

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

June 21, 2011

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, June 21, 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, Luis Rosas

CALL TO ORDER

Director Carol Moore, President of the Corporation, chaired the meeting and stated that it was a regular meeting held pursuant to notice duly given and that a quorum was present. The meeting was called to order at 9:30 A.M.

A moment of silence was held to honor the US Troops serving our country and those placed in harm's way.

PLEDGE OF ALLEGIANCE

Director Carol Skydell led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

Ms. Lois Rothschild, a freelance reporter, and the Channel 6 Camera Crew, by way of remote cameras, were acknowledged as present.

APPROVAL OF AGENDA

Without objection, the Board approved the agenda as submitted.

Without objection, the Board directed staff to look at the Mutual's Traffic Rules and Regulations specifically regarding parking.

CHAIR'S REPORT—Carol Moore

President Carol Moore commented on high compensation wages for city employees and reminded the membership that the Board is currently in the Budget process and will be undertaking the difficult task in decreasing expenditures and making hard decisions. President Moore commented on GRF's high expenditure projects and reminded the membership of the bulky item pick-up program.

APPROVAL OF THE MINUTES

Without objection the Board approved the minutes of the Regular Meeting of May 17, 2011.

CONSENT CALENDAR

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

Maintenance & Construction Committee Recommendations:

- | | |
|-----------|--|
| Bldg 2404 | Approve the installation of a bicycle rack in the alcove in the lower level parking at Building 2404 at members' expense |
| 3070-B | Approval of request to install retrofit windows with almond colored frames, with contingencies |
| 3422-B | Approval of request to add a bathroom and perform window modifications in the family room, with contingencies |
| 3443-A | Approval of request to retain the concrete walkway from the rear garage door to the rear patio, with contingencies |
| 3451-A | Approval of request to extend the rear patio slab, with contingencies |
| 3455-C | Approval of request to retain the brown wood patio cover, with contingencies |
| 5022 | Approval of request for a patio extension, enclosure and patio cover, with contingencies |
| 5402 | Approval of request for a room addition on the patio, with contingencies |
| 5429 | Approval of request for a rear patio addition and wall, with contingencies |

Landscape Committee Recommendations

- | | |
|--------|--|
| 5342-A | Denial of appeal request to replant slope with larger plants; as an alternative approve the addition of 6 other plants at the top of the slope at the Mutual's expense |
| 5336-B | Approval of request for tree removal at the Mutual member's expense |

Finance Committee Recommendations

RESOLUTION 03-11-83

Recording of Lien for Member ID 931-470-43

WHEREAS, Member ID 931-470-43 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, June 21, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-470-43; 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 03-11-84

Recording of Lien for Member ID 931-590-28

WHEREAS, Member ID 931-590-28 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, June 21, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-590-28; 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 03-11-85

Recording of Lien for Member ID 931-900-34

WHEREAS, Member ID 931-900-34 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, June 21, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-900-34; 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 03-11-86

Recording of Lien for Member ID 932-380-13

WHEREAS, Member ID 932-380-13 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, June 21, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-380-13; 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. Storage commented on the construction progress of the new Golf Building and encouraged residents to follow the construction through the webcam on the Laguna Woods Village website; provided a status update on the City Centre Park and the City's plan to change the configuration of Santa Maria; and updated the membership on the ongoing GRF projects within the Community and at the Clubhouses.

Mr. Storage also updated the Board on Third Mutual projects including the replacement of beams at various buildings; the fire alarm system upgrades; the Water Conservation Pilot project; waterline epoxy piping; the elevator hydraulic replacement project; the flood mitigation in cul-de-sacs 371, 378, 203, 219, 221, and 222; the Exterior Paint program; the rain gutter replacement program; new cluster mailbox installation; and electrical upgrades for water heaters. Mr. Storage announced that the Annual Guest Pass and Non-Resident Member Pass Programs are underway and applications are now being accepted; and provided details of the Annual Vehicle Decal Replacement Program.

Mr. Storage announced that GRF and the PC Club will be holding a free class on June 22, 2011 to teach residents how to navigate through the Laguna Woods Village website; and strongly advised the membership that if there are any sightings of coyote's in the area to contact the Laguna Beach Animal Control.

