

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

April 19, 2011

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, April 19, 2011 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, Lucy Shimon, Dominic Burrasca

Directors Absent: None

Others Present: Jerry Storage, Patty Kurzet

Executive Session: Jerry Storage, Patty Kurzet, Cris Robinson, 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 John Paulus 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 amended by adding the words "Candidate Information Committee" under 12(d) and removing 15(c) *Appoint Richard Moren as an advisor to the Maintenance and Construction Committee.*

CHAIR'S REPORT—Carol Moore

President Carol Moore commented on water conservation; the water usage tiered billing system; relying on experts who assist the Community in future planning; and the cost sharing system.

APPROVAL OF THE MINUTES

Without objection the Board approved the minutes of the Special Budget Kick-Off Meeting of March 2, 2011, the Regular Meeting of March 15, 2011, and the Special Meeting of March 28, 2011.

CONSENT CALENDAR

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

Maintenance & Construction Committee Recommendations:

2238-F	Approval of request for Mutual to refund chargeable service repair charge
2251-A	Approval of request to retain brick walkway, with contingencies
2395-1F	Approval of request to purchase hydraulic vehicle scissor lift and install for personal use in parking spot in garage, with contingencies
3034-B	Denial of request to retain unauthorized satellite dish mounted on outer perimeter of rear balcony
3154-B	Approval of request to retain landscaping modifications, with contingencies
3207-C	Approval of request to install bay window in Living Room, with contingencies
3340-B	Approval of request to extend rear patio slab and install enclosure, with contingencies
3509-B	Approval of request to install stepping stones, with contingencies
4010-1A	Approval of request for Mutual to refund chargeable service repair charge
5221	Denial of request to fill in the planter bed between the sidewalk and driveway
5307	Approval of request to replace and widen driveway, install additional walkways and install planter walls with mow strips, with contingencies
5313	Approval or request to retain original bathroom window, with contingencies
5335-B	Approval of request to retain white vinyl gate, with contingencies
5341-A	Approval of request to retain white vinyl railing, with contingencies
5521-A	Approval of request for Mutual to reverse chargeable service repair charges
5532-A	Denial of request to fill in planter between two driveways
5571-B	Approval of request to install a golf cart garage door, with contingencies

Landscape Committee Recommendations

2395-3F	Approval of request for three (3) tree removals at Mutual Member's expense to include the cost of removals and replacements
3201-C	Approval of request for off-schedule tree trimming at Mutual Member's expense
3333-A	Denial of request for tree removal
3494-A	Denial of request for tree removal
5321-B	Conditional approval of request for hedge at the Mutual's expense

Finance Committee Recommendations

RESOLUTION 03-11-43

WHEREAS, Member ID 932-390-07 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, April 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-390-07; and

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

RESOLUTION 03-11-44

WHEREAS, Member ID 932-720-12 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, April 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-720-12; 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 03-11-45

WHEREAS, Member ID 933-031-24 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, April 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-031-24; 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 03-11-46

WHEREAS, Member ID 933-050-63 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, April 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-050-63; 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.

GENERAL MANAGER'S REPORT

Mr. Jerry Storage updated the Board on ongoing GRF projects within the Community including the Clubhouse projects; the City's plan to change the configuration of Santa Maria from Gate 8 to Moulton Parkway to accommodate "golf cart only" traffic lanes; the City's plan to construct a two-thirds acre City Centre Park; and the new Golf Building project.

Mr. Storage also updated the Board on Third Mutual projects including the replacement of beams at various buildings; the pilot study to upgrade the fire alarm system; the Water Conservation Pilot project; epoxy piping; the elevator hydraulic replacement project; widening the road in cul-de-sacs 306; the flood mitigation in cul-de-sacs 371, 378, and 221; the Exterior Paint program; the rain gutter replacement program; new cluster mailbox installation; electrical upgrades for water heaters. Mr. Storage announced the commencement of the annual pass program and stated that applications are now being accepted; the success of the annual Senior Summit; and the commencement of the annual Senior Games; and commented on community beautification and appeal and the need to market the Community to entice buyers.

President Moore described the Board decorum for Member Comments.

THIRD MUTUAL MEMBER COMMENTS and PUBLIC FORUM

- Richard Moren (2395-1G) spoke on behalf of the residents of Building 2395 who sustained flood damage as a result of the recent rains, and who are seeking to be compensated for their losses. He also spoke to the flooding at Building 2404 and provided the demands for the Board to follow to rectify the issue.
- Stephen Johnson (2395-3H) addressed the Board on his experiences with the flooding at his building and potential drainage issues.
- Kim Shirley (2395-2C) commented on the drainage issues at this building and the need for a structured plan.
- Gill Klappenbach (2395-3F) also commented on his experiences with the flooding.
- Elvera Leighton (2395-1E) commented on the flooding.
- Marvin Stein (2404-1G) commented on flooding issues.
- Dana Pereau (2404-3A) commented on his claim and asked questions of the Board regarding the legal representation who contacted residents.

