

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

September 20, 2011

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, September 20, 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, Pamela Bashline, Sandy Meyer

CALL TO ORDER

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

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

PLEDGE OF ALLEGIANCE

Director Isabel Muennichow led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

Ms. Lois Rothschild, a freelance reporter, was not present at the start of the meeting, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

APPROVAL OF AGENDA

Without objection, the Board approved the agenda as submitted.

CHAIR'S REPORT—Carol Moore

President Carol Moore acknowledged the 10th Anniversary of 9-11, and thanked all those resident volunteers who volunteer their time working for the Community. President Moore acknowledged Directors Burrasca, Freshley, Skydell and Paulus whose terms will expire in October and thanked them for their time and effort in serving on the Board.

APPROVAL OF THE MINUTES

Without objection the Board approved the minutes of the Regular Meeting of August 16, 2011, and the Special Meeting of August 18, 2011 (Budget Version 3).

CONSENT CALENDAR

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

Maintenance & Construction Committee Recommendations:

- | | |
|-----------|--|
| Bldg 2370 | Approval of appeal request to install alteration handrails at Building at Member's expense |
| 2399-1H | Approval of request to replace sliding glass door with picture window, with contingencies |
| 3045-O | Approval of request to retain picture window, with contingencies |
| 3330-N | Approval of request to retain picture window, with contingencies |
| 4003-1D | Approval of request to remove patio railing, with contingencies |
| 5326-P | Approve request for reimbursement for electricity usage for work performed on breezeway at Building 5326 |
| 5369-1E | Approval of request to remove patio railing, with contingencies |

Landscape Committee Recommendations

- | | |
|---------|--|
| 3077-D | Approval of request for tree removal at Mutual's expense |
| 3207-C | Approval of request for tree removal, with replacement, at Mutual Member's expense |
| 4004-1C | Denial of request for tree removal |

Finance Committee Recommendations

RESOLUTION 03-11-144

Recording of Lien for Member ID 931-350-90

WHEREAS, Member ID 931-350-90 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, September 20, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-350-90; 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 03-11-145

Recording of Lien for Member ID 931-710-08

WHEREAS, Member ID 931-710-08 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, September 20, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-710-08; 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 03-11-146

Recording of Lien for Member ID 932-120-02

WHEREAS, Member ID 932-120-02 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, September 20, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-120-02; 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 03-11-147

Recording of Lien for Member ID 932-810-29

WHEREAS, Member ID 932-810-29 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with

no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, September 20, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-810-29; and

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

RESOLUTION 03-11-148

Recording of Lien for Member ID 933-040-70

WHEREAS, Member ID 933-040-70 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, September 20, 2011, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-040-70; 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 updated the membership on the ongoing GRF projects within the Community.

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 and 378; the Exterior Paint program; the rain gutter replacement program; new cluster mailbox installation; electrical upgrades for water heaters; and the Board's proposed elimination of non-emergency chargeable services.

President Moore described the Board decorum for Member Comments.

THIRD MUTUAL MEMBER COMMENTS and PUBLIC FORUM

- Pat Feeny (2399-1E) commented on an emergency plumbing issue at her manor.
- Shari Horne (2354-3C) thanked the Board for its efforts in conserving water and implementing a recycling program.

- Bill Pivaroff (5336-B) addressed the Board on its proposed action to charge him for the trellis removal work at his manor.

Without objection, the Board agreed to remove agenda item 15(c) *Entertain Motion to Approve Trellis Removal Work at 5336-B* and return it back to the Maintenance and Construction Committee for further review.

- Bud Nesvig (2392-3H) commented on the epoxy program and flooding.
- Bernard Block (2254-B) addressed the Board on a screen he placed in his carport to protect his vehicle and Security's request that he remove the alteration.
- Art Harris (3244-1G) commented on campaign materials circulating the Community.

DIRECTORS' RESPONSES TO MEMBER COMMENTS

- Director Wellikson responded to Mr. Nesvig's comments on the epoxy program.
- Directors Welch and Skydell responded to Mr. Nesvig's comments on flooding.
- Director Freshley commented on the need for environmental approvals prior to flooding mitigation.
- Director Paulus commented on the epoxy program.
- Director Tso thanked Ms. Horne for her work with the recycling program and commented on the negative election materials circulating the Community.
- Director Muennichow responded to Mr. Block's alteration.

OLD BUSINESS

The Secretary of the Corporation, Director Carol Skydell, provided a summary of the proposed resolution adopting tree removal guidelines which was postponed from the previous month to satisfy the 30-day notification requirement. Director Wellikson moved to approve the resolution. Director Skydell 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 03-11-149

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 should not be removed merely because they are messy, or because of residents' personal preferences concerning shape, color, size, or fragrance.

- 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 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.

NEW BUSINESS

The Secretary of the Corporation read a proposed resolution adopting the 2012 Business Plan. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued on the reduction in the Landscape budget.

Members Mike Straziuso (4006-2E) commented on the Landscape budget reduction and asked that the Board postpone approval of the resolution; Harry Curtis (5371-2A) commented on the Elevator Replacement Fund; Barbara Marsh (3433-B) presented her concerns with the Landscape budget reduction; and Shari Horne (2354-3C) reminded the membership that there is still a water shortage.

