

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

**December 21, 2010**

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, December 21, 2010 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Carol Moore, John Paulus, Kathryn Freshley, Carol Skydell, Dick Palmer, Denny Welch, Isabel Muennichow, Rae Tso, Sy Wellikson

Directors Absent: Lucy Shimon, Dominic Burrasca

Others Present: Jerry Storage, Patty Kurzet, Janet Price (10:03 A.M.– 11:10 A.M.)

Executive Session: Jerry Storage, Patty Kurzet, Sandy Meyer

**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 Isabel Muennichow 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 start of the meeting, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

**APPROVAL OF AGENDA**

Without objection the Board approved the agenda as submitted.

**CHAIR'S REPORT—Carol Moore**

President Moore announced that the El Toro Water District is celebrating its 50<sup>th</sup> year Anniversary of serving the public and presented an award to Mr. Jerry Werner, a Board Member on the El Toro Water District, who thanked the Board for their support over the years.

President Moore introduced Ralph Palomares of the El Toro Water District who provided a brief summary of his expertise and made a presentation to the Board and membership on typical problems with the sewage collection system and provided examples of products, food items, and "flushable wipes" that should not be flushed down the toilet due to the potential of clogging the system.

President Moore commented on the managing agent/board roles and reminded the membership that the Board hired Curtis Sproul, Esq. to educate the Board on its roles and its specific fiduciary duties. She stated that the Board has the ultimate decision of the Corporation and clarified the misunderstanding between the role of an agent and the role of a vendor.

### **APPROVAL OF THE MINUTES**

Without objection the Board approved the minutes of the Special Meeting of October 15, 2010 and of the Regular Meeting of November 16, 2010.

### **CONSENT CALENDAR**

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

#### Maintenance & Construction Committee Recommendations:

- |         |   |
|---------|---|
| 968-D   | Approval of request to retain window fill-in and sliding glass door to window conversion installed in conflict with the scope of the applicable Mutual permit issued for retrofit windows, with contingencies |
| 2170-B  | Approval of request to widen walkway, including curved transitions in the pavement where walkway meets sidewalk, with contingencies   |
| 2257-S  | Approval of request to convert bedroom window into French door with sidelite, with contingencies  |
| 2357-C  | Approval of request to convert kitchen window to a Dutch door and install decorative window in living room, with contingencies  |
| 2384-3H | Approval of request to retain burgundy painted front entry doors, with contingencies  |
| 2405-3B | Denial of request for reversal of damage restoration charges and affirm Mutual's Damage Restoration Policy  |
| 3048-B  | Approval of request to install bedroom door and additional patio, with contingencies  |
| 4016-N  | Denial of request for reversal of damage restoration charges and affirm Mutual's Damage Restoration Policy  |
| 5125    | Denial of request for reversal of chargeable services and affirm Mutual's Chargeable Services Policy  |
| 5558-B  | Approval of request to install additional window in living room, with contingencies   |

#### Landscape Committee Recommendations

- |        |   |
|--------|---|
| 2360-C | Deny appeal request for plant replacements, but approve to add plants at the Mutual's expense |
| 3098-C | Conditional approval of request to place pebbles along fence at the Mutual member's expense   |
| 3156-A | Denial of request for removal of ground cover   |

Finance Committee Recommendations

**RESOLUTION 03-10-173**

**WHEREAS**, Member ID 930-764-36 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 930-764-36; 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 03-10-174**

**WHEREAS**, Member ID 931-360-05 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-360-05; 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 03-10-175**

**WHEREAS**, Member ID 931-361-05 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-361-05; 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 03-10-176**

**WHEREAS**, Member ID 932-310-45 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-310-45; 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 03-10-177**

**WHEREAS**, Member ID 932-810-21 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-810-21; 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 03-10-178**

**WHEREAS**, Member ID 932-810-29 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-810-29; 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 03-10-179**

**WHEREAS**, Member ID 933-800-29 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-800-29; 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 03-10-180**

**WHEREAS**, Member ID 934-902-91 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-902-91; 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 03-10-181**

**WHEREAS**, Member ID 934-903-18 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-903-18; 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 03-10-182**

**WHEREAS**, Member ID 935-090-51 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**, December 21, 2010, that the Board of Directors hereby approves the recording of a Lien for Member ID 935-090-51; 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.