President Moore described the Board decorum for Member Comments.

THIRD MUTUAL MEMBER COMMENTS and PUBLIC FORUM

- Margaret Klein (3487-A) alleged that the Vehicle Decal Program has been run inefficiently.
- Bud Nesvig (2392-3H) commented on flood mitigation at cds 219 and recommended that the Board invite residents to attend the closed session meeting when the Board discusses the issue; and commented on Associa attending a Friends of the Village meeting.
- Mr. and Mrs. Edward Stein (5162) commented on slope landscaping by their manor.
- Corkey Eley (2401-2E) commented on the renewal of the management contract.
- Harry Curtis (5371-2A) complimented staff on the efficiency of the Vehicle Decal Program; and commented on three-story buildings.
- Barbara Marsh (3433-B) commented on rumors that the Board is dismantling the management system and working toward self-management; commented on the removal of staff from Mutual work, the Board's desire to out-source landscaping, and requested that the Board disclose to the residents its plan for the Community.
- Rosemarie di Lorenzo Dickins (4015-2G) alleged inefficiency of the Vehicle Decal Program; and commented on the need for training to improve service levels.
- Mike Straziuso (4006-2E) complimented staff on the efficiency of the Vehicle Decal Program; commented on the removal of staff from working on Mutual work; and the Board actions taken to work towards self-managing.
- Shari Horne (2354-3C) commented on moving forward with Third Mutual issues.
- Marty Rhodes (5369-2A) commented on the City allowing golf carts to use the pedestrian path along El Toro Road.

DIRECTORS' RESPONSES TO MEMBER COMMENTS

- Director Tso complimented staff on the efficiency of the Vehicle Decal Program and commented on the paint program at Building 5318.
- Director Paulus commented on the flood mitigation at cds 219; encouraged Mr. Stein to attend the next Landscape Committee meeting; and stated that he supports PCM.
- Director Freshley complimented staff on the Vehicle Decal Program; commented on the Finance Department support staff; and stated that the Board works with staff and staff is meeting the needs of the Board.
- Director Skydell commented on the Board's duty to research other options to improve the Community.
- Director Welch stated that she supports PCM; commented on the temporary golf cart path along El Toro Road; and commended staff on the efficiency of the Vehicle Decal Program.
- Director Burrasca inquired on the Clubhouse One fountain.
- Director Paulus commented on outsourcing the landscaping work and stated that the Union contract does not allow for such.
- Director Tso thanked staff for their hard work in beautifying the Community.

OLD BUSINESS

No old business came before the Board.

NEW BUSINESS

No new business came before the Board.

FINANCE REPORT

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

Director Freshley made a motion to obtain GRF approval to place a Cost Savings Suggestion Box at the Community Center and all of the Clubhouses. Director Skydell seconded the motion and discussion ensued. By a vote of 10-0-0, the motion carried.

COMMITTEE REPORTS

Director Lucy Shimon reported from the Landscape Committee.

Director John Paulus reported from the Maintenance and Construction Committee.

The Secretary of the Corporation, Director Carol Skydell, read a proposed resolution authorizing a supplemental appropriation in the amount of \$129,800 to repair the slope below Building 3265. Director Skydell moved to approve the resolution. Director Wellikson seconded the motion.

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

RESOLUTION 03-11-87

Slope Repair Below Building 3265

WHEREAS, as a result of the December 2010 rain events, the slope below Building 3265 San Amadeo sustained a surficial slope failure; and

WHEREAS, the services of a geotechnical consultant were enlisted to evaluate the slope and provide recommendations for mitigation of the slope failure;

NOW THEREFORE BE IT RESOLVED, June 21, 2011, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$129,800 from the Disaster Fund to repair the slope below Building 3265 based on the Geotechnical Engineer's recommendations; and

RESOLVED FURTHER, that such funds shall be used to commence with the analysis and design phase of the mitigation; and

RESOLVED FURTHER, that a Civil Engineer will assess the hydrology of the subject area, slope, concrete swale, drainage at the back of the perimeter retaining wall, and provide a redesign as needed; and

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

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation in the amount of \$50,050 to repair the slope below Building 3358. Director Skydell moved to approve the resolution. Director Tso seconded the motion.

