

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

February 16, 2010

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, February 16, 2010 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Carol Moore, John Paulus, Kathryn Freshley, Mary Robertson, Carol Skydell, Dominic Burrasca, Noel Hatch, Lucy Shimon, Mike Straziuso, Don Lippert, Stanley Feldstein

Directors Absent: None

Others Present: Milt Johns, Patty Kurzet

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 Don Lippert led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

Ms. Claire Webb from the Laguna Woods Globe was not present at the time of acknowledgement, and the Channel 6 Camera Crew, by way of remote cameras, were acknowledged as present.

APPROVAL OF AGENDA

Without objection, the Board removed 15(a) *Entertain Motion to Design and Implement an Online, Web-Based Document Library for Board and Committee Members Only* returning it back to the committee.

Director Straziuso made a motion to move 19(b) *Discussion re Third Management Agreement with PCM* to after Members' Comments. Director Robertson seconded the motion and discussion ensued. By a vote of 6-5-0 (Directors Robertson, Paulus, Hatch, Straziuso, Shimon voted in favor, and President Moore voted in favor to break the tie), the motion carried.

By a vote of 7-3-0 (Directors Feldstein, Lippert and Burrasca opposed), the agenda was approved as amended.

Claire Webb of the Laguna Woods Globe entered the meeting at 9:38 A.M.

Member Harry Curtis (5371-2A) commented on the motion.

CHAIR'S REPORT—Carol Moore

President Moore commented on previous Boards' management of the Corporation's reserve funds and expenditure oversight; commented on the powers and ultimate responsibility of the Directors to manage the Corporation, and how the reserve fund has increased under the guidance of the current Board.

APPROVAL OF THE MINUTES

Without objection, the Board reviewed, revised, and approved the minutes of the Regular Meeting of January 19, 2010.

THIRD MUTUAL MEMBER COMMENTS

- Lucie Falk (3377-A) commented on her landscaping requests.
- Judie Lepley (2287-D) commented on enforcing rules and regulations on leasing and age restrictions
- Jerry Sheinblum (3488-C) announced the topic to be discussed at the next CCA Town Hall Meeting
- William Zersen (3311-Q) commented on the status of the management contract between Third Mutual and PCM
- Richard Palmer (3031-O) commented on the contract to clean out the sewer lines

RESPONSES TO MEMBER COMMENTS

- Director Hatch thanked Mr. Palmer for his comments
- Director Feldstein commented on the Mutual's CC&Rs and enforcing rules regarding illegal occupants
- Director Robertson commented on Ms. Falk's landscaping request and Ms. Lepley's comments on rule enforcement, and commented on increasing reserves
- Director Freshley commented on rule enforcement
- Director Paulus commented on a complaint form available to the residents to fill out and Mr. Palmer's commented on using reclaimed water to clean out the sewer lines
- Director Straziuso commented on rule enforcement
- President Moore commented on leasing and age limits

President Moore provided a summary of the Board's amendments to the management agreement to comport with the CC&Rs regarding the time limit to terminate the agreement. She stated that PCM changed the agreement by placing demands on the Third Board in 2009 and the Board's need to hire outside counsel to advise the Board on the demands. She further commented on the delays in settling the differences with PCM, and informed the residents that the Board cannot renew the contract without resolving the issues.

Director Freshley reassured the residents that PCM continues to provide service to the Community and the Mutual continues to pay them for their service.

Director Straziuso commented on the lack of negotiations between PCM and Third Mutual thereby putting the Community at risk for not reviewing the contract.

Director Hatch commented that the contract was signed in 2007 by both parties and later amended by way of a resolution to have a one-year contract term with 90 day termination notification. Even though the contract has not been renewed, both parties still operate under current terms of the agreement. Director Hatch further commented on the division of the Community and PCM's excellent service, and the need to resolve the issues.

Members William Zersen (3311-Q) commented on the contract; Marv Rosenhaft (823-A) commented on resolving the issues; Larry Souza (5077) commented on the division of the Boards and the Community, and taking actions for the best of the Community.

Director Robertson commented on the possibility of losing her loan if the contract isn't renewed.

Members Isabel Muennichow (5285) commented on the Board's and Managing Agent's right to cancel the agreement without the 90 day clause; Bud Nesvig (2392-3H) commented on resolving issues; Michael Matzenbacher (2401-3D) commented on disclosing the status of the agreement to potential buyers.

The Directors continued to discuss the contract.

