

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

May 18, 2010

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, May 18, 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, Lucy Shimon, Mike Straziuso, Don Lippert, Stanley Feldstein, Noel Hatch

Directors Absent: None

Others Present: Jerry Storage, Patty Kurzet
Executive Session: Jerry Storage, Patty Kurzet, Cris Robinson, Luis Rosas

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. 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

The Board removed agenda item 12(a) *Approval of Ratification of Officers (adding Jerry Storage as Vice President)* for further review; removed agenda item 14(a) *Entertain Motion to Approve Request of Kenneth Harrison of 2387-1E for Mutual to Reverse Chargeable Maintenance Services Charge of \$25.13* and agreed to have Director Paulus handle the matter; and added a discussion on Long Range Planning as item 20(a).

Director Feldstein advised that, in his opinion, the April 20, 2010 closed session meeting minutes include three paragraphs in the minutes that do not belong in closed session.

Director Freshley made a motion to approve the agenda as amended. Director Straziuso seconded the motion and the motion carried unanimously.

CHAIR'S REPORT—Carol Moore

President Moore commented on reducing costs by conserving water and recycling, announced the upcoming budget meetings, and encouraged residents to pick up an application and run for the Board of Directors.

APPROVAL OF THE MINUTES

Director Feldstein spoke to the paragraphs in the April 20, 2010 closed session meeting minutes that he felt were improper and incorrectly written, specifically dealing with Janet Price's discussion of compensation and benefits, wage ranges, and the Union contract. Director Feldstein advised that the presentation and discussion of such subjects should have been held in open session, especially with regard to the detailed disclosure of employee wage ranges for each position. Director Feldstein indicated that he believes wage range information is needed by Directors to do budget planning. He also stated that the minutes should avoid editorializing and should report only what was actually said.

Director Freshley stated that as Treasurer, Staff provided her a chart of the employee wage ranges for each level and she agreed to provide a copy to the Board members.

The Board reviewed and revised the minutes of the Regular Meeting of April 20, 2010. Director Straziuso made a motion to approve the minutes as amended. Director Paulus seconded the motion and the motion carried unanimously.

CONSENT CALENDAR

Director Feldstein made a motion to approve the Consent Calendar. Director Robertson seconded the motion and the motion carried by a vote of 8-0-2 (Directors Lippert and Feldstein abstained), and took the following actions:

Maintenance & Construction Committee Recommendations:

- | | |
|---------|---|
| 965-C | Approval of request to retain undersized trapezoid retrofit window, with contingencies |
| 965-C | Denial of request to retain original clerestory window in Living Room, with contingencies |
| 3365-1A | Approval of request to extend rear patio slab, install wrought iron fence with gate, and install patio enclosure, with contingencies |
| 3365-1A | Approval of request to convert Dining Room window into a sliding glass door; and deny request to install patio roof, with contingencies |
| 5436 | Approval of request to retain sliding glass door in garage, brick patio extension, and gate at rear of manor, with contingencies |
| 5569-A | Approval of request to perform rear patio extension and construct retaining wall, with contingencies |
| 5588-B | Approval of request to construct room extensions and perform major remodel, with contingencies |

Landscape Committee Recommendations

- | | |
|--------|--|
| 3095-B | Denial of request for more services and approval of either lawn removal or lawn renovation at the Mutual's expense |
|--------|--|

5396-A Approval of request to waive charges for plant installations

Finance Committee Recommendations

None

Director Straziuso made a motion to limit the Member Comments to 30 minutes. The motion was seconded and discussion ensued. By a vote of 2-7-1 (Directors Straziuso and Shimon voted in favor, and Director Robertson abstained), the motion failed.

THIRD MUTUAL MEMBER COMMENTS

- Bud Nesvig (2392-3H) commented on his disciplinary hearing scheduled last month.
- Corkey Eley (2401-2E) commented on the Community's governing documents and name change.
- Natalie Taksar (3493-C) commented on neighbor's request to install an HVAC.
- James F. Smith (5523-O) commented on the landscaping near Gate 9.
- Pat Feeney (2399-1E) commented on the paint program in conjunction with the termite program.
- Karel Brouwer (3189-C) commented on setting a time limit for Members' comments.
- Denny Welch (5517-1C), Chair of the Nominating Committee, announced that the Committee is looking for qualified candidates to run for the Board and encouraged residents to serve their community and to pick up an application.