Ms. Janet Price entered the meeting at 10:03 A.M.

### **GENERAL MANAGER'S REPORT**

Mr. Storage reported on Staff's proactive mitigation in the Community to prevent flooding due to the recent heavy rains. Mr. Storage reported on ongoing projects in the Community that impact Third residents; and announced the promotion of Ms. Janet Price as PCM's CFO who will oversee all of PCM companies and that Ms. Price will continue to carry on her duties for the Community as the Finance and Administration Director. Mr. Storage clarified some misconceptions of Associa's offer of up to \$50,000 to the Community towards a Community project, and announced that the El Toro Water District will be crediting to Third Mutual all the penalties it was previously allocated by year-end.

President Moore described the Board decorum for Member Comments.

### **THIRD MUTUAL MEMBER COMMENTS and PUBLIC FORUM**

- Mike Straziuso (4006-2E) commented on Third Mutual's lawsuit against PCM, requested that the Board hire independent legal counsel to investigate the grounds of the lawsuit, and questioned the Board's leadership.
- Marilyn Robbins (3456-B) commented on the excellent service provided by PCM and Third's lawsuit against PCM, and commented on the appropriate distribution of bonuses to employees.
- Pat Wilkinson (5274) commented on the amount of fees incurred to-date on legal fees, and commented on the criticism of staff.
- Marilyn Freeman (3162-C) commented on the new board members learning anything new about the lawsuit and asked if cost-plus accounting is used in the Village.
- Corkey Eley (2401-2E) commented on a letter received from HKC responding to her letters addressing her issues of the Trust, CC&Rs, the Golf Building and operating expenses.
- Mike Matzenbacher (2401-3D) commented on debris in the drains.
- Art Harris (3244-1G) commented on the positive relationship between the Board and the managing agent and thanked the Board for filing the lawsuit.
- Margaret Klein (3487-A) commented on the election vote count and questioned the percentage share between PCM Corporate and PCM, Inc. regarding Janet Price's salary in her new position.
- Mary Robertson (5184) commented on El Toro Water District's penalty refund to Third Mutual, expressed her concern with the decrease in resales which she felt was a result of the lawsuit, and commented on the incentive plan and discretionary bonuses.
- Rosemarie di Lorenzo Dickins (4015-2G) commented on approving bonuses based on set parameters, commented on El Toro Water District's penalty refund to Third Mutual, and commented on the Village's security service.
- Pat Feeny (2399-1E) commented on the results of the director election.
- Al Portnoy (5596-B) commented on the need to look for answers and resolutions without filing lawsuits.
- Barbara Marsh (3433-B) commented on PCM's quick responses to emergencies, commented on Third's lawsuit and the Board's attitude toward staff, and asked the Board to reconsider the lawsuit.
- Karel Brouwer (3189-C) commented on association due increases over a 20-year period and PCM's former use of credit cards.

### **DIRECTORS' RESPONSES TO MEMBER COMMENTS**

- Director Tso responded to comments regarding the new board members' platform to dismiss the lawsuit and indicated that she is still waiting for solid documentation, and responded to the election vote count and the Village's security services.
- Director Wellikson commented on the Village's security services and the increases in assessments over the years and what the money pays for.
- Director Welch commented on her own investigation of the facts of the lawsuit and stated that she is still waiting for documentation.
- Director Paulus commented on the lawsuit and his services to the community and positive interactions with PCM.
- Director Freshley stated that she met with the new board members and disclosed the information she knows about the lawsuit as well as the information previously provided to them by Director Paulus. She told them that the Board has a fiduciary duty to investigate any money that was spent and that there wasn't adequate communication to the Board regarding the criteria of the distribution of funds and bonuses, and stated that the resales are not affected by the lawsuit.
- President Moore commented on the difference between being sued and suing.

### **OLD BUSINESS**

No old business came before the Board.

Ms. Price left the meeting at 11:10 A.M.

### **NEW BUSINESS**

Director Muennichow made a motion to disallow committee advisors from attending any closed session committee meetings due to their exposure to proprietary confidential information. Director Tso seconded the motion and discussion ensued.

