

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

July 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, July 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, Kim Taylor

Executive Session: Jerry Storage, Kim Taylor, 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 Kathryn Freshley 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.

CHAIR'S REPORT—Carol Moore

President Carol Moore commented on the City of Laguna Hills changes to their Specific Plan, front load washers, reserve plans, expenditures, and the Boards efforts to end wasteful practices within Third Mutual. President Moore announced that the Version 2 Budget meeting is this Friday, July 22, 2011 at 9:00 A.M.

APPROVAL OF THE MINUTES

Without objection the Board approved the minutes of the Regular Meeting of June 21, 2011.

CONSENT CALENDAR

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

Maintenance & Construction Committee Recommendations:

- | | |
|---------|--|
| 969-3A | Approval of appeal request to retain bedroom two window, with contingency |
| 2243-H | Approval of request to retain lattice panel on patio, with contingencies |
| 2385-1C | Approval of request to retain living room retrofit picture window installed in conflict with scope of applicable Mutual permit, with contingencies |
| 3076-C | Approval of request to install handrail at Member's expense, with contingencies |
| 3489-C | Approval of request to enclose the entry portico, extend living room, bedrooms one and two, and perform interior remodel, with contingencies |
| 5338-C | Approval of request to extend rear patio and install slumpstone wall, with contingencies |
| 5370-3B | Approval of request to install radio antenna on roof, with contingencies |
| 5552-B | Approval of request to install new windows in dining area, with contingencies |
| 5584-B | Approval of request for under slab leak reimbursement |

Landscape Committee Recommendations

- | | |
|---------|--|
| 2395-3F | Denial of appeal request for three tree removals |
| 2116-A | Approval of request for tree removal at the Mutual's expense |
| 3036-P | Approval of request to retain personal cactus garden on slope at the Mutual Member's expense |
| 3489-C | Approval of request for plant replacements at the Mutual Member's expense |
| 5399-A | Denial of request of off-schedule crown reduction of 3 trees |

Finance Committee Recommendations

RESOLUTION 03-11-107

Recording of Lien for Member ID 931-481-01

WHEREAS, Member ID 931-481-01 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, July 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-481-01; 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 03-11-108

Recording of Lien for Member ID 931-580-31

WHEREAS, Member ID 931-580-31 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, July 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-580-31; 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 03-11-109

Recording of Lien for Member ID 931-580-95

WHEREAS, Member ID 931-580-95 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, July 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-580-95; 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 03-11-110

Recording of Lien for Member ID 932-200-79

WHEREAS, Member ID 932-200-79 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, July 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-200-79; 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 03-11-111

Recording of Lien for Member ID 932-201-53

WHEREAS, Member ID 932-201-53 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, July 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-201-53; 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 03-11-112

Recording of Lien for Member ID 934-500-01

WHEREAS, Member ID 934-500-01 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, July 19, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 934-500-01; 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 GRF projects within the community stating that the new golf building construction is well underway and the ad-hoc committee is currently working on finalizing color schemes and furniture; the City Center Park located adjacent to the Gate 16 area is expected to be complete this summer; the Clubhouse 6 and Library and Historical Society Building renovations are expected to begin this year; and the Koi pond at Clubhouse 1 renovation is underway and expected to be complete in August. Mr. Storage announced that the Vehicle decal replacement decal program has been completed.

Mr. Storage also updated the Board on Third Mutual projects regarding beam replacements, stating that five buildings have been completed, two buildings are currently under construction and seven are planned to be completed by the end of the year; the Elevator hydraulic cylinder replacement program is underway with five elevators completed and four expected to be completed by the end of the year; and ten Garden Villa buildings are the first buildings to be scheduled in 2011 and 2012 to receive waterline epoxy lining. Mr. Storage further updated the Board on stormwater control projects with regard to CDS 371, 378, 203, 219, 221 and 222, the LH21 mail box replacements, and the water heater electrical upgrades currently underway.