Scott Dunham, Risk Manager, entered the meeting at 10:38 A.M and spoke to the legal representation that was hired by the Mutual's insurance company based on the numerous claims submitted by residents.

Mr. Dunham left the meeting at 10:51 A.M.

- Shaadi Emami (2395-3B) commented on cul-de-sac flooding.
- Lucie Falk (3377-A) commented on cul-de-sac flooding and maintaining the landscaping; and commented on illegal and underage occupants.
- Jiun Keng (2377-C) commented on flooding in his cul-de-sac.
- Bud Nesvig (2392-3H) discussed flooding mitigation in the cul-de-sacs.
- Stanley Feldstein (2403-1B) commented on the Board's duty to investigate all facts and keep the residents informed, and provided a history of events that led up to the lawsuit filed by Third Mutual against PCM, Inc. and ultimately the settlement agreement.
- Corkey Eley (2401-2E) commented on the Board's settlement agreement with PCM, Inc.; and commented on the budget.
- Susan Lackey (2321-D) congratulated the Board on the lawsuit settlement and demanded to know what the terms of the agreement were and stated that the residents are entitled to, and have a legal right to know, the terms of the settlement agreement.
- Rosemarie DiLorenzo Dickins (4015-2G) commented on improving customer service and inquired on what is being done.
- Shari Horne (2354-3C) announced the Earth Day Fair in the Redwood Room.
- Mike Straziuso (4006-2E) encouraged residents to contribute to the Laguna Woods Village Foundation who provides services to residents in need.
- Art Harris (3244-1G) commented on the slate of Directors who ran for the Board "to stop the lawsuit", encouraged residents to run for the Board in 2011, and praised the Board for their hard work.

- Margaret Klein (3487-A) commented on her observations of comments made by members regarding management services; and asked what the outcome was regarding the settlement agreement.
- Melvin Harbert (2404-2H) commented on a tarp on the third floor of his building and who is responsible for fixing the window and door.
- Sean Farsany (3034-B) commented on his mother's request to retain a satellite dish.

Director Welch left the meeting at 11:55 P.M.

DIRECTORS' RESPONSES TO MEMBER COMMENTS

- Director Freshley responded to Ms. Eley's comments about the budget.
- Director Paulus responded to Mr. Harbert's comments about the tarp and asked that he contact him.

OLD BUSINESS

The Secretary of the Corporation, Director Carol Skydell, read a summary of a proposed resolution approving a policy limiting the number of potted plants on breezeways for two and three story buildings, which was postponed from last month to satisfy the thirty-day notification requirements. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

By a vote of 8-1-0 (Director Muennichow opposed and Director Welch was absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-11-47

WHEREAS, Third Laguna Hills Mutual wishes to continue to comply with the ADA requirements, and

WHEREAS, the Third Laguna Hills Mutual Landscape Committee has recommended limiting the number of planted pots on breezeways for two and three story buildings, and

NOW THEREFORE BE IT RESOLVED, April 19, 2011, that the Board of Directors of this Corporation hereby limits the number of potted plants for two and three story buildings on breezeways to six (6) feet out on either side of the front door with a 4-foot width clearance between foliage and breezeway railing; 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 summary of a proposed resolution approving an electrical usage reimbursement policy, which was postponed from last month to satisfy the

thirty-day notification requirements. Director Skydell moved to approve the resolution. Director Freshley seconded the motion.

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

Director Welch returned to the meeting at 12:03 P.M.

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

RESOLUTION 03-11-48

WHEREAS, the Mutual has historically reimbursed members for electricity consumption related to the restoration of manors as a result of moisture intrusion as well as for excess electricity consumed due to hot water supply line leaks; and

WHEREAS, the practice of reimbursing members for electricity usage has not been formally recorded as an explicit Third Mutual policy;

NOW THEREFORE BE IT RESOLVED, April 19, 2011, that the Board of Directors of this Corporation hereby adopts the Electricity Usage Reimbursement Policy, in accordance with Resolution 03-05-36 (Damage Restoration Policy), as follows:

- For moisture-intrusion events where dry-down of property is required, the Mutual will reimburse for electricity used in the dry-down of property, based on an established daily rate for each type of equipment extrapolated for the number of days each type of equipment is in place, as verified by the vendor.
- For hot water line leaks where excess electricity has been consumed, the Mutual will reimburse for electricity consumption beyond the normal amount for that month for a maximum period of three Southern California Edison billing periods, as evidenced by detailed billing statements for each of the three most recent billing periods involved. Excess electricity use will be reimbursed for the most recent three months of excess use. Any excess electricity use dating before the most recent three months of excessive use is the responsibility of the member and is not reimbursable by the Mutual.
- All reimbursements will be charged to the Disaster Fund.