RESPONSES TO MEMBER COMMENTS

- Director Shimon addressed Mr. Smith on his landscaping issues.
- Director Feldstein encouraged residents to attend the appropriate committee meetings to address their issues.
- Director Lippert addressed Mr. Smith on his landscaping concerns and encouraged him to attend the budget meetings to address his complaints.
- Director Hatch encouraged qualified residents to run for the Board and addressed Mr. Smith's landscaping issues.
- Director Straziuso addressed Ms. Taksar's concern with her neighbor's request to install an HVAC.

GENERAL MANAGER'S REPORT

Mr. Storage commented on water conservation and stated that during the months of February and March, Third Mutual did not exceed the threshold. Mr. Storage also commented on the El Toro Water District's new tier billing system to be implemented in July, and spoke to the ongoing work regarding the new golf building. He updated the membership on the Moulton Widening project and the Storm Drain Installation project on El Toro Road, announced the upcoming budget meetings to discuss maintenance service levels and the reserve components, and encouraged residents to attend the budget meetings to voice their opinions.

The Board discussed the effect of El Toro Water District's proposed tier billing on the Community.

Member Corkey Eley (2401-2E) commented on conserving water.

OLD BUSINESS

The Secretary of the Corporation read the following proposed resolution, postponed from last month, establishing a policy for painting alterations during the Exterior Paint Program:

RESOLUTION 03-10

WHEREAS, the painting of manor alterations is the responsibility of the individual members; and

WHEREAS, the Mutual has historically painted some manor alterations on a case-by-case basis during execution of the Mutual's yearly Exterior Paint Program when it is cost effective and in the Mutual's best interest to paint them; and

WHEREAS, field Staff are faced with manor-by-manor decisions on what alterations to paint and what alterations not to paint, and some field decisions are challenged by individual manor members, which can result in costly resolution processing;

NOW THEREFORE BE IT RESOLVED, June 15, 2010, that the Board of Directors of this Corporation hereby establishes a policy that allows Staff on behalf of the Mutual, to effectively determine which alterations to paint or not paint during execution of the Exterior Paint Program by painting alterations that would not disrupt the paint program's work flow; and

WHEREAS, such policy would optimize work flow for the paint crew, provide a reliable standard for the Mutual's role in painting alterations, reduce the number of member disputes that would rise to Board level concerning what is or is not painted, and would maintain continuity of appearance of Mutual property through its uniform application; and

WHEREAS, the following alterations (not limited only to this list) shall not be painted by the Mutual as part of the Exterior Paint Program and would remain each member's responsibility to repair, maintain, and paint:

- Any vinyl feature
- Awning Covers
- Enclosures (vinyl or black anodized)
- Covered atriums
- Windows
- Sliding doors
- Custom entry doors
- Non-standard air conditioning units
- Wrought iron features differing from original-type construction
- Fences

- Any alteration that is too delicate to withstand preparation without damage
- Any alteration in disrepair

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.

Ms. Claire Webb entered the meeting at 11:05 A.M.

Director Skydell moved to approve the resolution and Director Robertson seconded the motion.

Director Skydell made a motion to postpone the resolution to the June meeting to satisfy the thirty-day notification requirements. Director Robertson seconded the motion and the motion carried by a vote of 9-0-1 (Director Lippert abstained).

The Secretary of the Corporation read the proposed resolution approving the hard surface flooring policy and standard procedures:

RESOLUTION 03- 10 -

WHEREAS, flooring is an integral sound attenuation element of the building where a floor is above another manor; and

WHEREAS, the installation of hard-surface flooring, which shall include wood, tile, slate, linoleum, bamboo, laminates, and stone, within a manor can result in unreasonable noise being transmitted into the manor immediately below, which noise can adversely affect said resident's quality of life; and

WHEREAS, the Mutual has received complaints that the installation and/or utilization of hard-surface flooring within certain manors has resulted in an obstruction or interference with the rights of persons in the manors located immediately below, has annoyed said persons by unreasonable noise, thereby creating or constituting a nuisance; and