Director Skydell amended the motion to allow advisors to attend closed session committee meetings at the discretion of the Board. Director Paulus seconded the motion and discussion ensued.

Director Skydell made a motion to table the motion. Director Welch seconded the motion and discussion ensued. By a vote of 5-3-0 (Directors Paulus, Freshley, Skydell, Wellikson and Welch voted in favor), the motion carried.

### **FINANCE REPORT**

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

The Secretary of the Corporation, Director Carol Skydell, read a proposed resolution authorizing the use of small claims court mediation services. Director Skydell moved to approve the resolution. Director Freshley seconded the motion.

By a vote of 8-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 03-10-183**

**WHEREAS**, by way of Resolution 03-10-103, the Board of Directors of this Corporation authorized the Managing Agent of this Corporation to designate the necessary staff to represent the Board in Small Claims Court matters; and

**WHEREAS**, based on recent experience with the court system, it has become apparent that the Judge looks favorably on those that use the court mediation services; and

**WHEREAS**, the mediation services offered by the court would give Third Mutual, as plaintiff, the ability to negotiate a settlement or payment schedule through the court system that, upon default, would become a judgment;

**NOW THEREFORE BE IT RESOLVED**, December 21, 2010, that the Board of Directors of this Corporation hereby authorizes the use of small claims court mediation services and authorizes the Managing Agent of this Corporation to designate the necessary staff to represent the Board in such mediation services to negotiate terms that would allow defendants to make payments over time with a Stipulation for Entry of Judgment; 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 additional supplemental appropriation in the amount of \$100,000 to continue funding its legal action against PCM. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

Director Wellikson made a motion to refer the resolution to closed session. The motion failed due to the lack of a second.

Director Wellikson stated that he has yet to receive any information from legal counsel as to the grounds for the allegations and does not have enough information as to the reasoning for expending so much money on legal fees.

Member Barbara Marsh (3433-B) commented on the resolution and Margaret Klein (3487-A) commented on the vote count for the director election.

Director Freshley stated that the costs incurred for the lawsuit depends on the defendant and their ceasing to file frivolous claims. Director Freshley indicated that she would have expected PCM to better show how much they value Third Mutual as a client by controlling their attorney, Mr. Van Hoomissen.

Members Mike Straziuso (4006-2E) commented on the lawsuit and fees incurred; Art Harris (3244-1G) commented on setting a limit on the amount of money raised to campaign for a seat on the Board and encouraged the Board to move forward with the lawsuit; Darlene Cople (81-D) commented on the community's history of communication to the resident, expressed her anger with disassembling the former Globe structure and the bonus payouts, and the continuous expenditures; Rosemarie di Lorenzo Dickins (4015-2G) commented on moving forward and the new board member's inability to obtain information about the lawsuit; and Al Portnoy (5596-B) commented on the importance of compromise.

By a vote of 5-4-0 (Directors Muennichow, Tso, Wellikson, Welch opposed, and President Moore voted in favor to break the tie), the motion carried and the Board of Directors adopted the following resolution:

#### **RESOLUTION 03-10-184**

**WHEREAS**, the Board of Directors of this Corporation has engaged in a legal action against PCM, Inc., et. al., for which the costs are not budgeted, and in order to separately track expenses related to this legal matter, a special appropriation is necessary; and

**WHEREAS**, by way of Resolution 03-10-106, the Board of Directors of this Corporation authorized a supplemental appropriation in the amount of \$100,000 to fund the legal action of Third Mutual vs. PCM, Inc., et. al., and the total legal fees have almost exceeded the existing appropriation;

**NOW THEREFORE BE IT RESOLVED**, December 21, 2010, that the Board of Directors of this Corporation hereby authorizes an additional supplemental appropriation in the amount of \$100,000 from the Unappropriated Expenditures Fund to continue funding the legal action of Third Mutual vs. PCM, Inc., et. al.; 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.

Directors Wellikson and Tso left the meeting at 12:42 P.M.

#### **COMMITTEE REPORTS**

Director Isabel Muennichow reported from the Landscape Committee.

