

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

February 9, 2016

The Regular Meeting of the Board of Directors of United Laguna Woods Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Tuesday, February 9, 2016 at 9:30 AM at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Lenny Ross, Juanita Skillman, Jack Bassler, Ming-Lee Chang, Ken Hammer, Don Tibbetts, Jan LaBarge, Barbara Copley, Tom Sirkel, Pat English

Directors Absent: Eva Lydick

Staff Present: Open Session: Brad Hudson, Kim Taylor, Rodger Richter, Cris Robinson
Executive Session: Cris Robinson, Catherine Laster, Pamela Bashline, Francis Rangel

Others Present: Jeff Beaumont Esq. of Beaumont Gitlin Tashjian

CALL TO ORDER

Lenny Ross, 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 AM.

PLEDGE OF ALLEGIANCE

Director Pat English led the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF MEDIA

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

APPROVAL OF AGENDA

Director Skillman moved to approve the agenda as amended by adding Chair's Report as agenda item 6. Director Bassler seconded the motion.

By a vote of 9-0-0 the motion carried and the agenda was approved as amended.

UNITED MUTUAL MEMBER COMMENTS AND PUBLIC FORUM

United Mutual Members were given the opportunity to speak to items that are not on the agenda.

Maxine McIntosh (68-C) commented on the new CEO Brad Hudson and provided an overview of the difference between Co-ops and Condos.

Roberta Berk (933-B) asked that the Board go back to allowing 3 minutes per Member during Member Comments and asked about televising committee meetings on TV-6.

Stephanie Magid (439-A) welcomed Jeff Beaumont and Bradley Hudson to the meeting.

Ilene Oller (610-A) commented on her experience with a subleasing issue.

Mike Landry (693-B) commented on the Board changing the amount of cars permitted for Members in the Mutual and spoke to age requirements in the Mutual.

Charles Luce (308-A) commented on agenda item 19f 'Revisions to the Qualifiers for Subleasing of Manors Resolution 01-13-50.'

Steve Leonard (696-D) read a letter on behalf of Raquel Unger asking that the Board consider work hours restrictions in the community.

Lois Rubin (781-C) stated that she is concerned about the current subleasing issues.

Bill Lofholm (359-A) commented on the Freshley/Stone lawsuit.

Tom Buckingham (2401-1G) commented on his inspectors.

Holly Maranto (5359-N) commented on her concern regarding subleasing of manors in United Mutual.

Marilyn Mann (73-O) commented on the current subleasing issues in the Mutual.

RESPONSE TO MEMBER COMMENTS

The United Mutual Directors briefly responded to Member Comments.

CHAIR'S REMARKS

President Ross spoke specifically to parking issues and the sublease issues facing the Mutual. President Ross welcomed Brad Hudson as our new CEO. Spoke to the Directors Governance 101 Workshop.

REPORT OF CEO

Mr. Bradley Hudson reported on his first two weeks of being on the job. Mr. Hudson spoke to his commitment to the Community, transparency, updated the Board on his strategy to improve customer service throughout the company, the hiring of a Community Manager, Lori Moss, who will work with the Boards directly to serve the Boards, his open door policy, and welcomed everyone to stop by and have a cup of coffee with him. Mr. Hudson reported that he will be meeting with the City of Laguna Woods to streamline the permit process.

APPROVAL OF MINUTES

(8a) Director Skillman moved to approve the regular open session minutes of January 12, 2016 and the special open minutes of January 22, 2016 as written. Director Hammer seconded the motion.

By a vote of 9-0-0 the motion carried.

CONSENT CALENDAR

(9) Director Copley moved to approve the Consent Calendar as amended by removing 2039-A as 11b. Director Skillman seconded the motion. By a vote of 9-0-0 the motion carried and approved the following:

(9a) Maintenance and Construction Committee Recommendations:

RESOLUTION 01-16-12

Variance Request

RESOLVED, February 9, 2016, that the variance request of Martin Bernheimer, prior owner on behalf of current owner George McGrath, to construct a room addition on the front patio at Manor 387-D, is hereby approved; and

RESOLVED FURTHER, all future costs and maintenance associated with the subject alterations are the responsibility of the Mutual member(s) at 387-D; and

RESOLVED FURTHER, Unit-specific plans depicting the proposed alterations, signed and wet-stamped by a California-licensed architect or engineer must be submitted to the Manor Alterations Department office located in the Laguna Woods Village Community Center for approval. These plans must include structural details and calculations required to insure the structural integrity of the building is maintained upon completion of the proposed front room addition; and

RESOLVED FURTHER, A required Mutual Consent for Manor Alterations and a City of Laguna Woods permit must be obtained and the appropriate City of Laguna Woods permit number(s) must be submitted to the Manor Alterations Department office located in the Laguna Woods Community Center.

