

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

May 8, 2012

The Regular Meeting of the Board of Directors of United Laguna Hills Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Tuesday, May 8, 2012 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Ron Beldner, Catherine Brians, Paul Vogel, Roger Turner, John Dalis, Barbara Copley, Heather Gerson, Jack Bassler, Charles Hammer, Mary Stone, Barbara B. Howard

Directors Absent: None

Staff Present: Jerry Storage, Patty Kurzet; Cris Robinson, Luis Rosas (Executive Session only)

Others Present: Sandra Gottlieb of Swedelson & Gottlieb

CALL TO ORDER

Ron Beldner, President of the Corporation, chaired and opened the meeting, and stated that it was a Regular Meeting held pursuant to notice duly given. A quorum was established and the meeting was called to order at 9:30 A.M.

PLEDGE OF ALLEGIANCE

Director Barbara Copley led the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

A representative of the Laguna Woods Globe was present, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

GRF President Lloyd Foster announced that Connexion Technologies, the Community's Broadband service provider, filed for Chapter 11 bankruptcy protection on April 26, 2012 and stated that GRF and PCM will work closely with Connexion through its reorganization process to minimize any impact the filing may have on Village customers.

APPROVAL OF AGENDA

Director Gerson moved to approve the agenda as submitted. Director Turner seconded the motion and the motion carried with Director Howard opposing.

CHAIR'S REMARKS

President Beldner postponed his comments to after Members' Comments.

MEMBER COMMENTS

- Leo George (2099-A) commented on the six-month lease restriction and the proposed impact on the Community.

- Tony Dauer (96-C) suggested that the Board change its name to United Laguna Woods Mutual; and spoke to leaky faucets and insurance.
- Mike Gennero (2056-B) spoke to community lighting.
- Kay Margason (510-C) commented on Seal Beach saving money on self-management.
- Burns Nugent (482-C) spoke on behalf of the Candidate Information Committee and encouraged those interested in running for the Board to pick up an application in the General Manager's office.
- Natalie Fenstermacher (712-P) spoke to her dispute with her neighbor.
- Pamela Grundke (2214-B) commented on the need for transparency and the Community's loss of its 501(c)(4) tax status.

RESPONSE TO MEMBER COMMENTS

- Director Copley responded to Mr. Gennero's comments on lighting.
- Director Stone responded to Mr. Dauer's comments on changing the Mutual's name.
- Director Vogel stated that the Board is responsive to the residents' needs.
- President Beldner commented on the misinformation and misrepresentations circulating the Community from the PPV and Resident's Voice groups regarding the six-month lease restriction, transparency, and real estate values.
- Director Dalis explained the cost difference between living in a condo and a co-op.

APPROVAL OF MINUTES

The Board reviewed and approved without objection the minutes of the Special Meeting of April 9, 2012 and the Regular Meeting of April 10, 2012.

UNFINISHED BUSINESS

The Secretary of the Corporation read a proposed resolution establishing an Interior Pest Control Policy, which was postponed from last month to satisfy the 30-day notification requirement. Director Copley moved to approve the resolution. Director Gerson seconded the motion.

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

RESOLUTION 01-12-84

WHEREAS, the Mutual's current approach to manor pest control issues is essentially consistent with legal counsel's opinion that the Mutual does not have the responsibility to eradicate pests in individual manors; however, the Mutual does not have a formal policy in place to address such matters; and

WHEREAS, establishing a policy would enable Staff to efficiently and effectively administer pest eradication measures should the need arise in a multi-unit building infestation, as well as effectively set an expectation level for residents regarding responsibilities on pest control issues in their manors;

NOW THEREFORE BE IT RESOLVED, May 8, 2012, that the Board of Directors of this Corporation hereby establishes an Interior Pest Control Policy as attached to the minutes of this meeting; and

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

The Secretary of the Corporation read the following proposed resolution approving the Administrative Guidelines for Financial Qualifications which was postponed from last month to conform to the 30-day notification requirement:

RESOLUTION 01-12

WHEREAS, prospective buyers of manors in United Laguna Hills Mutual are required to meet minimum financial requirements for membership;

NOW THEREFORE BE IT RESOLVED, June 12, 2012, that the Board of Directors of this Corporation approves the Administrative Guidelines for Financial Qualifications as attached to the minutes of this meeting; and

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

Director Copley moved to approve the resolution. Director Gerson seconded the motion and discussion ensued.