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 summary of a proposed resolution adopting revisions to the General Requirements of all Alteration Standards, which was postponed from last month to satisfy the thirty-day notification requirements. Director Skydell moved to approve the resolution. Director Freshley seconded the motion.

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

RESOLUTION 03-11-49

WHEREAS, the Maintenance and Construction Committee recognizes the need to amend the General Requirements for all Alteration Standards;

NOW THEREFORE BE IT RESOLVED, April 19, 2011, that the Board of Directors of this Corporation hereby adopts the following revisions to the General Requirements of all Alteration Standards with respect to Saturday work hours and the conduct of contractors:

- Work on Saturday shall be permitted from 9:00a.m – 2:00p.m. for work which results in construction-related noise (e.g. cutting tile, hammering, use of power tools). For work that does not result in excessive noise, such as painting and carpet installation, permitted hours are 7:00a.m. – 6:00p.m
- Member's contractors, their personnel, and sub-contractors shall refrain at all times from using profanity, abusive or loud language, and must wear shirts at all times. Radio, MP3, CD or cassette players are not permitted on the project site. Contractor personnel will, at all times, extend and exhibit a courteous demeanor to residents.

RESOLVED FURTHER, that the General Requirements of all Alteration Standards will be modified to reflect the changes; 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 summary of a proposed resolution adopting revisions to the Mutual Alteration Standards *Section 19 - Balcony Modesty Paneling*, which was postponed from last month to satisfy the thirty-day notification requirements. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

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

RESOLUTION 03-11-50

WHEREAS, the Board of Directors of this Corporation adopted Resolution M3-96-28 on May 21, 1996, which approved the Third Laguna Hills Mutual Standards; and

WHEREAS, the Maintenance & Construction Committee of this Corporation recognizes the need to further amend a portion of the Mutual Alteration Standards with regard to *Section 19 - Balcony Modesty Paneling*;

NOW THEREFORE BE IT RESOLVED, April 19, 2011, that Mutual Alteration Standard *Section 19 - Balcony Modesty Paneling* is hereby amended as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended, and Resolution 03-07-01, adopted January 16, 2007 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.

The Secretary of the Corporation read a summary of a proposed resolution adopting revisions to the Mutual Alteration Standard *Section 34 Windows and Window Attachments*, which was postponed from last month to satisfy the thirty-day notification requirements. Director Skydell moved to approve the resolution. Director Shimon seconded the motion and discussion ensued.

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

RESOLUTION 03-11-51

WHEREAS, the Board of Directors of this Corporation adopted Resolution M3-96-28 on May 21, 1996, which approved the Third Laguna Hills Mutual Alteration Standards; and

WHEREAS, the Maintenance & Construction Committee of this Corporation recognizes the need to further amend a portion of the Standards with regard to *Section 34 Windows and Window Attachments*;

NOW THEREFORE BE IT RESOLVED, April 19, 2011, that Mutual Alteration Standard *Section 34 Windows and Window Attachments* is hereby amended as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended and Resolution 03-07-47, adopted May 15, 2007 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.

NEW BUSINESS

The Secretary of the Corporation read a proposed resolution approving the Inspectors of Election for 2011. Director Skydell moved to approve the resolution. Director Freshley seconded the motion.

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

RESOLUTION 03-11-52

RESOLVED, April 19, 2011, that the Board of Directors of this Corporation hereby appoints the following persons as Inspectors of Election:

Hillel Pitlik
Charline Brant
Gene Brant
Alternate

RESOLVED FURTHER, that such appointees shall serve for the counting of the ballots for the 2011 Election of Directors of this Corporation and any other elections that may arise; and

RESOLVED FURTHER, that such appointments shall remain in effect until successors are appointed by the Board; and

RESOLVED FURTHER, that Resolution 03-10-07 adopted January 19, 2010 is hereby superseded and cancelled.

Directors Tso, Freshley and Wellikson left the meeting at 12:14 P.M.

The Secretary of the Corporation read a proposed resolution approving the Record Date policy. Director Skydell moved to approve the resolution. Director Shimon seconded the motion.

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

RESOLUTION 03-11-53

WHEREAS, Section 5.10 of the Third Laguna Hills Mutual Bylaws, as amended on December 18, 2001, states that the record dates for purposes of Mutual Memberships entitled to notice, to vote, to give consents, or to take other action, as the case may be, shall be governed by Section 7611 of the Nonprofit Mutual Benefit Law; and

WHEREAS, Section 5.8.1 of the Third Laguna Hills Mutual Bylaws, as amended on December 18, 2001, states that no membership shall be eligible to vote who is shown on the books of account of Third Corporation, on the record date for voting as set forth in 5.10 to be more than thirty (30) days delinquent in payment of any sums due to this Corporation; and