WHEREAS, Article III section 6 of Third Mutual's Amended and Restated Declaration of Covenants, Conditions and Restrictions states that "no Owner or Resident shall permit or suffer anything to be done or kept within the Project which will obstruct or interfere with the rights of other persons in the Project or annoy them by unreasonable noises or otherwise, nor shall any Owner or Resident commit or permit any nuisance"; and

WHEREAS, Article IV section 1 of Third Mutual's Amended and Restated Declaration of Covenants, Conditions and Restrictions grants the Mutual the right and power to do all things which may be necessary, convenient or desirable for the management, operation and maintenance of the Project; and

WHEREAS, after conducting an investigation of certain of these complaints, which included consultation with an acoustical engineer and counsel, the Mutual has determined that Section 11A – Interior Hard-Surface Flooring should be added to the Third Laguna Hills Mutual Alteration Standards and that Third Laguna Hills Mutual Interior Hard-Surface Flooring Rules should be adopted;

NOW THEREFORE BE IT RESOLVED, July 20, 2010, that Section 11A – Interior Hard-Surface Flooring is hereby added to the Third Laguna Hills Mutual Alteration Standards, as attached hereto and to the official minutes of this meeting; and

RESOLVED FURTHER, July 20, 2010, that the Board of Directors hereby also approves the Third Laguna Hills Mutual Interior Hard-Surface Flooring Rules, as attached hereto and to the official minutes of this meeting; 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 made a motion to approve the resolution. The motion was seconded and discussion ensued.

The Board made revisions to the Interior Hard-Surface Flooring Complaint Rules and the Alteration Standard - Section 11A Interior Hard-Surface Flooring.

Director Robertson made a motion to approve the revisions. Director Freshley seconded the motion and the motion carried by vote of 9-0-1 (Director Lippert abstained).

Members Harry Curtis (5371-2A), Corkey Eley (2401-2E), Pat Feeney (2399-1E), Art Harris (3244-1G), Wendell Close (2387-2E), Dick Palmer (3031-O), and Denny Welch (5517-1C) addressed the Board on the proposed policy.

Director Robertson made a motion to postpone the resolution to the June meeting to conform to the thirty-day notification requirements. Director Shimon seconded the motion and the motion carried by vote of 9-0-1 (Director Lippert abstained).

The Secretary of the Corporation read a proposed resolution approving changes to the Nominating Committee appointments. Director Skydell moved to approve the resolution. Director Hatch seconded the motion.

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

RESOLUTION 03-10-65

RESOLVED, May 18, 2010, that the following persons are hereby appointed to serve on the Nominating Committee of this Corporation:

Denise Welch, Chair
Faye Pearl
Wendy Burry
Sarah Hunter
Margaret Klein
Jeannie Allen (replaces Jerry Sheinblum)
JoAnn Zelko

RESOLVED, that Resolution 03-10-52, adopted April 20, 2010 is hereby superseded and cancelled.

The Secretary of the Corporation read a proposed resolution approving changes to the GRF Committee appointments. Director Skydell moved to approve the resolution. Director Feldstein seconded the motion and discussion ensued.

Without objection, the Board made some changes.

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

RESOLUTION 03-10-66

RESOLVED, May 18, 2010, that in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, adopted May 2006, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Broadband Services Committee

Noel Hatch
Kathryn Freshley

Business Planning

Carol Moore
Kathryn Freshley

Bus Services Committee

Lucy Shimon
Noel Hatch

Community Activities

Kathryn Freshley (replaces Carol Moore)

Mary Robertson

Finance

Kathryn Freshley
Stanley Feldstein

GRF Ad Hoc Bylaw Committee

Noel Hatch
Stanley Feldstein

Golf Building Ad Hoc Committee

Kathryn Freshley
Mike Straziuso (replaces Stanley Feldstein)

Government and Public Relations

Kathryn Freshley
Carol Skydell

Landscape Committee

Carol Moore (replaces Mary Robertson)
Lucy Shimon

Land Use Ad Hoc Committee

Kathryn Freshley
Mary Robertson

Maintenance and Construction

John Paulus
Dominic Burrasca

Master Landscape Plan Ad Hoc Committee

Carol Moore
Lucy Shimon

Recreation Master Planning Sub-Committee

Carol Moore
Mary Robertson

Security and Community Access

Carol Skydell
Dominic Burrasca

RESOLVED FURTHER, Resolution 03-09-165, adopted December 15, 2009 is hereby superseded and canceled.

