Director Larry Souza, Director John Paulus reported from the Maintenance and Construction Committee.

Director Freshley left the meeting at 12:23 P.M.

The Secretary of the Corporation read a proposed resolution approving a revised re-roof alteration policy. Director Paulus moved to approve the resolution. Director Robertson seconded the motion and discussion ensued.

Without objection, the Board agreed to substitute the word "resident" with "owner" throughout the resolution.

Director Freshley returned to the meeting at 12:29 P.M.

Without objection the Board agreed to withdraw the amendments.

Director Lippert made a motion to return the resolution back to the Maintenance and Construction Committee for further review.

By a vote of 6-2-1 (Directors Souza and Robertson opposed, and Director Freshley abstained), the motion carried, the following resolution was sent back to committee for further review:

RESOLUTION 03-09-

WHEREAS, under the current policy approved July 20, 2004 by Resolution 03-04-16 the Mutual will arrange for the replacement and maintenance of all types of roof alterations when the entire building roof system is being replaced/maintained; and to charge the resident for the replacement upon replacement of the building roof; and

WHEREAS, strict interpretation of this policy results in the replacement of alteration roofs that are contiguous with the building roof and alteration roofs that are not contiguous with the building roof, and

WHEREAS, to maintain the integrity of the building roof system it is only beneficial for the Mutual to consistently replace roof alterations that are contiguous with the building roof;

NOW THEREFORE BE IT RESOLVED, July 21, 2009 that the Board of Directors of this Corporation hereby rescinds Resolution 03-04-16 adopted July 20, 2004 and adopts the policy whereby the Mutual will remove and replace roof alterations that are contiguous with the building roof during replacement of the main building roof, and the costs for replacement of the alteration roof shall be charged to the resident; and

RESOLVED FURTHER, that the Mutual Member shall continue to be responsible for the maintenance of the alteration roof; and

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

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation to paint the metal fence sections of the perimeter wall near Gate 14. Director Paulus moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

Director Souza left the meeting at 12:40 P.M.

Director Lippert left the meeting at 12:41 P.M.

Mr. Johns requested the Board add language to ensure the wording of the resolution represents the work proposed.

Director Skydell amended the motion to add the following words in the first paragraph: "necessary preparation and," and to add the following words in the second paragraph: "prepare for painting and." Director Muennichow seconded the motion and discussion ensued. By a vote of 7-0-0, the amendment carried.

July 21, 2009

Member Harriet Arnest (4010-1A) commented on adding the specific language

By a vote of 7-0-0 the motion carried and the Board of Director adopted the following resolution as amended:

RESOLUTION 03-09-85

WHEREAS, the metal fence sections of the perimeter wall bordering the eastern boundary of the Gate 14 area show signs of corrosion and deterioration and should be considered for ***necessary preparation and*** for painting to protect the structural and architectural integrity of the fence;

NOW THEREFORE BE IT RESOLVED, July 21, 2009, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$15,000 from the Unappropriated Expenditures Fund to ***prepare for painting and*** paint the metal fence sections of the Third Mutual perimeter wall on the eastern boundary of the Gate 14 area, and

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

Directors Lippert and Souza returned to meeting at 12:52 P.M.

Director Isabel Muennichow reported that the Board Operating Rules Ad Hoc Committee did not meet.

Due to time constraints, and without objection, the Board agreed to postpone the following proposed resolutions: *Approve an Appeals Policy* and *Approve the Revised Thresholds for Referral of Member Disciplinary Matters to the GRF Board* to next month's meeting, and to refer the *Approval of the Election Rules* to the Board Operating Rules Committee.

Also due to time constraints, the Board agreed to take action on the approval of the ballot package prior to the committee reports.

OLD BUSINESS

No Old Business came before the Board.

NEW BUSINESS

The Secretary of the Corporation read a proposed resolution approving the 2009 election ballot package. Director Muennichow moved to approve the resolution. Director Feldstein seconded the motion and discussion ensued.

The Board discussed the following amendments to the ballot:

- Add a one-year term on the ballot and its narrative language; and

- Change the phone number that is specific and exclusive to the Inspectors of Election; and
- Adding the names of the qualified candidates after the close of nominations; and
- Add the Meet the Candidates replay dates

Without objection, the Board agreed to the amendments to the ballot and allowed the Managing Agent to make such amendments to the ballot, and to carry out the purpose of the resolution.

Member Pat Feeney (2399-1E) commented on the one year term.

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

RESOLUTION 03-09-86

RESOLVED, July 21, 2009, that the ballot package for the 2009 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 the resolution.

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.

No report was made from the Landscape Committee.

No report was made from the Long Range Planning Committee.

No report was made from the Resident Problem Resolution Services.

No report was made from the Traffic Committee.

GRF COMMITTEE REPORTS HIGHLIGHTS

- No reports were made.

PUBLIC FORUM

- No comments were made.

Director Comments

- No comments were made

The Board recessed at 1:16 P.M. and reconvened into Executive Session at 2:03 P.M.

July 21, 2009

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

During its June 16, 2009 Regular Executive Session, the Board reviewed and approved the Minutes of the Regular Executive Session Meeting of May 19, 2009; approved the recording of Notices of Default for Member ID 932-600-19, Member ID 931-710-84, and Member ID 932-790-72; authorized one delinquency write-off; heard two (2) Disciplinary Hearings; discussed contractual matters and other member discipline matters, and reviewed the Litigation Status Report.

During its June 29, 2009 Special Executive Session, the Board discussed litigation matters.

During its July 8, 2009 Special Executive Session, the Board discussed litigation matters.

During its July 20, 2009 Special Executive Session, the Board discussed litigation matters.

The Traffic Committee of the Board met in Executive Session on June 24, 2009 to discuss member disciplinary issues.

With no further business before the Board of Directors, the meeting was adjourned at 5:05 P.M.

Isabel Muennichow, Secretary