WHEREAS, Section 6.2.4 of the Third Laguna Hills Mutual Bylaws, as amended on December 18, 2001, states that no Mutual Member shall be eligible to be elected to the Board of Directors who is shown on the books of account of this Corporation as of the record date for voting to be more than thirty (30) days delinquent in payment of any sums due to this Corporation; and

WHEREAS, Section 7611(a) of the Nonprofit Mutual Benefit Law provides that the board may fix, in advance, a date as the record date for the purpose of determining the members entitled to notice of any meeting of members, and that such record date shall not be more than 90 nor less than 10 days before the date of the meeting; and

WHEREAS, Section 7611(c) of the Nonprofit Mutual Benefit Law provides that the board may fix, in advance, a date as the record date for the purpose of determining the members entitled to cast written ballots, and that such record date shall not be more than 60 days before the day on which the first written ballot is mailed or solicited; and

WHEREAS, Section 1363.03(e) of the California Civil Code provides that in elections for the Board of Directors, ballots and two preaddressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the association to every member not less than 30 days prior to the deadline for voting;

NOW THEREFORE, BE IT RESOLVED, April 19, 2011, that the Board of Directors of this Corporation shall, at an open meeting of the Board of Directors held in advance of the annual meeting of members, fix a date as the record date for the purpose of determining the members entitled to notice of said annual meeting of members, which record date shall be consistent with the applicable provisions of law and Third Laguna Hills Mutual's governing documents; and

RESOLVED FURTHER, that the Board of Directors of this Corporation shall, at an open meeting of the Board of Directors held in advance of each election of directors, fix a date as the record date for the purpose of determining the members entitled to vote by casting written ballots in the election of directors, which record date for voting shall be consistent with the applicable provisions of law and Third Laguna Hills Mutual's governing documents, 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 fixing the record dates for the 2011 election. Director Skydell moved to approve the resolution. Director Shimon seconded the motion.

Director Wellikson returned to the meeting at 12:18 P.M.

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

RESOLUTION 03-11-54

WHEREAS, Corporations Code §7611 provides that the Board may fix a date as the record date for the purpose of determining the members entitled to cast written ballots, and that such record date shall not be more than 60 days before the day on which the first written ballot is mailed or solicited; and

WHEREAS, Corporations Code §7611 provides that the Board may fix a date as the record date for the purpose of determining the members entitled to receive a notice of any meeting of members, and that such record date shall not be more than 90 nor less than 10 days before the date of the meeting; and

NOW THEREFORE BE IT RESOLVED, April 19, 2011, that based on the advice of Corporate Counsel, the Board of Directors of this Corporation hereby sets the record date determining those members entitled to cast a written ballot to be July 5, 2011 (no more than 60 days before the day the ballots are mailed); and

RESOLVED FURTHER, that based on the advice of Corporate Counsel, the Board of Directors of this Corporation hereby sets the record date determining those members entitled to receive a notice of the annual meeting to be July 8, 2011 (90 days before the annual meeting); and

RESOLVED FURTHER, that no Member shall be entitled to receive a ballot or notice after such dates have occurred; 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 Board decided to delay discussion regarding appointments to the Nominating Committee (Candidates Information Committee) to a later date.

Directors Tso and Welch returned to the meeting at 12:20 P.M.

Director Skydell made a motion to rescind Resolution 03-08-106 (leasing/owner occupied policy). The motion was seconded. Director Paulus provided a reason why the Board is rescinding the resolution.

Members Margaret Klein (2392-3H), Bud Nesvig (2392-3H), and Pat Feeney (2399-1E) commented on the motion.

The motion carried by a vote of 7-3-0 (Directors Muennichow, Freshley and Welch opposed).

FINANCE REPORT

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

Director Shimon left the meeting at 12:47 P.M.

Director Skydell made a motion to establish a Cost Savings Ad Hoc Committee and appoint Advisor Wei-Ming Tao, Chair, and Directors Kathryn Freshley, John Paulus, Denny Welch, Dick Palmer, Lucy Shimon, Carol Moore, Rae Tso and Advisor Rosemarie DiLorenzo Dickins. Director Palmer seconded the motion and the motion carried unanimously.

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

The Secretary of the Corporation read a summary of a proposed resolution approving the revised Delegation of Actions and Commitments Matrix policy. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

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

RESOLUTION 03-11-55

WHEREAS, in accordance with Corporations Code §7210 the activities and affairs of a corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the corporation to any person(s), management company, or committee, provided that the activities and affairs of the

corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board; and

WHEREAS, in order to avoid confusion as to the role and responsibilities of the Board and the managing agent, a matrix was created to clearly define the responsibilities and authority of the Board and those responsibilities they may wish to delegate; and

NOW THEREFORE BE IT RESOLVED, April 19, 2011, that the Board of Directors of this Corporation hereby approves the revised attached document entitled "Delegation of Actions and Commitments" which identifies the day-to-day responsibilities and duties of the Board, committees, and the managing agent; and

RESOLVED FURTHER, that Resolution 03-10-102 adopted July 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.