President Moore described the Board decorum for Member Comments.

THIRD MUTUAL MEMBER COMMENTS and PUBLIC FORUM

- Pat Feeney (2399-1E) commented on the work of the Candidate Information Committee and stated that the last day to self nominate is August 17th.
- Harry Curtis (5371) commented on a meeting at Building 3486 which included staff and OCFA regarding the fire alarm systems and further commented on an increase of car burglaries in the Garden Villa area.
- Corkey Eley (2401-2E) commented on the common area agreement, the GRF Capital Reserve Expenditure Plan, and the building of a second building adjacent to the new golf building.
- Richard Moren (2395-1G) thanked the Board regarding watershed evaluation being conducted and suggested that the rain runoff could be trapped and used throughout the community.

- Mike Straziuso (4006-2E) announced that Richard Moos passed away this morning.
- Bud Nesvig (2392-3H) commented on Associa and KPMG.
- Margaret Klein (3487-A) thanked the Board for pursuing litigation against PCM.

DIRECTORS' RESPONSES TO MEMBER COMMENTS

- Director Skydell commented on the recent car burglaries in underground parking garages of certain Garden Villa buildings.
- Director Freshley stated that the second building at the golf building area is for trash and responded to Bud Nesvig regarding KPMG.
- Director Paulus commented on the Security Division and responded to flood litigation.
- Director Tso thanked Pat Feeney for working with the Candidate Information Committee and thanked Harry Curtis for talking about the recent car burglaries.
- Director Palmer commented on the recent car burglaries in the Garden Villa garages.
- Director Welch announced that the Technology Expo is being held Wednesday, July 27, 2011.
- Director Moore responded to Corkey Eley, stating that the Board has responded regarding the common area agreement. Director Moore gave condolences regarding Richard Moos.

OLD BUSINESS

No old business came before the Board.

NEW BUSINESS

The Secretary of the Corporation, Director Carol Skydell, read a proposed resolution approving the ballot package for the 2011 Election of Directors of this Corporation. Director Skydell moved to approve the resolution. Director Wellikson seconded the motion.

Director Muennichow moved to amend the motion to change the Meet the Candidates date from August 23, 2011 to August 30, 2011. Director Welch seconded the motion. Discussion ensued. Director Muennichow withdrew the motion to amend.

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

RESOLUTION 03-11-113

Approval of Ballot Package

RESOLVED, July 19, 2011, that the ballot package for the 2011 Election of Directors of this Corporation, as prepared by the managing agent, is hereby approved; and

RESOLVED FURTHER, that the Board hereby approves three (3) random ballot rotations to be determined by Martin and Chapman, the approved Election Company; 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 establish an Executive Disciplinary Committee to hear disciplinary hearings and to appoint, at a future date, a rotation of three (3) Board Members, excluding Directors running for re-election, for meetings of July 25th, 26th and 27th. Director Freshley seconded the motion. The motion carried unanimously.

The Secretary of the Corporation, Director Carol Skydell, read a proposed resolution approving the following rules governing conduct at meetings.

RESOLUTION 03-11

Rules Governing Conduct at Meetings

WHEREAS, the Board believes that efficient governance is not possible unless meetings are conducted in professional, orderly and timely fashion; and

NOW THEREFORE BE IT RESOLVED, September 20, 2011, the Board of Directors of this Corporation hereby adopts the following rules governing conduct at meetings:

- A. *Application*. These Rules of Conduct apply to each Third Laguna Hills Mutual Board of Directors meeting, committee meeting, and membership meeting (“Meeting”).
- B. *Attendee Decorum*. No person attending any Meeting shall engage in any of the following:
 - 1) Personal attacks, insulting or belittling any individual or group by name or otherwise, or making statements which can reasonably be construed as insulting or belittling an individual or group by name or otherwise;
 - 2) Threatening or abusive language or gestures; or
 - 3) Speech, conduct or activity that disturbs, disrupts, impedes, or otherwise interferes with the orderly conduct of the Meeting.
- C. *Open Forum Speaker Time Limit*. In the interest of fairness to other speakers and persons having business at a Board of Directors Meeting, each speaker during the Open Forum shall limit their comments to approximately three minutes and shall conclude their comments upon being advised by the Meeting chair that the speaker’s time has been exhausted.