Without objection the Board waived the reading of the resolution approving the revised Landscape Committee Charter. A motion was made a seconded to approve the resolution.

By a vote of 6-0-0 (Directors Tso and Wellikson were absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

#### **RESOLUTION 03-10-185**

**WHEREAS**, the Landscape Committee has been established pursuant to Article VII, Section 1 of the bylaws of this Corporation;

**NOW THEREFORE BE IT RESOLVED**, December 21, 2010, that the Board of Directors of this Corporation hereby assigns the duties and responsibilities of this Committee as follows:

1. Ensure that the level of service provided by the Landscape Division, and the funds needed to accomplish this, are adequate to maintain Third Mutual landscaping in an aesthetically pleasing, environmentally appropriate, and cost-effective manner.
2. Determine service levels and capital and operating budget requirements for the Community and review annual landscape budgets prepared by the managing agent and make recommendations to the board of directors.
3. Ensure that the rules and regulations as listed in the Landscape Maintenance Manual are enforced uniformly throughout Third Laguna Hills Mutual.
4. Work with the Golden Rain Foundation (GRF) Landscape Committee to:
  - a. Help them determine (as accurately as possible) the water needed for varying types of landscape developments that would maintain the beauty of the grounds throughout the Community and help them set up some long range plans for future landscape developments and practices that would work best with the anticipated future water supplies available for irrigation uses in the Community.
  - b. Promote the optimum and most efficient use of water in the Third Laguna Hills Mutual.
  - c. Develop policies with regard to the handling and control of waste and recyclable materials.
5. Work with the United Laguna Hills Mutual Landscape Committee, the Golden Rain Foundation Landscape Committee, and the managing agent to:
  - a. Update the rules and regulations in the Community's Landscape Manual.
  - b. Develop policies with regard to control of pests such as ants, rodents, etc.

6. Review each petition for a change in landscape and visit those sites (1) for which clarification is deemed necessary and (2) for which a denial is being considered. Based upon information supplied by a qualified staff member, a petition may be granted without an on-site visit.
7. Perform such tasks as may be assigned or referred to this committee by the Third Laguna Hills Mutual Board of Directors.

**RESOLVED FURTHER**, that Resolution 03-08-19 adopted March 18, 2008 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 Muennichow made a motion to postpone the following resolution approving the policy on planting fruit trees in common areas to next month:

**RESOLUTION 03-11**

**RESOLVED**, February 16, 2011, that the planting of fruit trees in common areas managed by this corporation shall be permitted under the following conditions:

1. Any fruit tree henceforth planted in a common area must be of the dwarf variety;
2. Any dwarf fruit tree planted must be planted either within the courtyard or directly adjacent to the manor or patio slab;
3. Any fruit tree presently planted in the common area must be marked by the installing resident, or his or her successor, with a yellow stake and fully maintained in a manner acceptable to the corporation; the same procedure shall apply to all dwarf fruit trees planted pursuant to this resolution;

**RESOLVED FURTHER**, that the managing agent is hereby authorized to remove any fruit tree located in a common area owned by this corporation if the previously stated conditions are not met and the compliance process has been followed; and

**RESOLVED FURTHER**, that this resolution shall become in full force and effect on February 16, 2011; and

**RESOLVED FURTHER**, that the resolution M3-84-121 adopted on September 18, 1984, 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 Freshley seconded the motion and the motion carried unanimously.

Director Welch left the meeting at 12:48 P.M.

Director John Paulus reported from the Maintenance and Construction Committee.

Director Skydell left the meeting at 12:49 P.M.

Director Tso returned to the meeting at 12:51 P.M.

Director Welch returned to the meeting at 12:52 P.M.

The President read a proposed resolution authorizing an unbudgeted operating expenditure of \$3,885 to obtain services of a qualified contractor for removal and disposal of existing asbestos containing flooring materials from the Recreation Room kitchens and the restrooms at Buildings 2354, 2395, and 2399. Director Muennichow moved to approve the resolution. Director Tso seconded the motion and discussion ensued.