COMMITTEE REPORTS

On behalf of Director Lucy Shimon, Director Isabel Muennichow reported from the Landscape Committee.

Director John Paulus reported from the Maintenance and Construction Committee.

Director Paulus reported on the Orange County Fire Authority's (OCFA) requirement that fire lanes should be at least 20 feet wide to permit emergency vehicle access, and the fire codes require at least 28 feet to permit parking along one side of a street, and 36 feet to permit parking on both sides of the street. The width of Cul-de-sac 327 ranges from 21 to 23 feet, thus the OCFA requires that the Mutual restrict parking on both sides of the street for the entire length of Block 327.

The Secretary of the Corporation read a summary of a proposed resolution authorizing the upgrade of circuit breakers and wiring for the 4500-watt water heaters using existing funds in the amount of \$675,000. Director Skydell moved to approve the resolution. Director Shimon seconded the motion.

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

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

RESOLUTION-03-11-56

WHEREAS, the City of Laguna Woods advised Third Laguna Hills Mutual of code requirements that impact manor electrical system requirements for water heaters; and

WHEREAS, according to the City, the electrical system for the water heaters which are 20 amp, 2 pole 240 volt circuit breakers with 12 gauge wiring do not meet the current code requirements for the 4500-watt water heaters that are most commonly available and installed; and

WHEREAS, manors were originally equipped with either 20 amp, 2 pole circuit breakers with 12 gauge wiring or 30 amp, 2 pole circuit breaker with 10 gauge wiring for the water heater; and

WHEREAS, the majority of water heaters replaced by Third Laguna Hills Mutual through its chargeable services program since at least 1999 have been 4500-watt electric water heaters; and

WHEREAS, manors with 20 amp breakers and 12 gauge wiring are limited to Phase 1 and Phase 2 of the Community which are those units within Gate 1, Gate 5 and Gate 6, and in order to address the code requirements, the circuit breakers and wiring for approximately 1,900 water heaters must be upgraded to 30 amp breakers and 10 gauge wiring in order to continue the use of 4500-watt water heaters;

NOW THEREFORE BE IT RESOLVED, April 19, 2011, that the Board of Directors of this Corporation hereby authorizes the upgrade of circuit breakers and wiring for the 4500-watt water heaters over a timeframe of not more than three years to be funded from the existing Replacement Reserves Expenditures Plan in the amount of \$675,000; 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 reported from the Board Operating Rules Ad Hoc Committee.

Director Palmer reported from the Water Conservation Ad Hoc Committee.

Director Paulus reported from the Resident Problem Resolution Services.

Director Welch reported from the Information Access Ad Hoc Committee.

Director Burrasca reported from the Traffic Committee.

Director Muennichow reported on the Long Range Planning Committee.

Director Shimon reported on the Community Revitalization Committee.

GRF COMMITTEE REPORTS HIGHLIGHTS

There were no committee reports or highlights.

DIRECTORS' COMMENTS

- Director Welch wished everyone health, wealth and time to enjoy them.
- Director Tso commented on all the support she received as a result of a car accident and thanked the residents, directors, and staff for their kindness.

The Board recessed at 1:23 P.M. and reconvened into Executive Session at 2:10 P.M.

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.

The Traffic Committee of the Board met in Executive Session on March 23, 2011 to discuss member disciplinary issues.

During its April 7, 2011 Special Executive Session Board Meeting, the Board discussed contractual and litigation matters.

With no further business before the Board of Directors, the meeting was adjourned at 5:34 P.M.

Carol Skydell, Secretary

DELEGATION OF ACTIONS AND COMMITMENTS

I. INTRODUCTION

One of the core principles of the laws governing corporations, both for-profit and non-profit, is that the ultimate responsibility for the business and operations of the corporation and thus the ultimate authority to take action rests with the corporation's Board of Directors. The board then has the right to determine under what circumstances to delegate specific actions and commitments to committees, committee chairs, to management, to other agents, professionals or contractors.

The Third Laguna Hills Mutual Board of Directors has created a Delegation of Actions and Commitments Matrix that can be used to guide current and future Board members in the responsible delegation of duties and responsibilities. The intent is to develop a document that can be adopted by each of the four boards and can be used to clearly define the responsibilities and authority of the boards and those responsibilities they may wish to delegate.

The goal of the matrix and this accompanying memorandum is to identify more clearly those who have the principal responsibility for performing certain actions or duties and those who are expected to render services and assistance in an advisory capacity to add value and expertise to foster better actions and decisions by the principal decision-maker(s).

II. AUTHORITY

In order for an individual or an organization to accomplish a task, they need a certain amount of authority to carry out the assigned activity. However, implicit in the delegation of authority is that the responsibility for the outcome of the activity remains with the individual or organization that delegated the authority.