GENERAL MANAGER'S REPORT

Mr. Johns commented on PCM's emergency response team and the resources available during an emergency.

CONSENT CALENDAR

Without objection, the Board approved the Consent Calendar as written, and took the following actions:

Maintenance & Construction Committee Recommendations:

- | | |
|--------|---|
| 3083-A | Approval of request for alternate design for entry walkway modifications, with contingencies |
| 3275-B | Approval of request to retain living room window to sliding glass door alteration, with contingencies |
| 3288-A | Denial of request for Mutual to paint at its expense, five (5) alteration French doors |
| 3290-B | Approval of request to perform rear patio extensions with covers, wrought iron fence and gate at entry to manor, with contingencies |
| 5342-A | Denial of request to construct room addition with patio extension and cover at rear of manor |
| 5349-A | Approval of request to convert living room window to French doors, with contingencies |
| 5481-A | Approval of request to perform rear patio extension, with contingencies |

5556-A Approval of request for master bath window modifications, privacy wall revision, with contingencies

Landscape Committee Recommendations

No meeting was held.

Finance Committee Recommendations

RESOLUTION 03-10-17

WHEREAS, Member ID 931-371-37 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, February 16, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-371-37; 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 03-10-18

WHEREAS, Member ID 931-480-84 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, February 16, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-480-84; 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 03-10-19

WHEREAS, Member ID 931-710-76 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, February 16, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-710-76; 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 03-10-20

WHEREAS, Member ID 931-901-07 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, February 16, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-901-07; 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.

RESOLUTION 03-10-21

WHEREAS, Member ID 932-200-49 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, February 16, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-200-49; 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.

RESOLUTION 03-10-22

WHEREAS, Member ID 934-903-63 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, February 16, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-903-63; 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 Straziuso provided a break down for the Mutual's up-to-date legal fees and advised that they are 100% over-budget.

Discussion ensued on reserve funding.

Members Jerry Sheinblum (3488-C) commented on reserve funding and Lucie Falk (3377-A) commented on credit cards usage.

Director John Paulus reported from the Maintenance and Construction Committee.

The Secretary of the Corporation, Director Skydell, read a proposed resolution approving the request for the creation of a golf cart parking area next to the driveway at 3361-A. Director Skydell moved to approve the resolution. Director Paulus seconded the motion.

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

RESOLUTION 03-10-23

WHEREAS, Ms. Cathy Bausch of 3361-A Monte Hermoso requests that the Mutual approve the creation of a golf cart parking area next to her driveway at her own expense; and

WHEREAS, to create the golf cart parking area, the landscaped area between Ms. Bausch's driveway and the guest parking space would be paved over; and the total estimated expense for material and labor to remove the existing irrigation system and landscaping and pave over the area would be \$3,080;

NOW THEREFORE BE IT RESOLVED, February 16, 2010, that the Board of Directors of this Corporation hereby approves the request for the creation of a golf cart parking area next to the driveway serving 3361-A Monte Hermoso; and

RESOLVED FURTHER, that the removal of the irrigation and landscaping and the installation of the paving necessary for the creation of the requested golf cart parking area will be performed by the Mutual at the expense of the member or members at 3361-A Monte Hermoso; 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.

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation to design and engineer the upgrade of the fire alarm systems in one of the three-story buildings. Director Skydell moved to approve the resolution. Director Feldstein seconded the motion.

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

RESOLUTION 03-10-24

WHEREAS, in 2005, a Fire Safety Consultant reviewed and reported on the fire response life safety systems in the eighty-one Third Mutual three-story buildings, and prioritized recommendations for system repairs, replacements and improvements; and

WHEREAS, at the direction of the Third Mutual Maintenance and Construction Committee, Staff contacted the Orange County Fire Authority (OCFA) to discuss what extent changes to the fire life safety systems would be required when implementing the Consultant's recommended priority items; and it was expressed that the property owner must submit plan documents showing the details of any replacements or improvements to OCFA in order for OCFA to review and officially comment on;

February 16, 2010

NOW THEREFORE BE IT RESOLVED, February 16, 2010, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$20,900 from the Replacement Fund to design and engineer the upgrade of the fire alarm systems in one of the three-story buildings; and

RESOLVED FURTHER, that the design and engineering shall initially provide for the improvements identified as Priority 1 by the Fire Safety Consultant; and

RESOLVED FURTHER, that the designed improvements shall be submitted to OCFA for review and official comment, the purpose being to establish the extent and cost of improvements required to satisfy OCFA; 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.