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

RESOLUTION 03-11-150

THIRD LAGUNA HILLS MUTUAL 2012 BUSINESS PLAN

RESOLVED, September 20, 2011, that the Business Plan of this Corporation for the year 2012 is hereby adopted and approved; and

RESOLVED FURTHER, that pursuant to said business plan, the Board of Directors of this Corporation hereby estimates that the net sum of \$25,907,309 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions for the year 2012. In addition, the sum of \$15,214,112 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2012. Therefore, a total of \$41,121,421 is required to be collected from and paid by members of the Corporation as monthly assessments; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby approves expenditures from reserves in the sum of \$6,210,814 of which \$4,533,300 is planned from the Replacement Fund, \$354,000 from the Elevator Replacement Fund, \$199,592 from the Laundry Replacement Fund, \$1,043,000 from the Disaster Fund, and \$80,922 from the Garden Villa Recreation Room Fund; and

RESOLVED FURTHER, that all sums paid into the Replacement Reserves shall be used for capital expenditures only and shall be credited on the books of account of the Corporation to Paid-In Surplus as a capital contribution; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2012 and as filed in the records of the Corporation, said assessments to be due and payable by the members of this Corporation on the first day of each month for the year 2012; and

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

Director Welch left the meeting at 10:59 A.M.

The Secretary of the Corporation read a proposed resolution adopting the 2012 Replacement Reserves Plan. Director Skydell moved to approve the resolution. Director Freshley seconded the motion.

By a vote of 9-0-0 (Director Welch was absent from the meeting), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-11-151

**THIRD LAGUNA HILLS MUTUAL
2012 REPLACEMENT RESERVES**

WHEREAS, planned assessments or other contributions to replacement reserves must be projected to ensure balances will be sufficient at the end of each year to meet the Corporation's obligations for repair and/or replacement of major components during the next 30 years; and

WHEREAS, Civil Code § 1365.2.5 requires specific reserve funding disclosure statements for common interest developments;

NOW THEREFORE BE IT RESOLVED, September 20, 2011, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding

Plans (attached) with the objective of maintaining replacement reserve balances at or above established thresholds totaling \$4,965,000, while meeting its obligations to repair and/or replace major components; and

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

Director Welch returned to the meeting at 11:01 A.M.

The Secretary of the Corporation read a proposed resolution regarding attendance at GRF Closed Session Board meetings. Director Skydell moved to approve the resolution. Director Wellikson seconded the motion and discussion ensued.

Director Muennichow amended the motion to revise the sixth paragraph to read: "...that the Board of Directors of this Corporation may attend only those GRF Executive Session meetings authorized by the GRF Board; and. Director Welch seconded the motion and discussion ensued.

Members Pat Feeney (2399-1E), Barbara Marsh (3433-B), and Bud Nesvig (2392-3H) commented on the amendment.

By a vote of 7-3-0 (Directors Palmer, Tso and Wellikson opposed), the amendment carried.

By a vote of 7-2-1 (Directors Palmer and Tso opposed, and Director Freshley abstained), the motion carried and the Board of Directors adopted the following resolution as amended:

RESOLUTION 03-11-152

GRF Executive Session Meetings

WHEREAS, Section 1363.05 specifically states that "[a]ny member of the association may attend meetings of the board of directors of the association, except when the board adjourns to executive session..." and a Bylaw provision cannot alter Civil Code section 1363.05's mandate that association members (including the corporate members and mutual members of GRF) have no legal right to attend GRF Board executive sessions, and;

WHEREAS, the legislature authorizes a Board of Directors (under very limited circumstances) to meet privately in executive session because it realized that Directors must be able to discuss certain matters confidentially, and;

WHEREAS, this important legislative purpose would be completely thwarted if the membership could legally adopt a bylaw amendment which eliminated a Board's right to meet privately in executive session pursuant to Section 1363.05, and;

WHEREAS, Third Mutual Board has knowledge of these facts; and

WHEREAS, Third Mutual Board seeks to properly observe the law;

NOW THEREFORE BE IT RESOLVED, September 20, 2011, ~~that the Board of Directors of this Corporation will continue to comply with the law and therefore will prohibit the attendance of any Third Mutual Director(s) at any GRF Executive Session Meeting without permission of the GRF Board;~~ and that the Board of Directors of this Corporation may attend only those GRF Executive Session meetings authorized by the GRF Board; and

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

The Secretary of the Corporation read a proposed resolution adding Betty Parker as Assistant Treasurer to the Staff officer appointments. Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

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

RESOLUTION 03-11-153

Staff Officers

RESOLVED, September 20, 2011, that the following Staff persons are hereby elected as officers of this corporation:

Jerry Storage

Vice President

Betty Parker

Assistant Treasurer

Patty Kurzet

Assistant Secretary

Cris Robinson

Assistant Secretary

Wendy Panizza

Assistant Secretary, for
the purpose of
representing Third
Mutual in Small Claims
Court

Scott Dunham

Assistant Secretary, for
the purpose of
representing Third

Mutual in Small Claims
Court

RESOLVED FURTHER, that Resolution 03-10-82 adopted June 15, 2010 is hereby superseded and canceled.