By a vote of 6-0-0 (Directors Skydell and Wellikson were absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 03-10-186**

**WHEREAS**, the Garden Villa Recreation Room Ad Hoc Committee has determined that replacement of the vinyl flooring in the Recreation Room kitchens and restrooms at Buildings 2354, 2395, and 2399 is necessary; and

**WHEREAS**, the replacement of the vinyl flooring requires removal of original asbestos containing flooring materials to facilitate installation of new flooring; and

**WHEREAS**, removal of asbestos containing materials requires the services of an appropriately qualified contractor;

**NOW THEREFORE BE IT RESOLVED**, December 21, 2010, that the Board of Directors of this Corporation hereby authorizes an unbudgeted operating expenditure of \$3,885 to obtain services of a qualified contractor for removal and disposal of existing asbestos containing flooring materials from the Recreation Room kitchens and the restrooms at Buildings 2354, 2395, and 2399; 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 returned to the meeting at 12:54 P.M.

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation to conduct a pilot program to investigate leaks at previously identified high water usage units. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

Director Muennichow made a motion to amend the motion to increase the appropriation from \$25,000 to \$35,000. Director Skydell seconded the motion and discussion ensued.

By a vote of 7-0-0 (Director Wellikson was absent from the meeting), the amendment carried.

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

**RESOLUTION 03-10-187**

**WHEREAS**, Southern California is facing a serious shortage of potable water, and

**WHEREAS**, beginning January 1, 2011 our provider, the El Toro Water District has instituted a tiered system for billing based on usage; and

**WHEREAS**, Third Mutual Board has been tracking excessive water usage in both stand alone houses and multi-family units; and

**WHEREAS**, when translated into dollars we are facing water bills of at least an additional \$17,518 per month over our 2011 budget that amounts to nearly \$3.00 PMPM; and

**WHEREAS**, there is evidence that a major contributor to over-usage is silent toilet tank leakage due to dried flapper valves or misaligned floats controlling the need for incoming water; and

**WHEREAS**, the Mutual's cost of repairing leaking toilets is substantially far less than the cost of additional water;

**NOW THEREFORE BE IT RESOLVED**, December 21, 2010, the Third Laguna Hills Mutual proposes the authorization of \$35,000 from the Unappropriated Expenditures Fund for a pilot project whereby previously identified high water usage units will be inspected and, if toilets with faulty flapper valves or floats are found, these parts will be repaired or replaced at no cost to the resident. In addition, an informational campaign will be conducted utilizing all media outlets

available to the community stressing the importance of this program and the implementation of all possible ways to reduce water waste; 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 approving the revised Third Mutual Alteration Standard - Section 11A – Interior Hard-Surface Flooring. Director Skydell moved to approve the resolution. Director Tso seconded the motion.

By a vote of 7-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 03-10-188**

**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, but not be limited to, 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'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'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 should be adopted;

**NOW THEREFORE BE IT RESOLVED**, December 21, 2010, that Section 11A – Interior Hard-Surface Flooring is hereby revised and added to the Third Laguna Hills Mutual Alteration Standards, as attached hereto and to the official minutes of this meeting; and

**RESOLVED FURTHER**, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended and Resolution 03-10-97 adopted July 20, 2010 is 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 made a motion to approve the use of Internal Dispute Resolution Procedures for Chargeable Services and Damage Restoration disputes in accordance with Civil Code §1363.840 on a trial basis and appoint Directors Wellikson, Paulus and Freshley as the Board representatives in the Meet and Confer sessions with Members. Director Tso seconded the motion and discussion ensued. By a vote of 7-0-0, the motion carried.

Director Paulus made a motion to create an Architectural Improvements Ad Hoc Committee, consisting of Directors Freshley, Muennichow, and Moore to investigate updating the architectural features of buildings in the Mutual. Director Tso seconded the motion. By a vote of 7-0-0, the motion carried.

Director Skydell did not report from the Board Operating Rules Ad Hoc Committee.

Director Palmer reported from the Water Conservation Ad Hoc Committee.

Director Paulus did not report from Resident Problem Resolution Services.

Director Welch did not report from the Information Access Ad Hoc Committee.

Director Tso did not report from the Traffic Committee.

#### **GRF COMMITTEE REPORTS HIGHLIGHTS**

- No comments were made.