RESOLVED FURTHER, All required landscape, irrigation, and drainage modifications, (if any) are to be completed by the Landscape Division at the expense of the Mutual Member(s) at 387-D.

RESOLVED FURTHER, Mutual Consent and City permits must be initiated prior to manor transfer and within 6 months of the Board's approval.

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 01-16-13

Variance Request

RESOLVED, February 9, 2016, that the variance request of Bernadette Rosenstiel and Ronald Arnone for a triple French door with no sidelights in the living room of Manor 470-A Calle Cadiz, is hereby approved; and

RESOLVED FURTHER, all costs and maintenance of the alteration, present and future, are the responsibility of the Mutual member(s) at 470-A.

RESOLVED FURTHER, a required Mutual Consent for Manor Alterations and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods permit number(s) must be submitted to the Manor Alterations Department located in the Laguna Woods Community Center.

RESOLVED FURTHER, Unit specific plans depicting the proposed French door unit in the living room signed and wet-stamped by a California-licensed architect or engineer must be submitted to the Manor Alterations Department located in the Laguna Woods Village Community Center for approval. These plans must include structural details and calculations required to ensure the structural integrity of the building is maintained upon completion of the proposed header installation.

RESOLVED FURTHER, the height of the French door unit must remain at 7'-10".

RESOLVED FURTHER, Mutual Consent and City permits must be initiated prior to manor transfer and within 6 months of the Board's approval.

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.

(9b) Landscape Committee Recommendations:

666-Q	Deny request for tree removal
51-C	Approve request for tree removal at Mutual expense

(9c) Finance Committee Recommendations:

RESOLUTION 01-16-14

Approve a Supplemental Appropriation for Mutual Mailing and an Ad in the Globe Newspaper

WHEREAS, the United Laguna Woods Mutual has mailed a position mailing regarding subleasing to the residents of United Mutual and have placed an ad in the Globe newspaper;

NOW THEREFORE BE IT RESOLVED, February 9, 2016, the Board of Directors of this Corporation hereby authorizes a supplemental appropriation not to exceed \$5,000, from the Contingency Fund, for the position mailing to the residents of United Mutual and an ad placed in the Globe newspaper; 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

(10) Finance Report

Director Pat English reported from the Finance Committee, gave the United Treasurer's Report, and commented on the Resale Activities Report.

(10d) Entertain Motion to Approve Revisions to the Investment Policy

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution approving revisions to the Investment Policy:

RESOLUTION 01-16-15

UNITED LAGUNA WOODS MUTUAL INVESTMENT POLICY

WHEREAS, that Village Management Services Inc., managing agent of this corporation, and an external Investment Manager are hereby authorized to invest the funds of the corporation which, in the opinion of said managing agent are not required within a reasonable time to pay obligations of the corporation; and

NOW THEREFORE BE IT RESOLVED, February 9, 2016, that the Board of Directors of this Corporation hereby authorizes the Managing Agent to retain Merrill Lynch and its affiliate (i.e. BlackRock) as Investment Manager and gives that Investment Manager discretion to transact purchases and sales of investments for the United Laguna Woods Mutual account. Such discretion is subject to the underlying conditions as stated below. The Board will determine the amount to be managed in this discretionary account; and

RESOLVED FURTHER, that all investments on behalf of this corporation must be made with the underlying principles in the following order of priority: (1) safety, (2) liquidity, where applicable, and (3) yield, and are subject to the following conditions:

1. Notification of confirmation shall be given to the managing agent and treasurer of this corporation upon completion of each investment transaction;
2. For funds administered by Village Management Services, Inc., known as the "non-discretionary account" no investment may be sold, withdrawn, redeemed or otherwise converted to cash prior to maturity without a demonstrated immediate need for the funds and the consent of the Treasurer and either the President or 1st Vice President of this corporation. Furthermore, if a member of the corporation desires an investment to be sold, withdrawn, redeemed or otherwise converted to cash prior to maturity, approval must be received from the Board of Directors of this corporation;
3. Managed funds, known as the "discretionary account", shall be invested only in authorized investments as provided herein;
 - a. obligations of, or fully guaranteed as to principal, by the United States of America;
 - b. Up to 20% of the portfolio may be invested in Corporate Bonds rated A through AAA;
 - c. No more than 3% of the portfolio is to be invested in any one corporate bond issuer; and

4. Interim cash balances are to be held in money market funds that are invested in short-term U.S. Treasuries or direct obligations of the U.S. Government;
5. Investments on behalf of this corporation may be made concurrently with investments made on behalf of other corporations at Laguna Woods Village. However, separate investment receipts will be held in the name of this corporation. Any such investments may be held for the account of the corporation in book-entry form; and

RESOLVED FURTHER, that Resolution 01-13-204, adopted on November 12, 2013 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 purpose of this resolution.

Director Skillman moved to approve the resolution. Director Hammer seconded the motion.

Member Dick Rader (270-D) and Maxine McIntosh (68-C) commented on the resolution.

By a vote of 6-3-0 (Directors Chang, LaBarge and Bassler opposed) the motion carried.

(11) Maintenance and Construction Committee

Director Tibbetts reported from the Maintenance and Construction Committee.

(11b) Discuss and Consider Beginning the Bidding Process for Implementation of an Electrical Upgrade Program for the Pushmatic Electric Panels

Mr. Rodger Richter, Construction Management Specialist, provided a presentation regarding the implementation of an electrical upgrade program for the Pushmatic Electric Panels. Discussion ensued.

Members Maxine McIntosh (68-C), Stephanie Magid (439-A), and Roberta Berk (933-B) commented on the presentation.

Director Tibbetts moved to direct staff to begin the bidding process. Director English seconded the motion. By a vote of 9-0-0 the motion carried.

(11c) 2039-A Removed from the consent calendar

Director English moved to approve the variance request for 2039-A. Director Sirkel seconded the motion. By a vote of 9-0-0 the motion carried and the following resolution was approved:

RESOLUTION 01-16-16

Variance Request

RESOLVED, February 9, 2016, that the variance request of Rose Dunsmore to modify the handrail at 2039-A Via Mariposa East is hereby approved; and

RESOLVED FURTHER, a handrail extension with two vertical supports will be installed at the Member's expense, with the Mutual assuming responsibility for all future repairs and maintenance of the handrail; 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.

(12) Energy Committee

Director Bassler reported from the Energy Committee.

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution authorizing a supplemental appropriation not to exceed \$120,000, funded from the Contingency Fund, for JCI to plan and design potential energy saving measures within United Mutual and proceed to Step 2 of the Project Development Agreement:

RESOLUTION 01-16-17

Approve Johnson Controls, Inc. (JCI) Planning and Design Phase (Step 2)

WHEREAS, the United Laguna Woods Mutual works diligently to identify savings throughout the Mutual for its residents; and

WHEREAS, the Board of Directors approved Resolution 01-15-108 for Johnson Controls, Inc. (JCI) to perform a study to identify potential energy savings within United Mutual and to approve Step 1 of the Project Development Agreement; and

WHEREAS, JCI has completed Step 1 which identifies potential energy saving projects within the Mutual; and

NOW THEREFORE BE IT RESOLVED, February 9, 2016, the Board of Directors of this Corporation hereby authorizes a supplemental appropriation not to exceed \$120,000, funded from the Contingency Fund, for JCI to plan and design potential energy saving measures within United Mutual and proceed to Step 2 of the Project Development Agreement; and

RESOLVED FURTHER, the Mutual will not incur costs for Step 2 if the energy savings project is implemented or if the project does not remain viable after guaranteed maximum price and savings are determined; 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 Skillman moved to approve the resolution. Director Sirkel seconded the motion.

Representatives from Johnson Controls spoke to the Board and Community.

Members Georgiana Willis (858-D), Maxine McIntosh (68-C), Mark Gatlin (693-C), Dick Rader (270-D), Bill Barnett (422-F), (697-B), Roberta Berk (933-B), Steve Leonard (696-D), Bob Carpenter (389-B), and Nancy Chamberlain (699-B) commented on the resolution.

Director Copley called for the vote. No action was taken. Discussion continued.