D. *Violations.* Any violation of these Rules of Conduct shall be subject to:

- 1) Discipline, fines, penalties, suspensions, orders and other remedies authorized by the Association's Governing Documents, and
- 2) All other rights and remedies which Third Laguna Hills Mutual has under applicable law.

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

Director Skydell moved to discuss the resolution. Director Wellikson seconded the motion and discussion ensued.

Members Margaret Klein (3487-A), Corkey Eley (2401-2E), and Richard Moren (2395-1G) commented on the resolution.

Director Wellikson moved to table the motion to an unspecified time. Director Freshley seconded the motion. By a vote of 10-0-0, the motion carried.

FINANCE REPORT

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

COMMITTEE REPORTS

Director Lucy Shimon reported from the Landscape Committee.

The Secretary of the Corporation, Director Carol Skydell, read a proposed resolution approving tree removal guidelines.

RESOLUTION 03-11

Tree Removal Guidelines

WHEREAS, the Board of Directors recognizes that many policies and services have been implemented by way of practice over the years but not formally documented;

NOW THEREFORE BE IT RESOLVED, September 20, 2011, that the Board of Directors hereby adopts the following tree removal guidelines:

- Unless there is a purposeful reason, ~~trees are not removed because they are messy or disliked because of the shape, color, size or even fragrance.~~ **trees should not be removed merely because they are**

messy, or because of residents' personal preferences concerning shape, color, size, or fragrance.

- ~~Trees which are objected to because of loss of view are not removed if they only happen to be on the distant horizon.~~ **Trees should not be removed because of view obstruction if the obstruction is at a considerable distance from the complaining manor and therefore causes only a partial obstruction.**
- ~~Trees which are located on slopes are seldom, if ever, removed as this can contribute to destabilization.~~ **Trees on slopes should not be removed if the removal will contribute to the destabilization of that slope.**
- Trees which are damaging or will damage a structure, pose a hazard, in failing health or interfering with neighboring trees, will be considered for removal.

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

Director Skydell moved to discuss the resolution. Director Burrasca seconded the motion and discussion ensued.

Director Muennichow made a motion to approve and amend the resolution. Director Shimon seconded the motion.

By a vote of 10-0-0 the motion to amend the resolution carried unanimously.

Without objection, the Board postponed the resolution to the August meeting to satisfy the 30-day notification requirements.

Member Shari Horn updated the Board on the blue recycling bins that have been distributed throughout the Community.

Director John Paulus reported from the Maintenance and Construction Committee.

The Secretary of the Corporation, Director Carol Skydell, read a proposed resolution appointing Richard Moren as Committee Advisor to the Maintenance and Construction Committee. Director Paulus moved to approve and amended the resolution by removing Stanley Feldstein from the Board Operating Rules Ad Hoc Committee, removing Bea McArthur from the Community Revitalization Committee, and replacing Sy Wellikson with Carol Moore as the Laguna Canyon Foundation Representative. Director Wellikson seconded the motion.

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

RESOLUTION 03-11-114

Committee Appointments

RESOLVED, July 19, 2011, that the following persons are hereby appointed to serve on the committees and services of this Corporation; and

RESOLVED FURTHER, that each committee chair in consultation with the vice chair may appoint additional members and advisors with interim approval by the President subject to the approval of the Board of Directors:

Board Operating Rules Ad Hoc Committee (Committee of the Whole)

Carol Skydell, Chair

Sy Wellikson, Vice Chair

Non-Voting Advisors: Pat Feeney ~~Stanley Feldstein~~

Community Revitalization (Committee of the Whole)