Director Skydell made a motion to discuss the task of creating a satisfaction survey at the next Operating Rules Ad Hoc Committee. Director Wellikson seconded the motion and discussion ensued. The motion carried with Director Welch opposing.

FINANCE REPORT

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

The Secretary of the Corporation read the following proposed resolution approving the Mutual's Collection and Lien Enforcement Policy:

RESOLUTION 03-11

WHEREAS, Section 1365 of the California Civil Code requires that homeowner associations have a specific policy relating to collection of delinquent assessment accounts and enforcement of liens placed upon such delinquent properties; and

NOW THEREFORE BE IT RESOLVED, November 15, 2011, that the Board of Directors of this Corporation hereby approves the attached Collection and Lien Enforcement Policy and Procedures for Assessment Delinquencies, effective January 1, 2012; and

RESOLVED FURTHER, that Resolution 03-10-141, adopted September 21, 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 the resolution as written.

Director Skydell moved to approve the resolution. Director Freshley seconded the motion.

Without objection, the Board postponed the resolution to the October meeting to conform to the 30-day notification requirements.

The Secretary of the Corporation read the following proposed resolution increasing the annual common area golf cart electric charge:

RESOLUTION 03-11

WHEREAS, as a convenience to the residents, Third Mutual allows rechargeable battery powered vehicles to be recharged in Mutual-owned charging stations as well as other common areas; and

WHEREAS, to recover the electricity expense incurred, residents recharging rechargeable battery powered vehicles pay an annual fee designed to reimburse the Mutual for the cost of the used electricity;

NOW THEREFORE BE IT RESOLVED, November 15, 2011, that due to escalating electricity rates, the Board of Directors of this Corporation hereby authorizes and directs its managing agent to increase the annual common area golf cart electric charge from \$80 to \$100 per year; and

RESOLVED FURTHER, that the increase shall be effective January 1, 2012; and

RESOLVED FURTHER, that Resolution 03-08-105 adopted October 21, 2008 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 the resolution as written.

Director Skydell moved to approve the resolution. Director Freshley seconded the motion and discussion ensued.

Without objection, the Board postponed the resolution to the October meeting to conform to the 30-day notification requirements.

COMMITTEE REPORTS

Director Lucy Shimon reported from the Landscape Committee.

Member Shari Horne (2354-3C) commented on the distribution of the Recycling Program flyers.

Director John Paulus reported from the Maintenance and Construction Committee.

The Secretary of the Corporation read a proposed resolution ending delivery of non-emergency chargeable services. Director Skydell moved to approve the resolution. Director Wellikson seconded the motion and discussion ensued.

Members Pat Feeney (2399-1E), Harry Curtis (5371-2A), and Marty Rhodes (5369-2A) addressed the Board on the resolution.

By a vote of 8-2-0 (Directors Muennichow and Welch opposed), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-11-154

**Ending Delivery of Non-Emergency Chargeable Services by the
Maintenance Division**

WHEREAS, according to Article IV of the CC&Rs, any alteration, addition, fixture or improvement installed by the Mutual Member or any predecessor, whether within or without the Manor, is to be repaired or maintained by the Mutual Member at the Mutual Member's own expense; and

WHEREAS, Third Mutual currently provides chargeable maintenance and landscape services as a courtesy to its membership; and

WHEREAS, administration of non-emergency chargeable services work for the Mutual by the Maintenance Division requires approximately 3,245 hours per year in administrative time for regular processing and another 440 hours per year for disputes for such services;

NOW THEREFORE BE IT RESOLVED, September 20, 2011, that the Board hereby agrees to eliminate delivery of non-emergency chargeable services by the Maintenance Division after January 1, 2012, and hereby approves the attached Summary of Chargeable Maintenance Services Items clarifying circumstances under which a Mutual Member is responsible for charges related to maintenance services, circumstances under which the Mutual would respond if it were a maintenance emergency, and circumstances under which the Mutual would no longer respond; and

RESOLVED FURTHER, that Staff will refocus its administrative efforts on the immediate maintenance needs of Third Mutual; and

RESOLVED FURTHER, that emergency services that are chargeable will still be provided by the Mutual and for services not the responsibility of the Mutual, the Mutual Member will be charged for the repair, including a \$10.00 service charge, the cost of direct materials used and prorated labor; and

RESOLVED FURTHER, that Resolution 03-03-73 adopted November 18, 2003 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 proposed resolution approving a request of Mr. Seymour Cohen of 2334-A Avenida Sevilla to construct a walkway. Director Skydell moved to approve the resolution. Director Welch seconded the motion and discussion ensued.

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

RESOLUTION 03-11-155

Walkway Request

WHEREAS, Mr. Seymour Cohen of 2334-A Avenida Sevilla requested that the Mutual construct a walkway from the sidewalk to a walkway adjacent to the manor's entrance at the Mutual's expense;

NOW THEREFORE BE IT RESOLVED, September 20, 2011, that because a new walkway would benefit residents and guests of manors 2334-A and 2334-D, the Board of Directors hereby approves the request of Mr. Seymour Cohen of 2334-A Avenida Sevilla to construct a walkway with curved transitions at Mutual expense for the approximate cost of \$2,220 to be charged to the Mutual's operating budget in General Maintenance; and

RESOLVED FURTHER, that the Mutual would be responsible for all future expenses for repair and maintenance of the walkway; 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 reconsidered previously approved Resolution 03-11-152. Director Skydell made a motion to rescind Resolution 03-11-152. Director Freshley seconded the motion and discussion ensued. By a vote of 7-3-0 (Directors Tso, Welch, Wellikson opposed), the motion carried.