By a vote of 6-3-0 (Directors Hammer, LaBarge and Chang opposed) the motion carried.

(13) Landscape Committee

In Director Lydick's absence, Director Skillman briefly reported from the Landscape Committee.

(14) Governing Documents Review Committee

Director Skillman reported from the Governing Documents Review Committee.

Director Skillman moved to lift the Land Use moratorium and continue reviewing requests on an individual basis, the motion was seconded by Director English.

Director LaBarge moved to amend the motion to add "according to current law."

Members Dick Rader (270-D), Maxine McIntosh (68-C), and CJ Wanser (697-C) commented on the motion.

Director Copley stated that she objects to the motion on the floor as it was not on the agenda. Director Skillman accepted the protest and withdrew her motion.

(15) Parking Committee

Director Hammer reported from the Parking Committee.

The Board discussed decal limitations in the Mutual.

Members Bill Pollock (2218-G), Mike Landry (693-B), Tom Twellman (846-B), Morris Silver (567-A) Ward Bliley (525-O), Ru Jing Zong (525-O), Roberta Berk (933-B), Nancy Chamberlain (699-B) and Bill Barnett (422-F) commented on the current limitations.

(16) Report on Disciplinary Cases

Director Sirkel reported on the Disciplinary cases.

(17) Laguna Woods Village Traffic Hearings

Director Hammer reported from the Laguna Woods Village Traffic Hearings.

Without objection, the Board tabled the following items to the March meeting:

(18) UNFINISHED BUSINESS

(18a) Entertain Motion to approve an additional supplemental appropriation of \$2,200 to fund costs for legal counsel specializing in Probate matters and

(19) NEW BUSINESS

(19a) Entertain motion to approve Bradley Hudson as Ex-officio Officer of the Corporation.

(19b) Entertain Motion to Approve Martin & Chapman as Inspector of Election for 2016.

(19c) Discuss and Consider Renewing ECHO Membership for 2016.

(19d) Discuss and Consider Laguna Hills Half Marathon and 5K.

(19e) Discuss and Consider Appointing Two Directors to the Community Newsletter Subcommittee and Approve Two Email Addresses.

(19f) Entertain Motion to Approve Revisions to the Qualifiers for Subleasing of Manors Resolution 01-13-50

Director Skillman moved to amend the Qualifiers as presented in the agenda packet. Director Copley seconded the motion.

Members Peggy Lantz (45-C), Lois Rubin (781-C), Stephanie Magid (439-A), Georgiana Willis (858-D), Howard Malmon (788-A), Roberta Berk (933-B), Tom Twellman (846-B), and Nancy Chamberlain (699-B) commented on the motion.

By a vote of 5-2-2 (Directors Sirkel and Bassler opposed; Directors LaBarge and English abstained) the motion carried.

EXHIBIT A

**QUALIFIERS FOR SUBLEASING MANORS
(Resolution 01-13-50, Adopted March 20, 2013)**

1. A cap on the number of manors that may be subleased at any one time in United's development equal to twenty percent (20%) of the total manors (as set forth under United Resolution 01-10-222); and
2. Subleases may be no shorter in duration than thirty (30) days and no longer than twelve (12) months; subsequent renewal subject to # 7 below; and
3. A prohibition on any member owning more than one membership/manor in United, and/or being identified as the "member" under more than one Occupancy Agreement, at any one time, except as provided for and subject to certain conditions under United's Interim Dual Ownership Agreement (as provided in Resolutions U-02-164, 01-