When the governing Board of a homeowners' association delegates responsibility and authority to others, it becomes vital to maintain control through the timely reporting of data and information and monitoring the progress or outcome of the delegated responsibilities or functions. This is typically accomplished through timely financial reports that can be evaluated in the context of budgeted/projected income and expenditures for a given fiscal period, and the receipt of progress reports that address work status and milestones achieved during the specified period, such as a calendar month, quarter or fiscal year.

III. DELEGATION MATRIX

The Matrix that accompanies this Memorandum presents four categories of functions that are part of the day-to-day responsibilities of Laguna Woods Village Corporations, namely the formation of contracts, the conduct of Board, Committee and member meetings, financial matters, and manner in which legal services are solicited and utilized by the corporations. Then, in the columns opposite these

four substantive areas of corporate action, the Matrix presents a description of the appropriate role and responsibilities of: the Association's Board of Directors; Board Committee Chairs; Board Committees; and the management agent. The matrix is set forth on Page 8 of this memorandum.

Regardless of any delegation indicated, the Board always has the option to become directly involved in any and every process and item in the Matrix.

IV. PURPOSE OF THIS MEMORANDUM

The principal purpose of this Memorandum is to provide explanatory text that clarifies and further elaborates on each of the action items in the Matrix.

A. Contracts

1. Request for Analysis-Determination of Objectives

The decision to commission a subject report request primarily resides with the Board of Directors; however, a committee chair with committee approval may also request a subject report from the managing agent. There may be situations where a committee will request reports from other professional organizations. Certain contracts are processed based upon board-approved service levels and appropriations, and are not a result of a subject report.

2. Subject Report

The committee having jurisdiction over this activity has the option to prepare the subject report, unless otherwise directed by the Board of Directors when the project is assigned to the committee. However, the report preparation usually will be performed by the managing agent. Occasionally, another professional organization may be requested to draft the report.

3. Approval of Appropriation by Resolution of Board

This activity is reserved for the Board of Directors. The approval follows the review of the subject report by the appropriate committees with their respective recommendation submitted for action. The board will then review the subject report and the attendant recommendations and either approve the recommended action or return the subject report to committee for further consideration.

4. Draft of Specifications for a Contracted Activity

This activity, which is a statement of particulars, such as, type, scope, size, performance, terms, conditions, etc., will be performed by the managing agent.

5. Approval of Scope of Work/Specifications

The scope of work/specifications will be reviewed and approved by the appropriate committee. In circumstances where the expected value of the contract will be less than \$25,000 the managing agent has the authority to

approve the scope of work/specification without committee review and approval.

6. Preparing the RFP with Approved Scope of Work/Specifications

The managing agent will prepare the RFP and if the value of the contract is expected to be less than \$25,000 and is within the approved budget, staff has the authority to issue the RFP with the appropriate scope of work/specifications without review by the appropriate committee.

7. Approval of RFP with Approved Scope of Work/Specifications

The committee will approve all RFPs with expected values greater than \$25,000. For RFPs with expected values less than \$25,000, the managing agent will proceed to send the RFP to the selected vendors.

8. Creation of Initial Bidders List (Excluding Financial and Legal Contracts)

The bidders list will be created by the managing agent following approval of the RFP. The committee may recommend appropriate bidders be added to the list.

9. Approval/Modification of Final Bidders List

If the contract is expected to exceed \$25,000, the appropriate committee may choose to approve the bidders list.

10. Delivery of Request for Proposal (RFP)

This activity is performed by the managing agent.

11. Pre-bid Meeting

The Pre-bid Meeting, if required, will be set up and conducted by the managing agent. The Board may request that appropriate committee representatives participate in the meeting.

12. Bid Opening

The Board does not have to participate in this activity; they may delegate the responsibility to an appropriate committee or, if the expected contract is less than \$25,000, delegate the responsibility to the managing agent.

13. Bid Analysis

The Board does not have to participate in Bid Analysis; they may delegate the responsibility to an appropriate committee who may elect to exercise control of the bid review and prepare a recommendation to the Board or, if the expected contract is less than \$25,000, delegate the responsibility to the managing agent.

14. Recommendation for Award of Contract

The managing agent will prepare a memo with the recommendation of the vendor that best fulfills all aspects of the RFP and the required

specifications of the work to be performed. This activity may include a concurrent report by the committee involved in the RFP and Bidding process. For contracts valued at less than \$25,000 and within the budget for the activity, the managing agent is delegated the authority to award the contract to the vendor best fulfilling the requirements of the RFP and the scope of work/specifications without committee review and board approval.

15. Approval to Award Contract

For contracts valued at less than \$25,000 and within the budget for the activity, the managing agent is delegated the authority to award the contract to the vendor best fulfilling the requirements of the RFP and the scope of work/specifications without committee review and board approval.