Director Skydell made a motion to establish a Smoking Nuisance Ad Hoc Committee and appoint Directors Skydell, Robertson, Freshley, and Director Paulus as Chair. Director

Feldstein seconded the motion and the motion carried by a vote of 8-2-0 (Directors Lippert and Burrasca opposed).

Director Skydell made a motion to establish a Chargeable Services Ad Hoc Committee and appoint Directors Robertson, Straziuso, Feldstein, and Freshley, and Director Paulus as Chair. Director Robertson seconded the motion and the motion carried unanimously.

The Secretary of the Corporation read a proposed revised resolution establishing an Executive Committee to act as a liaison between the Board and legal counsel. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

Without objection the Board agreed to add the words "shall regularly" in the fifth paragraph.

By a vote of 8-2-0 (Directors Robertson and Straziuso opposed), the motion carried and the Board of Directors adopted the following resolution as amended:

RESOLUTION 03-10-67

WHEREAS, Third Laguna Hills Mutual Bylaws, Article 6 defines the POWERS OF DIRECTORS; and

WHEREAS, 6.1.2 sets forth procedure for Delegation concluding with the words "all corporate powers shall be exercised under the direction and ultimate responsibility of the Board," and

WHEREAS, communication with legal counsel is a Board directed responsibility, and

WHEREAS, it is inefficient to expect counsel to be available to consult with any one of the 11 directors on the Board;

NOW THEREFORE BE IT RESOLVED, May 18, 2010, that this Board authorizes the establishment of an Executive Committee comprised of the President and any two officers of the Corporation to be selected on an as available basis to be included in consultation with counsel. The Executive Committee will act as liaison between the Board and legal counsel in all Board directed inquiries and **shall regularly** report back to the Board.

RESOLVED FURTHER, that Resolution 03-10-53 adopted April 20, 2010 is 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.

NEW BUSINESS

No new business came before the Board.

FINANCE REPORT

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

Ms. Claire Webb left the meeting at 12:43 P.M.

COMMITTEE REPORTS

Director John Paulus reported from the Maintenance and Construction Committee.

The Secretary of the Corporation read a proposed resolution amending the Care & Maintenance of Patios, Balconies, Breezeways & Walkways Policy:

RESOLUTION 03-10-

WHEREAS, by way of Resolution M3-94-32, the Board of Directors of this Corporation adopted the "Landscape Maintenance Manual;" and

WHEREAS, the Third Laguna Hills Mutual Maintenance and Construction Committee has recommended revising *Care & Maintenance of Patios, Balconies, Breezeways & Walkways*, a section of said Manual, to include the option of allowing residents to hang artificial plants for decoration;

NOW THEREFORE BE IT RESOLVED, July 20, 2010, that the Board of Directors of this Corporation hereby amends the "Care & Maintenance of Patios, Balconies, Breezeways & Walkways Policy," as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution M3-94-32 adopted March 15, 1994 is hereby amended, and Resolution M3-02-06 adopted January 15, 2002 is hereby superseded and canceled; 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 Robertson seconded the motion and discussion ensued.

Member Harry Curtis (5371-2A) addressed the Board on the policy.

Director Hatch left the meeting at 1:01 P.M.

Director Robertson made a motion to postpone the resolution to the June meeting to conform to the thirty-day notification requirements. Director Skydell seconded the motion and the motion carried by a vote of 9-0-0 (Director Hatch was absent from the meeting).

Director Hatch returned to the meeting at 1:05 P.M.