Without objection, the Board postponed the motion to the June meeting to satisfy the 30-day notification requirements.

The Secretary of the Corporation summarized the following proposed resolution rescinding the Mutual's Adjacent Dual Ownership Agreement Policy which was postponed from last month to conform to the 30-day notification requirement:

RESOLUTION 01-12

RESCINDING ADJACENT DUAL OWNERSHIP POLICY

WHEREAS the Board of Directors ("Board") of United Laguna Hills Mutual, a mutual benefit corporation ("United"), held a meeting on February 14, 2012 at which a quorum of the Board was present;

WHEREAS the Board reviewed United's Adjacent Dual Ownership Agreement policy (as contained in Resolution U-84-54, enacted on April 24, 1984). Resolution U-84-54

addresses two separate United policies: the Adjacent Dual Ownership policy, and the Interim Dual Ownership Agreement. The Adjacent Dual Ownership policy consists of the provisions regarding "Back-to-Back Units" and allows a concurrent ownership and occupancy of two physically adjacent units in the same building as a single dwelling, subject to two assessments, also known as carrying charges, under certain limited circumstances. This policy is herein referred to as the "ADO Policy". The other portion of Resolution U-84-54 addresses interim dual ownership of two units under the situation where a member is moving from one unit to another, selling the prior unit and buying the new unit. This policy of permitting interim dual ownership of two units is herein referred to as the "IDO Policy" and is not intended to be affected by the Board's action;

WHEREAS the Board has reviewed the circumstances under which the ADO Policy was enacted, and the problems that have arisen in connection with the use and administration of the ADO Policy;

WHEREAS the Board determined that the ADO Policy which permits two so called "Back-to-Back Units" to be occupied as a single unit and allowed to be accessible to each other via an opening through a common wall, under certain circumstances and pursuant to certain written agreements, is no longer feasible or desirable and is no longer in the best interests of United or its members;

WHEREAS the members of the Board, upon a duly made motion, held a vote to: (a) rescind the ADO Policy effective immediately; (b) take certain steps pursuant to all "Adjacent Dual Ownership Agreements" ("ADO Agreements") currently outstanding and in effect; and (c) to mandate United refrain from entering into new ADO Agreements in order to effectively cause the termination of the ADO Policy and the phasing out of all current occupancies subject to existing ADO Agreements, in the most efficacious manner (such actions herein referred to collectively as "Board Decision to Rescind ADO Policy"); and

WHEREAS the Board Decision to Rescind the ADO Policy was approved by a majority of a quorum of the Board at the meeting referenced above;

NOW, THEREFORE, BE IT RESOLVED, June 12, 2012, effective on the date hereof, the Board of Directors of United hereby rescinds that portion of Resolution U-84-54 consisting of the ADO Policy, and shall no longer agree to or offer to approve and execute any ADO Agreements whatsoever; and

RESOLVED FURTHER, that in connection with any future requests to the Board, pursuant to any existing executed ADO Agreement, the Board will act as follows:

- (a) If a request is made pursuant to Paragraph 5 of the ADO Agreement (stated below) for United's consent to a transfer or sale of its memberships in the adjacent Back-to-Back Units as a single entity, such consent shall be denied and United shall notify such member who is requesting the transfer of its memberships in the adjacent Back-to-Back Units that no such consent to sell

such memberships in such Units to one purchaser will be given on any basis inasmuch as United has rescinded the Adjacent Dual Ownership policy.

Paragraph 5 of the ADO Agreement is as follows:

“Purchaser shall not sell or otherwise transfer its memberships in the Back-to-Back Unit as a single entity without first obtaining the prior written consent of United to continue the use of the adjacent units as a single dwelling unit and, if it has been modified, providing the Board with a written acknowledgement from the subsequent purchaser that the subsequent purchaser will restore the Back-to-Back Unit to its original condition at the subsequent purchaser’s expense as separate Units upon subsequent sale if requested to do so by United. Alternatively, purchaser may restore the Back-to-Back Unit to its original condition as separate Units at Purchaser’s expense and sell or otherwise transfer his or her memberships and rights to occupy the Units separately.”