The Secretary of the Corporation read a proposed resolution authorizing an unbudgeted expenditure to place signs in 45 stand-alone common area laundry rooms restricting use. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

Director Feldstein amended the motion to remove the word "remain" and add "are limited to" in the fifth paragraph. The Board approved without objection.

Member Pat Feeney (2399-1E) commented on the resolution.

By a vote of 9-1-0 (Director Lippert opposed), the motion carried and the Board of Directors adopted the following resolution as amended:

RESOLUTION 03-10-25

WHEREAS, a monthly surcharge is assessed to 3484 manors in Third Laguna Hills Mutual that use common area laundry rooms for both the operation of those laundry rooms and the replacement of the laundry room components, and

WHEREAS, residents in the remaining 2648 manors in Third Laguna Hills Mutual live in cul de sacs nearby these laundries but have in-unit washers and dryers and do not pay the monthly surcharge, and

WHEREAS, residents that do not pay the surcharge, caregivers, and other service providers have been observed using the aforementioned laundry rooms for their own personal laundry and in some cases large amounts of personal laundry, and

February 16, 2010

WHEREAS, residents are all being asked to reduce electricity and water consumption within Third Laguna Hills Mutual;

NOW THEREFORE BE IT RESOLVED, February 16, 2010, that the Board of Directors of Third Mutual hereby affirms that the Mutual's laundry rooms ~~remain~~ **are limited to** the exclusive use for the personal laundry of individual residents from the 3484 manors that pay the monthly laundry room surcharge, and

RESOLVED FURTHER, that the Board hereby authorizes an unbudgeted expenditure in the amount of \$2,000 to place signs in a prominent location to be determined by staff in the 45 stand-alone common area laundry rooms advising residents to call Security if they become aware of persons using the laundry rooms for more than just the residents' personal laundry, 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 Feldstein reported from the Board Operating Rules Ad Hoc Committee and its work on revising the Mutual's Bylaws.

Director Lucy Shimon reported from the Landscape Committee.

Director Carol Skydell reported from the Ad Hoc Information Access Committee.

The Secretary of the Corporation read a proposed resolution approving the mailing of DVDs of all recorded open Third Board meetings to Third members upon request. Director Skydell moved to approve the resolution. Director Paulus seconded the motion and discussion ensued.

By a vote of 9-0-1 (Director Lippert abstained), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-10-26

WHEREAS, the Board of Directors of this Corporation wishes to make available information on Board actions to Third Mutual residents and non-resident owners;

NOW THEREFORE BE IT RESOLVED, February 16, 2010, that the Board of Directors of this Corporation hereby approves the mailing of DVDs of all recorded open Third Board meetings to Third members upon request to TV6 and receipt of an annual payment by TV6 to cover the related costs, which are currently \$60 for an annual subscription; and

RESOLVED FURTHER, that individual meeting DVDs will still be available upon request to TV6 and receipt of payment, which is currently \$10 each; 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 John Paulus reported from Resident Problem Resolution Services.

Director Dominic Burrasca reported from the Traffic Committee.

OLD BUSINESS

The Secretary of the Corporation read the following proposed resolution approving revised Traffic Rules and Regulations:

RESOLUTION-03-10-

WHEREAS, by way of Resolution M3-02-32, and 03-07-60 the Board of Directors of this Corporation have adopted standards for traffic enforcement and parking enforcement, and in an effort to provide comprehensive traffic rules and regulations enforceable to the residents of Third Mutual, both standards have been consolidated to improve consistency within the community; and

WHEREAS, the Traffic Rules and Regulations are intended to adhere to and not contradict the California Vehicle Code and/or Davis-Stirling Act:

NOW THEREFORE BE IT RESOLVED, March 16, 2010, that the Board of Directors of this Corporation hereby adopts the Third Laguna Hills Mutual Traffic Rules and Regulations, as attached to the minutes of this meeting; and

RESOLVED FURTHER, that Resolutions 03-07-60 adopted June 19, 2007, 03-03-31 adopted April 15, 2003, and M3-02-32 adopted June 18, 2002 are hereby superseded and cancelled; 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 Skydell moved to approve the resolution. Director Hatch seconded the motion and discussion ensued.

Without objection, the motion was postponed to the March Meeting to satisfy the 30-day notification requirements.