The Board revised the previously rescinded resolution.

Mr. Storage read the proposed resolution regarding Board attendance at GRF Executive Session meetings as amended.

Director Welch moved to approve the resolution. Director Wellikson seconded the motion.

By a vote of 8-2-0 (Directors Palmer and Tso opposed), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-11-156

GRF Executive Session Meetings

WHEREAS, Section 1363.05 specifically states that "[a]ny member of the association may attend meetings of the board of directors of the association,

except when the board adjourns to executive session..." and a Bylaw provision cannot alter Civil Code section 1363.05's mandate that association members (including the corporate members and mutual members of GRF) have no legal right to attend GRF Board executive sessions, and;

WHEREAS, the legislature authorizes a Board of Directors (under very limited circumstances) to meet privately in executive session because it realized that Directors must be able to discuss certain matters confidentially, and;

WHEREAS, this important legislative purpose would be completely thwarted if the membership could legally adopt a bylaw amendment which eliminated a Board's right to meet privately in executive session pursuant to Section 1363.05, and;

WHEREAS, Third Mutual Board has knowledge of these facts; and

WHEREAS, Third Mutual Board seeks to properly observe the law;

NOW THEREFORE BE IT RESOLVED, September 20, 2011, that the Board of Directors of this Corporation may attend GRF Executive Session meetings only by invitation of the GRF Board; and

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

- Director Muennichow reported from the Government and Public Relations Committee regarding new legislation.

Director Freshley reported on the Village Cost Savings Discussion Group.

DIRECTORS' COMMENTS

- Director Freshley thanked Director Palmer on investigating low-flow toilets.
- Director Muennichow announced that this is the last Board meeting before the Annual Meeting and encouraged residents to vote.
- Director Shimon thanked the Board for all their efforts in serving the Community.
- Director Palmer commented on contacting the City on installing low-flow toilets.

The Board recessed at 1:17 P.M. and reconvened into Executive Session at 2:09 P.M.

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

During its August 16, 2011 Regular Executive Session Board Meeting, the Board reviewed and approved the minutes of the Regular Executive Session of July 19, 2011; Special Executive Disciplinary Committee of July 25, 2011; Special Executive Disciplinary Committee of July 26, 2011; Special Executive Disciplinary Committee of July 27, 2011 (morning session); Special Executive Disciplinary Committee of July 27, 2011 (evening session); and Special Executive Session of July 28, 2011. The Board heard 2 disciplinary hearings; approved the recording of Notices of Default for Member ID 931-480-84 and Member ID 932-380-13; approved three delinquent assessment write-offs and six chargeable service write-offs; discussed the Elliot Nesvig v. Third Mutual; and Gladys Yacoubian v. Third Mutual litigation matters; and discussed other member disciplinary matters; and discussed contractual and litigation matters.

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

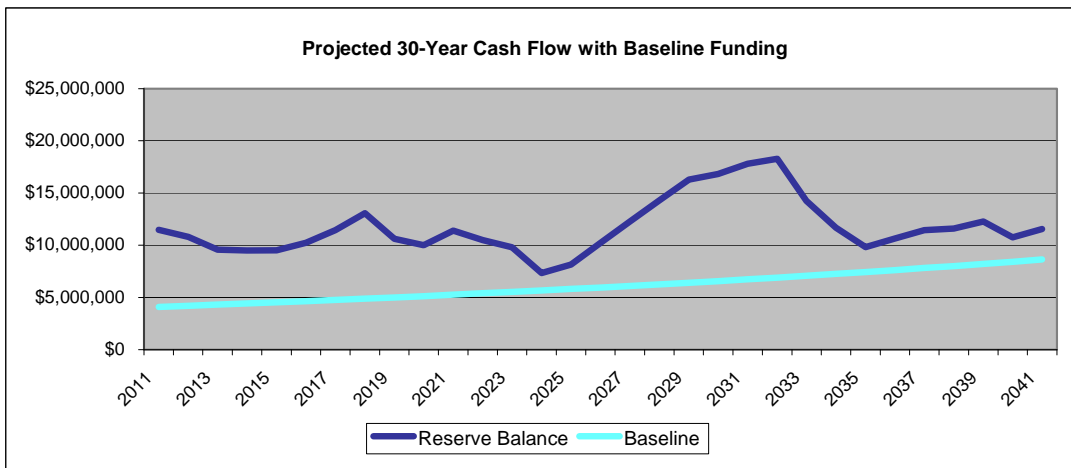
With no further business before the Board of Directors, the meeting was adjourned at 3:45 P.M.