- (b) With respect to any and all existing executed ADO Agreements, the Board shall give notice to the members who have entered into such ADO Agreements, of its rescission of the ADO Policy and notice that it will no longer consent to any sales or transfers of memberships in Back-to-Back Units as a single entity, including notice to the transferees of any such Back-to-Back Units.
- (c) With respect to any sales of Units/Manors currently subject to an ADO Policy or otherwise, United requires that prior to the close of escrow of said Units, subject to an ADO Policy or otherwise, the member who owns shares in United giving rise to the exclusive right to occupy two Back-to-Back Units must cause the Back-to-Back Units to be physically separated so that the one Unit resulting from the previous combination of two Units is effectively and completely divided and separated such that the Unit(s) are no longer joined and/or connected and no opening, passageway or other means of connection exists between the two Units; and

RESOLVED FURTHER, that Resolution U-84-54, adopted on April 24, 1984 is hereby amended; and

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

Director Copley moved to approve the resolution. Director Gerson seconded the motion.

Without objection, the Board postponed the motion to the June meeting to satisfy the 30-day notification requirements.

NEW BUSINESS

No new business came before the Board.

GENERAL MANAGER'S REPORT

Mr. Storage commented on Ms. Grundke's misleading comments on GRF's tax status.

Mr. Storage updated the membership on the ongoing GRF projects within the Community and at the Clubhouses, announced the City of Laguna Hills City Planning Meeting to discuss the Paseo De Valencia Widening project; and spoke to ongoing projects in United Mutual, specifically CDS 67 improvements, flood mitigation, CDS 7 lighting project, and water heater electrical upgrades. Mr. Storage announced that Wendy Bucknum was the Government and Public Affairs National 2011 award winner by the Community Associations Institute (CAI) National Board of Directors.

CONSENT CALENDAR

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

Maintenance and Construction Committee Recommendations:

RESOLUTION 01-12-85

RESOLVED, May 8, 2012, that the request of Mr. Barry Silverman of 229-D Avenida Majorca to retain the living room window to sliding glass door alteration at his manor is hereby approved; and

RESOLVED FURTHER, that all costs for installation, repair, and maintenance associated with the subject alteration is the responsibility of the Mutual Member(s) at 229-D; and

RESOLVED FURTHER, that all landscape, irrigation, and drainage modifications associated with the alteration are to be completed by the Landscape Department at the expense of the Mutual member(s) at 229-D; and

RESOLVED FURTHER, that the Mutual permit must be revised to reflect the installation of the alteration sliding glass door and concrete stoop; and

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

RESOLUTION 01-12-86

RESOLVED, May 8, 2012, that the request of Mr. Barry Silverman of 229-D Avenida Majorca to install a non-standard sliding glass door in the balcony room addition at his manor is hereby denied; and

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

RESOLUTION 01-12-87

RESOLVED, May 8, 2012, that the request of Mrs. Trena Delamar of 819-C Via Alhambra to install a patio addition and wood trellis at her manor is hereby approved; and

RESOLVED FURTHER, that all costs for installation, repair, and maintenance associated with the subject alterations are the responsibility of the Mutual Member(s) at 819-C; and

RESOLVED FURTHER, that a required Mutual permit must be obtained through the Permits and Inspections Office located in the Laguna Woods Village Community Center; and

RESOLVED FURTHER, that the wood trellis must be installed as per United Mutual Alteration Standard Section 21 - *Patio Covers, Wood*, and the patio addition must be installed as per Section 22 - *Patio Slab Extensions*; and

RESOLVED FURTHER, that all landscape, irrigation, and drainage modifications associated with the alteration are to be completed by the Landscape Division at the expense of the Mutual Members(s) at 819-C.

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

RESOLUTION 01-12-88

RESOLVED, May 8, 2012, that the request of Mr. Ronald Sando of 902-O Ronda Sevilla to install plank cork flooring at his manor is hereby approved; and

RESOLVED FURTHER, that all costs for installation, repair, and maintenance associated with the subject alteration is the responsibility of the Mutual Member(s) at 902-O; and

RESOLVED FURTHER, that the Member is hereby noticed that should the subject flooring result in a complaint of a noise nuisance from the residence on the first floor of the building, the member may be required to reduce noise transference by either adding floor coverings, or removing the subject flooring, pending evaluation by the Board of the complaint; and

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

Landscape Committee Recommendations:

307-A Denial of request to remove block planter and approve request for tree removal at the Mutual Member's expense

Finance Committee Recommendations:

RESOLUTION 01-12-89

WHEREAS, Member ID 947-408-31 is currently delinquent to United 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, May 8, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-408-31; and

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

RESOLUTION 01-12-90

WHEREAS, Member ID 947-441-87 is currently delinquent to United 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, May 8, 2012, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-441-87; and

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

RESOLUTION 01-12-91

WHEREAS, there are identifiable costs related to processing sub-lease permits and violations related to illegal occupants; and

WHEREAS, the Board of Directors wishes to provide better oversight for the sub-leasing process and help cover Community costs associated with illegal occupancies;

NOW THEREFORE BE IT RESOLVED, May 8, 2012, that the Board of Directors hereby increases the sub-lease permit administration fee from \$110 to \$300 to be effective May 8, 2012; and

RESOLVED FURTHER, that the Managing Agent is instructed to inform the realty community of the revised fees; and

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

COMMITTEE REPORTS and SERVICES

FINANCE REPORT

Director Mary Stone reported from the Finance Committee, gave the Treasurer's Report, Delinquency Report, and commented on the Resale & Lease Activities.

Director Stone announced the upcoming Business Planning meetings and encouraged residents to attend to voice their opinions on the 2013 budget.

Director Bassler reported from the Maintenance and Construction Committee.

The Secretary of the Corporation read a proposed resolution approving the application of colors for carports 206, 207, 209, 210, and 211. Director Copley moved to approve the resolution. Director Gerson seconded the motion.

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

RESOLUTION 01-12-92

WHEREAS, by way of Resolution 01-07-161, the Board of Directors of this Corporation approved the paint color palette and guidelines for its Exterior Paint Program; and

WHEREAS the Board-approved palette designates the colors Arizona Tan (body color), Pearl White (trim color) and Shadow White (interior color) as the paint colors to be used on all carport structures, and

WHEREAS, the Board would like to apply the colors as follows to the exterior of specified carports in the 2012 Paint Program: CDS 206 Body Color - Monticello Rose (HC-66) and Trim Color - Edgecomb Gray (HC-173), CDS 207 Body Color - Pittsfield Buff (HC-24) and Trim Color - Edgecomb Gray (HC-173), CDS 209 Body Color - Smoky Mountain (AC-18) and Trim Color - Edgecomb Gray (HC-173), CDS 210 Body Color - Dorset Gold (HC-8) and Trim Color - Edgecomb Gray (HC-173), CDS 211 Body Color - Dry Sage (2142-40) and Trim Color - Edgecomb Gray (HC-173);

NOW, THEREFORE, BE IT RESOLVED, May 8, 2012, that the Board of Directors of this Corporation hereby approves the application of colors as listed above to the specified carports scheduled for painting during the 2012 Paint Program; and

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

The Secretary of the Corporation read a proposed resolution authorizing a supplemental appropriation of \$4,000 to clean all 80 fireplace ash collection pits. Director Copley moved to approve the resolution. Director Vogel seconded the motion.

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

RESOLUTION 01-12-93

WHEREAS, the Castilla style buildings have fireplace ash collection pits and the cleaning of such pits are currently available as an on-demand service by Janitorial Service, and while Janitorial workers can remove the bulk material in the ash pits, they do not have the tools to completely clean the ash pits; and

WHEREAS, the Mutual has a chimney sweep service that cleans the building chimneys, but the scope of work for such service does not currently specify cleaning the ash pits or the pipes leading to the pits;

NOW THEREFORE BE IT RESOLVED, May 8, 2012, that the Board hereby agrees to add the cleaning of the 80 fireplace ash collection pits at Castilla style buildings to the chimney sweeping service already provided by the Mutual through the chimney cleaning contractor at a cost of \$4,000, to be funded as a supplemental appropriation from the Contingency Fund for 2012, and to include the service in future business plans; and

RESOLVED FURTHER, that Resolution 01-11-176 adopted September 13, 2011 is hereby rescinded; and

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

Director Copley moved to establish a CDS 208 Paint Colors Subcommittee and appoint Directors Barbara Copley and Catherine Brians, and resident member Lynn Hamm. Director Gerson seconded the motion and the motion carried unanimously.

Director Copley reported from the Landscape Committee.

