

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

March 28, 2011

A Special Meeting of the Third Laguna Hills Mutual, a California non-profit mutual benefit corporation, was held on Monday March 28, 2011, immediately following the KPMG Presentation of Audited Financial Statements held at 3:00 P.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, Lucy Shimon, Dominic Burrasca

Directors Absent: None

Staff Present: Janet Price and Patty Kurzet

Others Present: Tracy Hensley, Kathy Lai, and Brent Antunez of KPMG

CALL TO ORDER

Carol Moore, President of the Corporation, called the meeting to order at 4:25 P.M., established a quorum, and entertained a motion to approve the 2010 audited financial statements for Third Laguna Hills Mutual.

A motion was made by Director Wellikson to approve the audited statements and was seconded by Director Paulus. Voting in favor were Directors Tso, Welch, Muennichow and Wellikson. Those opposed were Directors Shimon, Skydell, Freshley, Paulus, Burrasca and Palmer. The motion failed.

Staff was excused at 4:45 P.M.

Discussion ensued and input was requested from the KPMG auditors who were across the room and invited to join us. Following the interchange of thoughts, Director Freshley made the motion to approve the audit with revisions approved by the Third Mutual Board. Director Skydell seconded. Voting in favor were Directors Burrasca, Welch, Paulus, Tso, Shimon, Wellikson, Skydell and Freshley. Those opposed were Directors Muennichow and Palmer.

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

During its March 15, 2011 Regular Executive Session Board Meeting, the Board reviewed and approved the minutes of the Regular Executive Session Meeting of February 15, 2011 and the Special Executive Session of February 21, 2011; heard two (2) disciplinary hearings; approved five delinquent assessment write-offs; set 2 foreclosure sale dates; discussed the Ellen Moss v. Third Mutual; Victoria Pullman v. Third Mutual; Third Mutual v. PCM, Inc., et al.; Elliot Nesvig v. Third Mutual; and Milt Johns (Cross Complainant) v. Professional Community Management, Inc., et al.; discussed other member disciplinary matters; and discussed contractual and litigation matters.

With no further business before the Board of Directors, the special meeting was adjourned at 5:45 P.M.

Carol Skydell, Secretary