Carol Skydell, Secretary

**THIRD LAGUNA HILLS MUTUAL
 2012 RESERVES PLAN
 Replacement Reserve 30-Year Funding Plan**

Baseline (Threshold): \$ 4,200,000
 Indexed for projected inflation

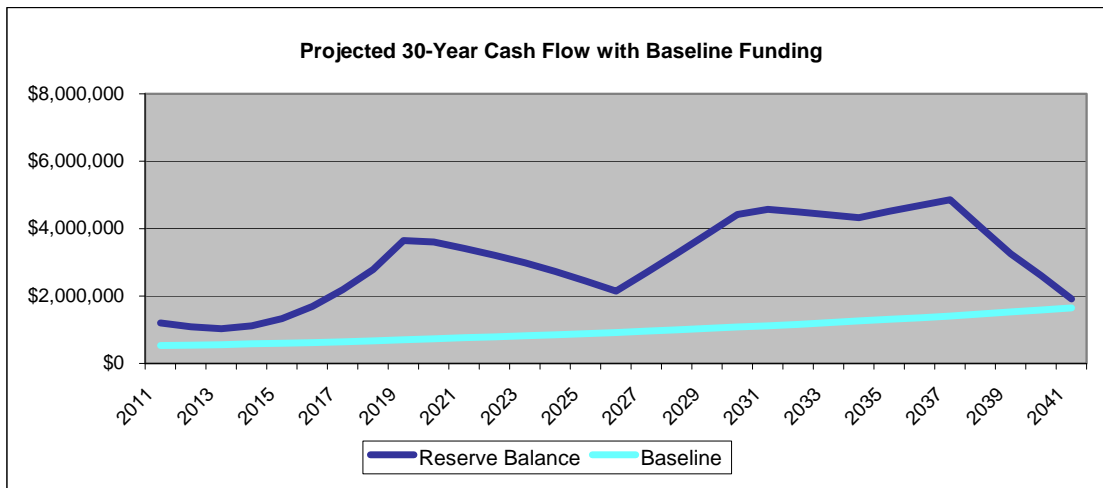
| Year | Assessment | | Interest Earnings | Other Additions | Planned Expenditures | Reserve Balance |
|------|----------------------|--------------------|-------------------|-----------------|----------------------|-----------------|
| | Per Man or Per Month | Total Contribution | | | | |
| 2011 | \$ 50.00 | \$ 3,661,200 | \$ 229,784 | | \$ 3,057,610 | \$ 11,473,669 |
| 2012 | \$ 50.00 | \$ 3,661,200 | \$ 193,158 | | \$ 4,533,300 | \$ 10,794,727 |
| 2013 | \$ 50.00 | \$ 3,661,200 | \$ 176,529 | | \$ 5,075,943 | \$ 9,556,513 |
| 2014 | \$ 50.00 | \$ 3,661,200 | \$ 165,312 | | \$ 3,881,383 | \$ 9,501,642 |
| 2015 | \$ 50.00 | \$ 3,661,200 | \$ 164,886 | | \$ 3,820,387 | \$ 9,507,341 |
| 2016 | \$ 50.00 | \$ 3,661,200 | \$ 171,253 | | \$ 3,104,163 | \$ 10,235,631 |
| 2017 | \$ 50.00 | \$ 3,661,200 | \$ 188,010 | | \$ 2,645,566 | \$ 11,439,275 |
| 2018 | \$ 50.00 | \$ 3,661,200 | \$ 212,540 | | \$ 2,249,513 | \$ 13,063,502 |
| 2019 | \$ 50.00 | \$ 3,661,200 | \$ 205,537 | | \$ 6,298,226 | \$ 10,632,013 |
| 2020 | \$ 51.00 | \$ 3,734,424 | \$ 179,033 | | \$ 4,537,539 | \$ 10,007,931 |
| 2021 | \$ 52.00 | \$ 3,807,648 | \$ 185,681 | | \$ 2,602,824 | \$ 11,398,435 |
| 2022 | \$ 53.00 | \$ 3,880,872 | \$ 189,978 | | \$ 4,966,000 | \$ 10,503,286 |
| 2023 | \$ 54.00 | \$ 3,954,096 | \$ 176,152 | | \$ 4,829,020 | \$ 9,804,514 |
| 2024 | \$ 55.00 | \$ 4,027,320 | \$ 148,604 | | \$ 6,653,041 | \$ 7,327,397 |
| 2025 | \$ 55.00 | \$ 4,027,320 | \$ 134,386 | | \$ 3,323,661 | \$ 8,165,443 |
| 2026 | \$ 55.00 | \$ 4,027,320 | \$ 159,521 | | \$ 2,127,247 | \$ 10,225,036 |
| 2027 | \$ 55.00 | \$ 4,027,320 | \$ 195,098 | | \$ 2,180,429 | \$ 12,267,026 |
| 2028 | \$ 55.00 | \$ 4,027,320 | \$ 230,356 | | \$ 2,234,939 | \$ 14,289,762 |
| 2029 | \$ 55.00 | \$ 4,027,320 | \$ 265,265 | | \$ 2,290,813 | \$ 16,291,534 |
| 2030 | \$ 55.00 | \$ 4,027,320 | \$ 287,210 | | \$ 3,786,386 | \$ 16,819,678 |
| 2031 | \$ 55.00 | \$ 4,027,320 | \$ 300,195 | | \$ 3,358,725 | \$ 17,788,468 |
| 2032 | \$ 55.00 | \$ 4,027,320 | \$ 312,864 | | \$ 3,848,379 | \$ 18,280,272 |
| 2033 | \$ 57.00 | \$ 4,173,768 | \$ 282,090 | | \$ 8,495,461 | \$ 14,240,669 |
| 2034 | \$ 59.00 | \$ 4,320,216 | \$ 224,733 | | \$ 7,117,776 | \$ 11,667,843 |
| 2035 | \$ 61.00 | \$ 4,466,664 | \$ 186,353 | | \$ 6,504,880 | \$ 9,815,980 |
| 2036 | \$ 63.00 | \$ 4,613,112 | \$ 177,597 | | \$ 3,948,284 | \$ 10,658,405 |
| 2037 | \$ 65.00 | \$ 4,759,560 | \$ 191,644 | | \$ 4,174,162 | \$ 11,435,447 |
| 2038 | \$ 65.00 | \$ 4,759,560 | \$ 199,845 | | \$ 4,791,031 | \$ 11,603,821 |
| 2039 | \$ 65.00 | \$ 4,759,560 | \$ 207,000 | | \$ 4,310,028 | \$ 12,260,353 |
| 2040 | \$ 65.00 | \$ 4,759,560 | \$ 199,584 | | \$ 6,470,697 | \$ 10,748,800 |
| 2041 | \$ 65.00 | \$ 4,759,560 | \$ 193,416 | | \$ 4,152,484 | \$ 11,549,292 |