#### **DIRECTORS' COMMENTS**

- Director Welch thanked the Board.
- Director Tso thanked PCM staff and the Board members for their support.

The Board recessed at 1:15 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 Regular Executive Session meeting of November 16, 2010 the Board reviewed and approved the minutes of October 19, 2010; heard three (3) disciplinary hearings; approved two (2) delinquency write-offs; approved filing five separate Small Claims Cases of \$2,500 (or less); discussed the legal matters of Ellen Moss v. Third Mutual, Victoria Pullman v. Third Mutual, Third Mutual v. PCM, Inc., and Dolores Fruchtman v. Third Mutual; and discussed other member disciplinary and legal matters.

The Traffic Committee of the Board met in Executive Session on November 24, 2010 to discuss member disciplinary issues.

With no further business before the Board of Directors, the meeting was adjourned at 5:11 P.M.

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Carol Skydell, Secretary

THIRD LAGUNA HILLS MUTUAL  
SECTION 11A INTERIOR HARD-SURFACE FLOORING  
Revised December 21, 2010, RESOLUTION 03-10-188

**1.0 GENERAL REQUIREMENTS**

**1.1. PERMITS, FIIC TESTS AND FEES:** Neither a Mutual permit nor an FIIC test shall be required prior to the installation of any interior hard-surface flooring. A City of Laguna Woods permit may be required. All fees for City permits shall be paid for by the member and/or his contractor. For purposes of this Section, "hard-surface flooring" shall mean any flooring which is composed of hard-surface materials such as wood, linoleum, tile, bamboo, slate, laminates or stone.

**1.2. MEMBER RESPONSIBILITY:** The member is solely responsible for the maintenance and repair of his or her interior hard-surface flooring. Each member who installs interior hard-surface flooring does so at his or her own risk, and shall be liable for any damage that is caused by said flooring.

**1.3. CODES AND REGULATIONS:** The installation of interior hard-surface flooring shall comply with all applicable local, state, and federal requirements, including but not limited to the current edition of the Uniform Building Code and the California Building Code (UBC/CBC).

**1.4. WORK HOURS:** No work on the installation of interior hard-surface flooring shall commence prior to 7:00 a.m. and no work will be permitted after 6:00 p.m. Monday through Friday. Saturday work should be held to a minimum and no work whatsoever shall be performed on Sunday.

**1.5. DUMPSITES:** The premises shall be kept free from accumulation of waste materials and/or rubbish caused by interior hard-surface flooring installation work. The member and his contractor are responsible for removal of debris and excess material. **USE OF COMMUNITY DUMPSITES OR TRASH CONTAINERS FOR CONSTRUCTION RELATED DUMPING IS NOT PERMITTED.** Contractor's dumpsters, if required, must have location approved by the Mutual's Permits and Inspections office.

**2.0 APPLICATIONS**

**2.1 FIIC AND CC&R STANDARDS:** All interior hard-surface flooring (including but not limited to new, different or replacement flooring) which is installed ~~on or after the effective date of this Section~~ in a room within a second or third floor Condominium that is located above an area where there is no dropped ceiling immediately below, must at all times meet a field impact insulation class (FIIC) rating of 50 as defined in the American Society for Testing and Materials (ASTM) E 1007 standard, and the utilization of same by the occupants of the aforesaid Condominium must not cause any violation of Article III section 6 of the Amended and Restated Declaration of Covenants, Conditions and Restrictions. FIIC testing on interior hard-surface flooring shall only be required pursuant to the procedures described in the Interior Hard-Surface Flooring Complaint Rules. Floor coverings such as area rugs, may be

included to obtain the required FIIC 50 rating; provided that these coverings must be retained as a permanent part of the interior flooring and may be replaced only by other floor coverings that provide the required 50 FIIC rating.

**2.2 OWNER RESPONSIBILITIES.** The Owner(s) of a Condominium (including the Condominium Owner(s) on the date of the installation and all successor Owners) where interior hard-surface flooring subject to paragraph 2.1 has been installed shall be responsible for ensuring that the utilization of said flooring at all times meets a 50 FIIC rating, and for ensuring that said flooring does not cause any violation of Article III section 6 of the Amended and Restated Declaration of Covenants, Conditions and Restrictions.