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

RESOLUTION 03-11-88

Slope Repair Below Building 3358

WHEREAS, as a result of the December 2010 rain events, the slope below Building 3358 Monte Hermoso sustained a surficial slope failure; and

WHEREAS, the services of a geotechnical consultant were enlisted to evaluate the slope and provide recommendations for mitigation of the slope failure;

NOW THEREFORE BE IT RESOLVED, June 21, 2011, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$50,050 from the Disaster Fund to repair the slope below Building 3358 based on the Geotechnical Engineer's recommendations; and

RESOLVED FURTHER, that such funds shall be used to commence with the analysis and design phase of the mitigation; and

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

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation in the amount of \$95,700 to reconstruct the compromised section of the perimeter retaining wall along a portion of Santa Maria Avenue. Director Skydell moved to approve the resolution. Director Tso seconded the motion.

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

RESOLUTION 03-11-89

Santa Maria Avenue Wall Repair

WHEREAS, during the December 2010 rain events, a section of Third's perimeter retaining wall behind cul-de-sac 315 off of Via Serena North collapsed;

NOW THEREFORE BE IT RESOLVED, June 21, 2011, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$95,700 to be funded from the existing Replacement Fund expenditures plan to reconstruct the compromised section of the perimeter retaining wall along a portion of Santa Maria Avenue in kind with concrete block wall and barbed wire on top; 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.

Members Bud Nesvig (2392-3H) addressed Director Paulus on his report on the epoxy lining program and Corkey Eley (2401-2E) commented on giving away common area.

Director Paulus requested that Directors provide him with feedback on how they would like to proceed with Chargeable Services; and advised them to write down their concerns regarding the Services for discussion with Jerry Storage.

Director Skydell reported from the Board Operating Rules Ad Hoc Committee.

Director Palmer reported from the Water Conservation Ad Hoc Committee.

Member Margaret Klein (3487-A) commented on getting clarification if there is a tax consequence when members expand their property onto common area; and member Corkey Eley (2401-2E) commented on water conservation.

Director Paulus reported from Resident Problem Resolution Services.

Director Welch reported from the Information Access Ad Hoc Committee.

Director Burrasca reported from the Traffic Committee.

Member Margaret Klein (3487-A) commented on a Notice of Violation letter she received for having an expired registration tag; member Bud Nesvig (2392-3H) commented on offensive letters sent out; and member Marty Rhodes (5369-2A) commented on preventing registration tags from getting stolen.

Director Muennichow reported on the Long Range Planning Committee.

Director Shimon reported on the Community Revitalization Committee.

DIRECTORS' COMMENTS

- Director Welch encouraged residents to submit their comments and complaints to the Board.
- Director Wellikson encouraged residents to address the Board of Directors on matters relating to the business and affairs of Third Mutual.
- Director Skydell commented on re-evaluating the Traffic Rules and Regulations.
- Director Freshley encouraged residents to read the Mutual's financial statements that were mailed out; and commented on the Golf Building expenditures.
- Director Paulus stated that all the major committees should meet regardless of whether the chair or vice-chair is absent; and encouraged the Directors to submit any issues they have to him so he can discuss them with Mr. Storage.
- President Moore offered to Chair the next Landscape Committee.

The Board recessed at 12:24 P.M. and reconvened into Executive Session at 1:20 P.M.

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

During its May 17, 2011 Regular Executive Session Board Meeting, the Board reviewed, revised and approved the minutes of the Regular Executive Session of April 19, 2011 and approved the Special Executive Session of May 2, 2011; heard three (3) disciplinary hearings; approved twelve delinquent assessment write-offs; discussed the Deborah Pitts v. Third Mutual, Ellen Moss v. Third Mutual, Elliot Nesvig v. Third Mutual, and Milt Johns (Cross Complainant) v. Professional Community Management, Inc., et al. cases; discussed other member disciplinary matters; and discussed contractual and litigation matters.

The Traffic Committee of the Board met in Executive Session on May 25, 2011 to discuss member disciplinary issues.

During its June 13, 2011 Special Executive Session Board Meeting, the Board discussed personnel issues.

With no further business before the Board of Directors, the meeting was adjourned at 4:50 P.M.

Carol Skydell, Secretary