**THIRD LAGUNA HILLS MUTUAL
 2012 RESERVES PLAN
 Elevator Reserve 30-Year Funding Plan**

Baseline (Threshold): \$ 540,000
 Indexed for projected inflation

| Year | Assessment | | Interest Earnings | Planned Expenditures | Reserve Balance |
|------|---------------------|--------------------|-------------------|----------------------|-----------------|
| | Per Manor Per Month | Total Contribution | | | |
| 2011 | \$ 3.00 | \$ 219,672 | \$ 25,831 | \$ 326,943 | \$ 1,202,255 |
| 2012 | \$ 3.00 | \$ 219,672 | \$ 19,864 | \$ 354,000 | \$ 1,087,791 |
| 2013 | \$ 5.00 | \$ 366,120 | \$ 18,392 | \$ 439,725 | \$ 1,032,578 |
| 2014 | \$ 7.00 | \$ 512,568 | \$ 18,611 | \$ 450,718 | \$ 1,113,039 |
| 2015 | \$ 9.00 | \$ 659,016 | \$ 21,202 | \$ 461,986 | \$ 1,331,271 |
| 2016 | \$ 11.00 | \$ 805,464 | \$ 26,202 | \$ 473,536 | \$ 1,689,401 |
| 2017 | \$ 13.00 | \$ 951,912 | \$ 33,647 | \$ 485,374 | \$ 2,189,586 |
| 2018 | \$ 13.00 | \$ 951,912 | \$ 43,207 | \$ 393,136 | \$ 2,791,569 |
| 2019 | \$ 13.00 | \$ 951,912 | \$ 55,843 | \$ 153,043 | \$ 3,646,280 |
| 2020 | \$ 7.00 | \$ 512,568 | \$ 62,900 | \$ 616,512 | \$ 3,605,237 |
| 2021 | \$ 7.00 | \$ 512,568 | \$ 60,941 | \$ 758,310 | \$ 3,420,436 |
| 2022 | \$ 7.00 | \$ 512,568 | \$ 57,542 | \$ 777,267 | \$ 3,213,279 |
| 2023 | \$ 7.00 | \$ 512,568 | \$ 53,746 | \$ 796,699 | \$ 2,982,894 |
| 2024 | \$ 7.00 | \$ 512,568 | \$ 49,540 | \$ 816,616 | \$ 2,728,385 |
| 2025 | \$ 7.00 | \$ 512,568 | \$ 44,908 | \$ 837,032 | \$ 2,448,829 |
| 2026 | \$ 7.00 | \$ 512,568 | \$ 39,832 | \$ 857,958 | \$ 2,143,272 |
| 2027 | \$ 7.00 | \$ 512,568 | \$ 41,992 | \$ - | \$ 2,697,832 |
| 2028 | \$ 7.00 | \$ 512,568 | \$ 51,697 | \$ - | \$ 3,262,097 |
| 2029 | \$ 7.00 | \$ 512,568 | \$ 61,572 | \$ - | \$ 3,836,237 |
| 2030 | \$ 7.00 | \$ 512,568 | \$ 71,619 | \$ - | \$ 4,420,424 |
| 2031 | \$ 7.00 | \$ 512,568 | \$ 78,035 | \$ 435,073 | \$ 4,575,954 |
| 2032 | \$ 7.00 | \$ 512,568 | \$ 78,740 | \$ 665,606 | \$ 4,501,656 |
| 2033 | \$ 7.00 | \$ 512,568 | \$ 77,294 | \$ 682,246 | \$ 4,409,272 |
| 2034 | \$ 7.00 | \$ 512,568 | \$ 75,781 | \$ 670,380 | \$ 4,327,241 |
| 2035 | \$ 7.00 | \$ 512,568 | \$ 76,663 | \$ 405,508 | \$ 4,510,964 |
| 2036 | \$ 7.00 | \$ 512,568 | \$ 79,790 | \$ 415,645 | \$ 4,687,677 |
| 2037 | \$ 7.00 | \$ 512,568 | \$ 82,792 | \$ 426,036 | \$ 4,857,001 |
| 2038 | \$ 7.00 | \$ 512,568 | \$ 77,248 | \$ 1,398,235 | \$ 4,048,581 |
| 2039 | \$ 7.00 | \$ 512,568 | \$ 63,355 | \$ 1,369,206 | \$ 3,255,298 |
| 2040 | \$ 7.00 | \$ 512,568 | \$ 50,845 | \$ 1,212,272 | \$ 2,606,440 |
| 2041 | \$ 7.00 | \$ 512,568 | \$ 39,225 | \$ 1,242,579 | \$ 1,915,654 |