The Secretary of the Corporation read the following proposed resolution adopting standard procedures for scheduled implementation of the Mutual's fumigation process:

RESOLUTION 03-10

WHEREAS, during the course of the Mutual's Pest Control for Termites Program, a limited number of residents have historically requested postponement or cancellation of the Mutual's use of fumigation as a method of whole structure termite treatment due to medical conditions; and

WHEREAS, in order to protect the structural integrity of a termite infested building, and based on advice from legal counsel, the fumigation process should not be delayed indefinitely and should be implemented within a specified and reasonable period of time;

NOW THEREFORE BE IT RESOLVED, March 16, 2010, the Board hereby adopts the following procedure with regard to the scheduling and implementation of the fumigation process as part of the Mutual's Pest Control for Termites Program:

1. Mutual provides members and tenants of buildings scheduled for treatment with four (4) weeks advance written notice specifying:
 - (a) Mutual's intent to perform fumigation in accordance with the Mutual's authorized standard practice.
 - (b) Each member or tenant has the option of arranging for accommodations, in addition to any accommodations which may be provided by the Mutual during the fumigation process, and taking any additional steps that they believe are necessary and appropriate at their own expense.
2. If the Mutual receives a written request to the corporate address to delay fumigation from a member or tenant due to a documented medical reason that prohibits the resident from vacating the unit:
 - (a) The Mutual allows for a one-time rescheduling of the fumigation on behalf of the requesting resident.
 - (b) Staff works with the resident and reschedules fumigation. Considerations affecting the rescheduling include the nature of the medical issue and the timing of request within the program year. Requests made late in a program year may preclude fumigation until the following program year.
 - (c) Staff will refer residents that request a second rescheduling of fumigation to the Board for action.
 - (d) Staff issues a letter to members and tenants of an affected building advising that the fumigation of the building has been

postponed and will be rescheduled by the Mutual at the earliest date possible and that they will be advised of that date in accordance with the notification procedure.

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 Skydell moved to approve the resolution. Director Feldstein seconded the motion and discussion ensued.

Director Hatch made a motion to refer the resolution back to Committee for further review. Director Feldstein seconded the motion and the motion carried unanimously.

NEW BUSINESS

The Board discussed sending a letter to the El Toro Water District regarding penalties; and although the agenda item was posted as a discussion item, the Board agreed that a motion could be made.

Director Robertson made a motion to send a letter to the El Toro Water District Board of Directors prior to the Public Hearing to request that ETWD return the rest of the penalty money at the end of the year (June 30, 2010), assuming they meet their conservation goals in total for the year. Director Straziuso seconded the motion and discussion ensued.

By a vote of 3-0-7 (Directors Burrasca, Straziuso, Robertson voted in favor, and Directors Feldstein, Hatch, Skydell, Freshley, Lippert, Paulus and Shimon abstained), the motion carried.

The Board agreed to approve the wording of the letter as a Board by way of email.

Members Michael Matzenbacher (2401-3D) commented on the Board's power and the management contract; and Karel Brouwer (3189-C) commented on closed meetings.

GRF COMMITTEE REPORTS HIGHLIGHTS

Director Freshley commented on the Golf Building Ad Hoc Committee.

Director Shimon reported from the Bus Services Committee.

PUBLIC FORUM

No comments were made.

DIRECTOR COMMENTS

- Director Robertson commented on the services provided by the Social Services Department, and encouraged residents to donate to the Laguna Woods Foundation and to obtain the proper HOA insurance coverage for personal property
- Director Freshley explained the community structure to Mr. Matzenbacher
- Director Shimon commented on how well the meeting was run

- Director Straziuso commented on the remaining audience members
- Director Hatch commented on the individual management contracts

The Board recessed at 1:05 P.M. and reconvened into Executive Session at 1:12 P.M.

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

During its January 19, 2010 Regular Executive Session, the Board reviewed, revised, and approved the minutes of the Regular Executive Session Meeting of December 15, 2009; approved the recording of Notices of Default for Member ID 931-590-07, Member ID 931-590-25, Member ID 931-660-55, Member ID 931-900-16, Member ID 932-200-90, Member ID 932-720-03, Member ID 932-720-87; approved two write-offs for delinquent assessments; heard three disciplinary hearings; discussed litigation, contractual, and other disciplinary matters.

The Traffic Committee of the Board met in Executive Session on January 27, 2010 to discuss member disciplinary issues.

During its January 26, 2010 Special Board Meeting, the Board discussed contractual and member discipline issues.

With no further business before the Board of Directors, the meeting was adjourned at 5:30 P.M.

Carol Skydell, Secretary