The Secretary of the Corporation read the following proposed resolution approving the use of Belgard Stonecut Toscana Blend mortarless block as the standard throughout the Mutual:

RESOLUTION 01-12

WHEREAS, as a part of landscape maintenance activities, chargeable services, and the Relandscaping Program, mortarless block has been used to retain soil along concrete walkways where erosion could pose a problem due to flowerbed enlargement; and

WHEREAS, Acker Gardenwall mortarless block has been used as the mutual standard since December of 1997; and

WHEREAS, through the recent Master Planning process, the consultants reviewed the many styles now available and recommended the change to Belgard Stonecut, that is a mixed size alternative that involves using a combination of both large and medium size block that are available in several colors;

NOW THEREFORE BE IT RESOLVED, June 12, 2012, that the Board of Directors of this Corporation hereby agrees to use Belgard Stonecut Toscana Blend mortarless block wall throughout the Mutual in lieu of the Acker Gardenwall;

RESOLVED FURTHER, that the Mutual shall use the same style block as in Third Mutual in order to maintain consistency throughout the community, and benefit from any cost discounts per quantity ordered; there is to be a gradual transition with regard to changing out existing walls and is to be done on a case by case basis only; and

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

Director Copley moved to approve the resolution. Director Stone seconded the motion and discussion ensued.

Without objection, the Board postponed the motion to the June meeting to satisfy the 30-day notification requirement.

Director Gerson provided a summary of the number of disciplinary cases that have come before the Board.

GRF HIGHLIGHTS

- Director Stone reported on the GRF Finance Committee.
- Director Brians reported on the GRF Security and Community Access Committee.
- Director Copley reported on the GRF Maintenance and Construction Committee.

DIRECTORS' FORUM

- Director Vogel commented on the year-to-date resales in the Community.
- Director Gerson commented on the six-month lease restriction policy.
- Director Dalis thanked President Beldner for his comments.
- Director Stone commented on new residents signing a document acknowledging the six-month lease restriction and encouraged residents to attend the upcoming budget meetings.
- Director Bassler stated that he did not agree with all of President Beldner's comments made earlier in the meeting.
- Director Copley commented on the history of the six-month lease restriction policy.
- Director Turner commented on the upcoming budget meetings and encouraged residents to attend.
- Director Brians encouraged residents to attend the upcoming budget meetings.

MEETING RECESS

The Regular Open Session Meeting recessed at 11:31 A.M. and reconvened into the Regular Executive Session at 11:42 A.M.

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

During its Regular Executive Session meeting of April 10, 2012, the Board reviewed and approved, without objection, the minutes of the Regular Executive Session meeting of March 13, 2012 and the minutes of the Special Executive Session meeting of March 29, 2012. The Board heard four (4) disciplinary hearings and imposed fines totaling \$1,100 for violations of the Mutual's rules and regulations; and discussed litigation, contractual, and other member disciplinary matters.

During its Special Executive Session meeting of April 30, 2012 the Board held a disciplinary hearing, discussed contractual matters and other member disciplinary matters.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 5:08 P.M.

Barbara Copley, Secretary

UNITED LAGUNA HILLS MUTUAL INTERIOR PEST CONTROL POLICY

1.0 PURPOSE & SCOPE

1.1 PURPOSE

The purpose of this document is to define the policies of United Laguna Hills Mutual regarding the treatment and control of pests within the Mutual's dwelling units.

1.2 SCOPE

Interior pests within the Mutual's dwelling units incorporated within this policy include (but are not limited to) ants, bed bugs, cockroaches, spiders, fleas and ticks. Exterior pests include (but are not limited to) termites, bees, wasps and rodents.

2.0 RESPONSIBILITIES

2.1 INTERIOR PESTS – Individual Manors

Members shall be responsible for controlling pests inside of their manors, including ants, bed bugs, cockroaches, spiders, fleas, and ticks.

2.2 INTERIOR PESTS – Multiple Manors

In the event of multiple unit interior infestations in a building that need to have all pests eliminated simultaneously, the Mutual may take responsibility for administration, scheduling, and execution of the treatments; however, the individual members shall reimburse the Mutual for costs incurred to perform treatments.

2.3 INTERIOR PESTS – Wood-destroying insects

The Mutual shall continue to take responsibility for the treatment of termites affecting Mutual-controlled property within Manors.

2.4 EXTERIOR PESTS

The Mutual shall continue to be responsible for controlling exterior pests inhabiting Mutual-controlled property, including termites, bees, wasps, and rodents.