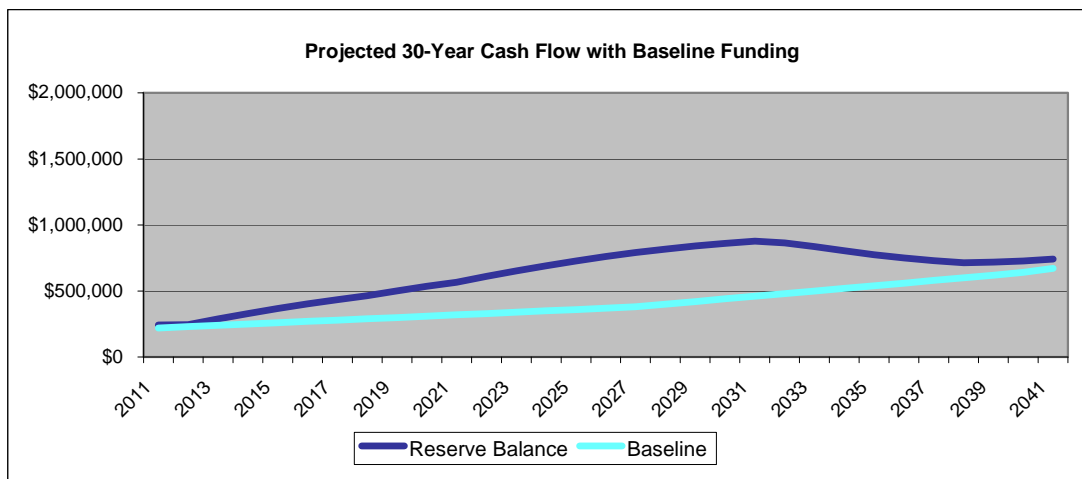


**THIRD LAGUNA HILLS MUTUAL
 2012 RESERVES PLAN
 Laundry Reserve 30-Year Funding Plan**

Baseline (Threshold): \$ 225,000
 Indexed for projected inflation

| Year | Assessment | | Interest Earnings | Planned Expenditures | Reserve Balance |
|------|---------------------|--------------------|-------------------|----------------------|-----------------|
| | Per Manor Per Month | Total Contribution | | | |
| 2011 | \$ 3.50 | \$ 183,976 | \$ 4,960 | \$ 178,986 | \$ 243,630 |
| 2012 | \$ 4.75 | \$ 196,878 | \$ 4,240 | \$ 199,592 | \$ 245,156 |
| 2013 | \$ 4.00 | \$ 165,792 | \$ 4,628 | \$ 127,215 | \$ 288,361 |
| 2014 | \$ 4.00 | \$ 165,792 | \$ 5,356 | \$ 130,395 | \$ 329,114 |
| 2015 | \$ 4.00 | \$ 165,792 | \$ 6,041 | \$ 133,655 | \$ 367,292 |
| 2016 | \$ 4.00 | \$ 165,792 | \$ 6,680 | \$ 136,997 | \$ 402,767 |
| 2017 | \$ 4.00 | \$ 165,792 | \$ 7,270 | \$ 140,422 | \$ 435,408 |
| 2018 | \$ 4.00 | \$ 165,792 | \$ 7,811 | \$ 143,932 | \$ 465,078 |
| 2019 | \$ 4.00 | \$ 165,792 | \$ 8,389 | \$ 137,180 | \$ 502,080 |
| 2020 | \$ 4.00 | \$ 165,792 | \$ 9,002 | \$ 141,114 | \$ 535,759 |
| 2021 | \$ 4.00 | \$ 165,792 | \$ 9,561 | \$ 144,642 | \$ 566,470 |
| 2022 | \$ 4.00 | \$ 165,792 | \$ 10,211 | \$ 131,808 | \$ 610,664 |
| 2023 | \$ 4.00 | \$ 165,792 | \$ 10,955 | \$ 135,104 | \$ 652,308 |
| 2024 | \$ 4.00 | \$ 165,792 | \$ 11,654 | \$ 138,481 | \$ 691,272 |
| 2025 | \$ 4.00 | \$ 165,792 | \$ 12,306 | \$ 141,943 | \$ 727,427 |
| 2026 | \$ 4.00 | \$ 165,792 | \$ 12,908 | \$ 145,492 | \$ 760,635 |
| 2027 | \$ 4.00 | \$ 165,792 | \$ 13,457 | \$ 149,129 | \$ 790,755 |
| 2028 | \$ 4.00 | \$ 165,792 | \$ 13,951 | \$ 152,857 | \$ 817,640 |
| 2029 | \$ 4.00 | \$ 165,792 | \$ 14,388 | \$ 156,679 | \$ 841,142 |
| 2030 | \$ 4.00 | \$ 165,792 | \$ 14,765 | \$ 160,596 | \$ 861,103 |
| 2031 | \$ 4.00 | \$ 165,792 | \$ 15,080 | \$ 164,611 | \$ 877,364 |
| 2032 | \$ 4.00 | \$ 165,792 | \$ 15,114 | \$ 193,183 | \$ 865,087 |
| 2033 | \$ 4.00 | \$ 165,792 | \$ 14,766 | \$ 208,457 | \$ 837,188 |
| 2034 | \$ 4.00 | \$ 165,792 | \$ 14,232 | \$ 213,668 | \$ 803,544 |
| 2035 | \$ 4.25 | \$ 176,154 | \$ 13,687 | \$ 219,010 | \$ 774,375 |
| 2036 | \$ 4.50 | \$ 186,516 | \$ 13,219 | \$ 224,485 | \$ 749,626 |
| 2037 | \$ 4.75 | \$ 196,878 | \$ 12,828 | \$ 230,097 | \$ 729,234 |
| 2038 | \$ 5.00 | \$ 207,240 | \$ 12,511 | \$ 235,849 | \$ 713,136 |
| 2039 | \$ 5.25 | \$ 217,602 | \$ 12,417 | \$ 224,785 | \$ 718,370 |
| 2040 | \$ 5.50 | \$ 227,964 | \$ 12,543 | \$ 231,232 | \$ 727,644 |
| 2041 | \$ 5.75 | \$ 238,326 | \$ 12,745 | \$ 237,013 | \$ 741,702 |

Note: 2011 contribution includes \$38,908 to adjust for incorrect charges paid from this fund.



Summary of Chargeable Maintenance Services Items of Work