For contracts in excess of \$25,000 the appropriate committee will review and approve the award of contract. For activities requiring expenditures exceeding the budget, the appropriate committee will review and recommend approval of the contract to the Board. The Board will proceed to approve a resolution to award the contract to the recommended vendor.

16. Administration of Contract and/or Work

The managing agent performs this activity with reporting, when requested, to the appropriate committee of progress and discussion of any issues arising during the previous month with the vendor, such that there are no surprises for Board members regarding the contract work and activities.

B. Agendas and Minutes – Board and Committee Meetings

1. Determine Format and Level of Reporting of Board and Committee Minutes

This activity is performed by the Board with guidance from their legal counsel and the managing agent.

2. Production of Draft Agendas

This activity is performed by the managing agent after review with the board.

3. Approval of the Board Agenda

This item is performed by the Board. A draft agenda will be prepared by the managing agent and reviewed by the presiding officer prior to distribution. The final agenda must be approved by the Board at the beginning of the board meeting.

4. Approval of the Committee Agenda

This item is performed by the committee chair. A draft agenda will be prepared by the managing agent and reviewed by the presiding officer prior to distribution.

5. Production of Draft Minutes (Board and Committee)

This item is performed by the by the managing agent, unless the minutes pertain to an executive session regarding management where, with the advice of legal counsel, management should be excluded from the need to know what transpired in the executive session. In this situation, the Board Secretary will prepare the minutes of the session for the Board members and an abstract copy will be provided for the Corporate Records maintained by the managing agent for the corporation.

6. Approval of the Board Meeting Minutes

The text of the minutes must be approved by the Board.

7. Approval of the Committee Meeting Minutes

The text of the minutes must be approved by the respective committee.

C. Financial Analysis and Reporting

1. Initiate Request for Analysis/Report—Determination of Objectives

The initiation of a report on a financial topic primarily resides with the Board of Directors; however, a committee may also request a financial topic report from either the managing agent or another professional organization.

2. Prepare Financial Topic Report

The committee has the option to prepare the financial topic report. Unless otherwise directed by the Committee, this activity will be performed by either the managing agent or a selected professional organization with input from other community sources as the committee deems appropriate.

3. Review of Report and Acceptance of Recommendation

The committee chair and committee will perform a detailed review of the report and the committee will act on the report. If a resolution is required for implementation of a change in operating practice or requires funding, the committee will forward a recommendation to the board for action.

4. Adoption of Recommendation

The Board approves the recommendation that has been forwarded by the finance committee and the managing agent implements the new or revised practices. If the recommendation is not approved, the subject will be returned to committee.

5. Budget Preparation

The responsibility for a budget to be prepared, as required by law, resides with the Board who initiates the preparation process. In practice, the preparation process is delegated to the managing agent. Several successive versions of the budget are prepared as a result of reviews by appropriate committees. A final version is presented to the Board for review and approval.

6. Budget Approval

The final version of the budget is reviewed and approved by the Board by way of resolution approving the key criteria and elements of the document.

7. Reserve Studies

The responsibility for a reserve analysis to be performed resides with the Board who initiates the process as part of the budgeting process when legally required. The Reserve Analysis is reviewed and approved by the Finance Committee prior to being submitted to the Board for a resolution approving the key criteria and elements of the document.

8. Financial Statement Audits –RFP

The responsibility for a RFP to be prepared for conducting the annual audit of the books of the four Laguna Woods Village corporations resides with the GRF Finance Committee of which the Treasurer of each mutual participates. Preparation of the RFP is performed by the Managing Agent.

9. Annual Audits – Review and Approval

The preliminary audit review is conducted by the GRF Finance Committee. Once the preliminary review has been completed, an open meeting of the corporations is held where the firm performing the audit presents its findings and answers questions from the GRF Finance Committee and the membership in attendance. The joint GRF Finance Committee then presents the Audit Report for approval by the boards of the four Laguna Woods Village Corporations.

D. Requests for Legal Opinions/Guidance/Interpretation & Distribution of Same

1. Selection of Appropriate Legal Counsel

This responsibility resides with the Board to initiate and perform the selection process. The board may have their committee and management agent participate in the selection process. However, there is no obligation for the Board to consult with the managing agent if the purpose of the counsel is to evaluate the performance, acts or omissions of management.

2. Formulation of Legal Question

The formulation of a question requiring a legal opinion may occur from the Board, a committee chair and/or committee (if the question is within the committee's charter), or the managing agent.

3. Request Submitted to Law Firm to Answer Question

If the question arises within a Board committee, the Board president would submit the question to the corporation's counsel, unless the Board approves having the question submitted by the managing agent. The managing agent is delegated the authority to submit questions to corporate counsel

regarding occupancy and membership issues, such as lien filings, etc. or issues arising from lending organizations for member mortgages.

4. Opinion Tendered and Received

The legal opinions received will be directly submitted to the Board President for distribution to the full Board, except for those opinions dealing with the resident occupancy issues initiated by the managing agent who will provide the opinion during the Board's monthly executive session.