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation in the amount of \$14,820 to replace 34 elevator telephones and order 4 additional back-up elevator telephones. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

By a vote of 8-1-1 (Director Lippert opposed and Director Straziuso abstained), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-10-68

WHEREAS, staff has received a number of complaints regarding the functionality of the elevator telephones; and

WHEREAS, there are 82 elevators throughout Third Mutual, each equipped with a telephone that calls Laguna Woods Village Security Dispatch when a resident needs assistance while operating the elevator; and

WHEREAS, there are a variety of elevator telephone models that are installed throughout Third Mutual, some of which are no longer manufactured, so when the telephone needs to be replaced a new model is installed; and having multiple telephone models can cause confusion among elevator operators, especially when the indication of a call being made is different from one building elevator to another; and

WHEREAS, there are 48 existing elevator telephones that are similar to the proposed model of elevator telephone;

NOW THEREFORE BE IT RESOLVED, May 18, 2010, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$14,820 to be funded from the Elevator Replacement Fund to replace 34 of the elevator telephones to create uniform model within the Mutual; and 4 additional back-up elevator telephones will be ordered for replacement as needed; and

RESOLVED FURTHER, the elevator service contractor has agreed to install the new phones, at no additional charge, during the regularly scheduled elevator maintenance, and the new phones will continue to be maintained and replaced as needed under the elevator service contract; and

RESOLVED FURTHER, that Resolution 03-10-41 adopted March 16, 2010 is 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 Straziuso left the meeting at 1:11 P.M.

The Secretary of the Corporation read a proposed resolution authorizing the establishment of a contract with an outside vendor to epoxy coat the interior of the copper water supply piping in Building 3486. Director Skydell moved to approve the resolution. Director Paulus seconded the motion and discussion ensued.

Without objection, the Board agreed to revise the resolution by removing the following wording "with the intention that remediation would be performed first on the buildings that experienced the highest number of leaks per manor" in the first paragraph, and add the words: "not to exceed \$100,000" in the third paragraph.

By a vote of 8-0-1 (Director Burrasca abstained and Director Straziuso was absent from the meeting), the motion carried and the Board of Directors adopted the following resolution as revised:

RESOLUTION 03-10-69

WHEREAS, Third Laguna Hills Mutual established a replacement fund for copper pipe remediation in 2007; ~~with the intention that remediation would be performed first on the buildings that experienced the highest number of leaks per manor;~~ and

WHEREAS, Building 3486, a 21-unit, three-story building sustained fire damage and will be unoccupied for an extended period of time and the Maintenance and Construction Committee recommends that the epoxy lining of copper piping be performed at Building 3486 while the building is unoccupied;

NOW THEREFORE BE IT RESOLVED, May 18, 2010, that the Board of Directors of this Corporation hereby authorizes the establishment of a contract with an outside vendor to epoxy coat the interior of the copper water supply piping in Building 3486 **not to exceed \$100,000**, to be paid for with existing funds in the Replacement Fund; and

RESOLVED FURTHER, that if the epoxy coating at this building would further delay the relocation of residents back into their manors after fire remediation is complete, the epoxy coating will not be performed at this building at this time; 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 Lucy Shimon reported from the Landscape Committee.

Due to time constraints, the Board agreed to waive the remaining committee reports.

GRF COMMITTEE REPORTS HIGHLIGHTS

No reports were made.

PUBLIC FORUM

No comments were made.

DIRECTOR COMMENTS

No comments were made.

The Board recessed at 1:21 P.M. and reconvened into Executive Session at 2:08 P.M.

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

During its April 20, 2010 Regular Executive Session Board meeting, the Board reviewed and approved the Minutes of the Regular Executive Session meeting of March 16, 2010 and the Minutes of the Special Executive Session meeting of March 31, 2010; heard four (4) disciplinary hearings; approved recording Notices of Default for Member ID 933-190-76, Member ID 934-650-20, and Member ID 934-903-63; authorized three delinquency write-offs in the amounts of \$1,471.58, \$6,168.91, and \$7,461.91; discussed other member disciplinary matters; discussed a presentation on PCM's compensation, wages and benefits, and the Union contract; and discussed contractual and litigation matters in the absence of Staff.

The Traffic Committee of the Board met in Executive Session on April 28, 2010 to discuss member disciplinary issues.

During its April 22, 2010 Special Executive Session Board meeting the Board discussed hard surface flooring standards drafted by legal counsel, and discussed potential litigation matters.

During its April 27, 2010 Joint Special Executive Session Board meeting the Board discussed potential litigation matters.

With no further business before the Board of Directors, the meeting was adjourned at 5:08 P.M.

Carol Skydell, Secretary