| | Mutual Responsibility | Member Responsibility | Mutual No Longer Providing Repairs as a Chargeable Service |
|--|--------------------------|--------------------------|--|
| Appliances | | | |
| Appliance Repairs | | X | X |
| Electrical | | | |
| Thermostat | | X | X |
| Repair of resident-controlled electrical fixtures (wall outlets, switches, panels, breakers, ballasts, starters, chimes, transformers) | | X | X |
| Doorbells (exterior button only) | X | | |
| Fans and wall heaters | | X | X |
| Interior electrical components | | X | X |
| Replacement of resident-controlled light bulbs | | X | X |
| Carpentry | | | |
| All roofing types (leaks, repairs, replacements, excluding alterations) | X | | |
| Repair of flashing, gutters, downspouts (except on alterations) | X | | |
| Repair/replace windows and screens/screen doors | | X | X |
| Repair of main entry door locks (except alterations and deadbolts) | X | | |
| Repair built-in patio storage cabinets (original only) | X | | |
| Repair storage cabinets, free standing | | X | X |
| Re-key locks (entry)/Install deadbolts | | X | X |
| Re-key locks (mailbox) | | X | |

Summary of Chargeable Maintenance Services Items of Work

| | Mutual Responsibility | Member Responsibility | Mutual No Longer Providing Repairs as a Chargeable Service |
|---|-----------------------|-----------------------|--|
| Carpentry | | | |
| Broken or cracked windows (unknown or resident cause) | | X | X |
| Repairs due to settling | X | | |
| Replacement of medicine cabinet | | X | X |
| Maintain approved exterior alterations | | X | X |
| Sagging kitchen cabinets resulting from building movement | X | | |
| Repair of carport cabinet (original) | X | | |
| Interior finish damage to building by dampness, condensation (mildew) | | X | X |
| Repair/replace ceramic tile tub, shower, drain board | | X | X |
| Structural balcony repairs | X | | |
| Repair sliding screen door and sliding glass door | | X | X |
| Repair window and sliding door framework attached to building | X | | |
| Painting | | | |
| Paint entry doors (on paint program) | X | | |
| Painting of manor interiors | | X | X |
| Painting of exterior | X | | |
| Plumbing | | | |
| Repair/replace plumbing fixtures and appurtenances | | X | X |
| Plumbing stoppage (caused by resident) | | X | |

Summary of Chargeable Maintenance Services Items of Work

| | Mutual Responsibility | Member Responsibility | Mutual No Longer Providing Repairs as a Chargeable Service |
|--|-----------------------|-----------------------|--|
| Plumbing | | | |
| Plumbing stoppage multiple (main line building or lateral) | X | | |
| Water leaks in walls, below slab | X | | |
| Leak investigations | X | | |
| Repair/replace stoppers, basins, tub | | X | X |
| Secure water heater or fixture leak | | X | |
| Repair/replace water heaters | | X | X |