5. Opinion Summarized with Appropriate Action Plans and Budgets

Oftentimes, it is more effective for the non-attorney Board members to have legal opinions summarized and this activity may be delegated, by the committee or board that requested the opinion, to the managing agent. Legal counsel's opinion often includes a summary. The committee chair may prepare an abstract of the summary and opinion for presentation to the committee. Part of the summary will include an action plan developed by the committee chair and the managing agent. Any Board resolution necessary and appropriate to implement the opinion will be prepared by managing agent.

6. Implementation of the Opinion

The managing agent will implement the action plans within the established funds appropriated by the Board in the resolution.

V. SUMMARY

The delegation of actions and commitments by a community association Board of Directors is fundamental to the effective management of a homeowners' association. Every Board will approach the delegation of responsibility and commensurate authority somewhat differently; however, it is critical that the Board clearly establish how much authority it is willing to delegate to its committees, committee chairs and to the managing agent. Otherwise, conflicts arise or some activities will not be accomplished because clear objectives and corresponding authority was not defined.

Unfortunately, this can be a very challenging activity, but each Board needs to develop an orientation program for new Board members so that, upon election, each Board member understands the scope of his or her fiduciary responsibilities and duties that are incumbent upon being a Board member in a common interest development or any other non-profit mutual benefit corporation. The laws governing the duties and governance of homeowners' associations and common interest communities are different from the rules that apply to towns, cities, and municipalities; therefore, it is necessary to have an understanding of the differences between the two community organizational structures, and particularly, the duties of care, inquiry and loyalty, which are specifically defined in Corporations Code, Section 7231 and are critical to individual Board members and ensuring that the Board of Directors operates successfully.

	Organization			
	Board of Directors	Board Committee Chair	Board Committee	Managing Agent
Delegation of the Initiation, Authorization and Performance of Actions and Commitments that are Within the Responsibility Scope of the Organization				

A. Contracts

1	Request for Analysis--Determination of Objectives	I	I'	I'	
2	Subject Report			O	P
3	Approval of Appropriation by Resolution of Board	A			
4	Draft of Specifications for a Contracted Activity				P
5	Approval of Specifications		R	R,A	P,A
6	Initiate a RFP with Approved Scope of Work/Specifications			I	P
7	Approval of RFP with Approved Scope of Work/Specifications		R	R,A	R,A
8	Creation of Initial Bidders List (Excludes Financial and Legal Contracts)			I	P
9	Approval/Modification of Final Bidders List			R,A	
10	Delivery of RFP				P
11	Pre-bid Meeting		O	O	P
12	Bid Opening		O	O	P
13	Bid Analysis		O	O	P
14	Recommendation of Award of Contract				P
15	Approval to Award Contract		R	R,A	R,A
16	Administration of Contract and/or Work		R	R	P

B. Agendas and Minutes--Board and Committee Meetings

1	Determine Format and Level of Reporting of Minutes	P			
2	Production of Draft Agenda				P
3	Approval of Board Agenda	A			
4	Approval of Committee Agenda		A		
5	Production of Draft Minutes				P
6	Approval of Board Meeting Minutes	A			
7	Approval of Committee Meeting Minutes			A	

C. Financial Analyses

1	Initiate Request for Analysis/Report--Determination of Objectives	I	I'	I'	
2	Prepare Financial Topic Report			O	P
3	Review of Report and Acceptance of Recommendation		R	R,A	
4	Adoption of Recommendation	A			P
5	Budget Preparation	I	O	O	P
6	Budget Approval	A	R	R	
7	Reserve Studies	A	R	R	P
8	Financial Statement Audits - RFP			I	P
9	Annual Audits - Review and Approval	A		R	

D. Requests for Legal Opinions/Guidance/Interpretation and Distribution of Same

1	Selection of Appropriate Legal Counsel *	I,P	O	O	O
2	Formulation of Legal Question *	I	I'	I'	I
3	Request submitted to Law Firm to Answer Question	P			P
4	Opinion Tendered and Received	R			R
5	Opinion Summarized with Appropriate Action Plans and Budgets		O	O	P
6	Implementation of Opinion	A			P

* **Note:** There is no obligation to consult with the managing agent in selection of counsel if the purpose of the counsel is to evaluate the performance, acts or omissions of management.

Note: The Actions regarding contracts may occur simultaneously.

Key

- I = Initiate an activity, directive may come from either, but the directive is required
- I' = Initiate activity within committee charter and with objective parameters
- A = Authorize an activity that is within the Governing Documents. The Managing Agent is authorized to approve contracts of less than \$xx,xxx
- O = The Committee or Board may choose to exercise participation at this level; if not, the Agent will perform the task
- R = Review Reports and/or for Approval, where Necessary and Appropriate
- P = Performed By