Lucy Shimon, Chair

Carol Moore

Non-Voting Advisors: Debra Green ~~Bea McArthur~~

Exterior Paint Colors Ad Hoc Committee

Isabel Muennichow, Chair

Non-Voting Advisors: Ann Souza, Nina Brice, Debra Green

Finance (Committee of the Whole)

Kathryn Freshley, Chair

Rae Tso, Vice Chair

Non-Voting Advisors: Wei Ming Tao, Rosemarie diLorenzo Dickins, Margaret Klein

Garden Villa Recreation Room Ad Hoc Committee

John Paulus, Chair

Denny Welch, Vice Chair

Non-Voting Advisors: Harry Curtis, Shari Horne, Jeanne Barnett

Information Access Ad Hoc Committee (Committee of the Whole)

Denny Welch, Chair

Carol Skydell, Vice Chair

Non-Voting Advisors: Pat Feeney, Mary Robertson, Faye Pearl

Laguna Canyon Foundation Representative

~~Sy Wellikson~~ Carol Moore

Landscape (Committee of the Whole)

Lucy Shimon, Chair
Isabel Muennichow, Vice Chair
Non-Voting Advisors: Barbara Marsh, John Dudley, Shari Horne, Mike Matzenbacher

Long Range Planning (Committee of the Whole)

Isabel Muennichow, Chair
Denny Welch, Vice Chair

Joint Long Range Planning

Isabel Muennichow, Chair
Denny Welch, Vice Chair

Maintenance and Construction (Committee of the Whole)

John Paulus, Chair
Sy Wellikson, Vice Chair
Non-Voting Advisors: Art Harris, Rosemarie DiLorenzo Dickins, Margaret Klein, Richard Moren

Management Agreement Ad Hoc Committee (Committee of the Whole)

New Resident Orientation

Per Rotation List

Plumbing Ad Hoc Committee (Committee of the Whole)

Sy Wellikson, Chair
John Paulus, Vice Chair

Problem Solutions Ad Hoc Committee (Committee of the Whole)

John Paulus, Chair
Sy Wellikson, Vice Chair

Resident Problem Resolution Services

John Paulus, Chair
Dominic Burrasca, Vice-Chair

Smoking Complaint Ad Hoc Committee (Committee of the Whole)

Denny Welch, Chair
Isabel Muennichow, Vice Chair

Standards Sub-Committee (Committee of the Whole)

Denny Welch, Chair
John Paulus, Vice Chair

Select Audit

Kathryn Freshley
Rae Tso

Traffic

Dominic Burrasca, Chair
Rae Tso, Vice Chair
3rd Person Per Rotation List

Water Conservation Ad Hoc Committee (Committee of the Whole)

Richard Palmer, Chair
Carol Skydell, Vice Chair
Non-Voting Advisor: LeLeng Isaacs

Water Heater Electrical Requirements Ad Hoc Committee

John Paulus
Dick Palmer
Kathryn Freshley
Carol Moore

RESOLVED FURTHER, Resolution 03-11-13, adopted February 15, 2011 is hereby superseded and canceled.

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 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.

DIRECTORS' COMMENTS

There were no Directors Comments.

The Board recessed at 12:40 P.M. and reconvened into Executive Session at 1:40 P.M.

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

During its June 21, 2011 Regular Executive Session Board Meeting, the Board reviewed and approved the minutes of the Regular Executive Session of May 17, 2011; heard no disciplinary hearings; approved ten delinquent assessment write-offs; discussed the Deborah Pitts v. Third Mutual; Ellen Moss v. Third Mutual; Elliot Nesvig v. Third Mutual; Milt Johns (Cross Complainant) v. Professional Community Management, Inc., et al.; and Gilbert and Mary Faust v. Third Mutual.

July 19, 2011

During its June 13, 2011 Special Executive Session Board Meeting, the Board discussed Third Mutual Projects.

With no further business before the Board of Directors, the meeting was adjourned at 5:52 P.M.

Carol Skydell, Secretary