- 10-222 and 01-03-147), including but not limited to the requirements that (i) a member may not sublease a manor listed for sale during any permitted period of dual ownership, (ii) the member must reasonably proceed to sell the manor listed for sale within six (6) months from the member's signing of the Interim Dual Ownership Agreement, (iii) the Board is prohibited from approving any individual member's request for an Interim Dual Ownership Agreement more frequently than one (1) time in any two (2) year period and (iv) with respect to dual ownership, both trustees and beneficiaries under any trust having any ownership interest in a manor/membership shall be considered a member with respect to such manor/membership; and
4. The requirement that no member may sublease his/her manor if delinquent in carrying charges or assessments at the time of the proposed/intended sublease, except with Board approval and subject to an assignment of rents (as set forth in Resolutions U-91-73 and U-01-10); and
 5. The requirement that all sublessees meet the age requirements for occupancy and residency as required and established under United's governing documents and California Civil Code Section 51.3 (and any successor statute); and
 6. The requirement that members and/or sublessees provide to United, as set forth in United's governing documents and pursuant to yearly renewal requirement obligations, the following information with respect to each sublessee of the member's manor, on such form(s) as United may prescribe from time to time: full name; age and birth date; statistical information; identity verification; written agreement to comply with United's governing documents; telephone number; and other information and documentation required by United under its Application for Permit to Lease Premises and any related documents; and
 7. The requirement that the member pay certain fees related to the sublease of the member's manor, including without limitation fees related to lease permits processing; lease permits, lease permit extensions, lease permit renewals, secured deposits of third-party charges and application costs. Sublease materials must be submitted to the Managing Agent no less than thirty (30) days or no more than ninety (90) days in advance of the sublease date. Sublease materials may be submitted on a rush basis subject to a fee of up to \$500; and
 8. The requirement that the member transfer his/her rights to use the common areas, facilities and amenities of United's development to the member's sublessee, and that the member and his/her sublessee comply with any and all prohibitions and/or restrictions established by Golden Rain Foundation ("GRF") with respect to the use of GRF's common amenities and facilities; and
 9. The requirement that sublessees of a member's manor must, at all times, comply with all of the provisions of United's governing documents applicable to the residency, occupancy and use of manors and United's development; and

10. The right of United to levy fines and impose discipline against a member for the violation of United's governing documents by the member's sublessee, and/or, to the extent permitted by United's Bylaws and applicable laws, to impose discipline against the sublessee for such violation; and
11. A non-exclusive grant to United of the member's rights to enforce United's governing documents against the member's sublessee if the member fails to gain the sublessee's compliance, including but not limited to the ability of United to evict the sublessee under an unlawful detainer action; and
12. An assignment of rents in favor of United in the event the member is delinquent in the payment of their carrying charges and/or assessments, as provided in United's Occupancy Agreement, and the requirement that the sublessee pay his/her rent payments to United upon United's notice and demand of such assignment; and
13. The requirement that the member be financially liable to United for any damage within the member's manor or other portions of United's development caused by the sublessee; and
14. The requirement that the member be the responsible party to obtain any required approval from United for any and all proposed alterations, additions, improvements and modifications to the member's manor; and
15. The requirement that only a member of United named under an Occupancy Agreement has the right to sublease their entire manor.

(20) GRF COMMITTEE HIGHLIGHTS

Directors provided brief highlights from GRF Committees.

(21) Corporate Counsel Jeff Beaumont

Mr. Jeff Beaumont provided a sublease report, an update on the Probate Petition and provided an overview of Dual Interim Agreement.

(22) DIRECTORS' FORUM

The Directors made final comments.

(23) MEETING RECESS

The Regular Open Session Meeting recessed for lunch at 1:45 PM and reconvened into the Regular Executive Session at 2:31 PM.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 5:21 PM.

Juanita Skillman, Secretary
United Laguna Woods Mutual

Summary of Previous Closed Session Meetings per Civil Code Section §4935

During the January 12, 2016 Regular Executive Session meeting the Board reviewed and approved the minutes of December 8, 2015 – Regular Executive Session, the December 14, 2015 – Executive Committee Meeting, December 15, 2015 - Special Executive Session, December 22, 2015 - Special Executive Session, and the December 30, 2015 - Special Emergency Executive as written; approved four (4) hearing requests; held two (2) disciplinary hearings and imposed \$250 in fines for violations of the Mutual's rules and regulations; held one (1) Meet and Confer; discussed the delinquency report; discussed and considered numerous Member disciplinary matters; discussed and considered the legalities of the Contractors List; discussed the VMS Management Contact; discussed subleasing matters; discussed and considered Membership and Occupancy matters; and discussed litigation matters.

During the Special Emergency Executive meeting of January 19, 2015 the Board discussed and considered the Mutual Member Matters and litigation matters.

During the January 25, 2016 Special Closed Board meeting the Board discussed contractual matters and litigation matters.

During the January 28, 2016 Special Executive Committee Board meeting the Board discussed and considered Common Area Damage Reimbursement Hearings and Member Disciplinary Hearings.

During the January 29, 2016 Special Closed Board meeting the Board discussed personnel matters.