

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

February 14, 2006

The Regular Meeting of the Board of Directors of United Laguna Hills Mutual, a California Non-Profit Mutual Benefit Corporation met on Tuesday February 14, 2006, at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Ray Barrett, Mary Stone, Don Tibbetts, Linda Wilson, Larry Dersh, Beth O'Brien, Jim McNulty, Ken Hammer, Charlene Sydow, Connie Grundke, Burns Nugent

Directors Absent: None

Others Present: Milt Johns, Patty Fox, Janet Price (9:50 AM – 12:21 PM)
Executive Session: Cris Trapp

CALL TO ORDER

Ray Barrett, President of the Corporation, chaired 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 Linda Wilson led the Pledge of Allegiance to the Flag.

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

ACKNOWLEDGEMENT OF PRESS

Cheryl Walker of the News and the Channel 6 Camera Crew were acknowledged as present.

RESIDENTS FORUM

- John Dalis (8-P) commended Mr. Johns and Staff
- Maxine McIntosh (68-C) encouraged the residents to attend the next GRF M&C Committee regarding Clubhouse Two
- Pamela Grundke (2214-B) commented on the Code of Ethics
- Libby Marks (82-Q) announced the next CCA Townhall Meeting on Thursday February 23, 2006 in Clubhouse 5 at 1:30 P.M.

President Ray Barrett acknowledged the numerous real estate agents in the audience.

APPROVAL OF AGENDA

Director Connie Grundke made a motion to remove *11(b) Approval of Financial Requirements Resolution* and return it to the Finance Committee. Director Sydow seconded the motion. By a vote of 2-8-0 (Directors Sydow and Grundke voted in favor) the motion failed.

Director Linda Wilson objected to the inclusion of the Assessment Analysis attached to the Finance Report.

Director Beth O'Brien made a motion to add the Analysis as a separate agenda item. Director Grundke seconded the motion. Discussion ensued, and the motion carried unanimously.

Director Wilson made a motion to return the Analysis back to the Finance Committee for further discussion. Director Jim McNulty seconded the motion. By a vote of 5-6-0 (Directors Stone, Wilson, McNulty, O'Brien, and Nugent voted in favor, and President Barrett voted against to break the tie), the motion failed.

The Agenda was approved as amended.

APPROVAL OF MINUTES

The Minutes of the Regular Meeting of January 10, 2006 were approved as amended by adding the words "and rule compliance" after the words "felony convictions" on page 3; and adding the words "and a single membership was approved" at the end of the last paragraph on page 3.

Ms. Janet Price entered the meeting at 9:50 A.M.

OLD BUSINESS

A motion was made, seconded, and carried to remove from the table the motion to approve United's Investment Policy.

By way of consensus, the reading of the resolution was waived.

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

RESOLUTION 01-06-06

UNITED LAGUNA HILLS MUTUAL INVESTMENT POLICY

WHEREAS, that Professional Community Management 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 14, 2006, that the Board of Directors of this Corporation hereby authorizes the Managing Agent of this corporation, Professional Community Management Inc. to retain Merrill Lynch as Investment Manager and to give that Manager discretion to transact purchases and sales of investments for United Laguna Hills Mutual's 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 Professional Community Management, Inc., 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. Funds shall be invested only in authorized investments as provided herein;
4. Authorized investments are limited to obligations of, or fully guaranteed as to principal by the United States of America;
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;
6. Any authorized investments, as defined in Item 4 above, previously made by said Managing Agent, are hereby ratified.

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.

RESOLVED FURTHER, that Resolution U-02-154, adopted on November 12, 2002 is hereby superseded and cancelled.

Director Wilson made a motion to remove from the table the resolution to approve a Chargeable Services Billing Dispute Policy. Director O'Brien seconded the motion, and the motion carried unanimously.

The Secretary of the Corporation, Director Charlene Sydow read the proposed resolution.

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

RESOLUTION 01-06-07

WHEREAS, chargeable services billing disputes are reviewed in light of the Mutual's Chargeable Services Policies, the Occupancy Agreement and the Bylaws of the Corporation; and

WHEREAS, there are situations where policy may be too vague, information may be lacking, or individuals may disagree with the policy and seek out assistance from third parties, often being individual board directors for resolution; and

WHEREAS, governing documents do not provide for an individual board director to act unilaterally and/or render decisions in conflict with Mutual Policy;

NOW THEREFORE BE IT RESOLVED, February 14, 2006 that the Board of Directors hereby authorizes that each chargeable service billing dispute that cannot be resolved by the application of existing policy be submitted to the appropriate committee for review and recommendation to the Board for final decision; 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.

NEW BUSINESS

Ms. Wendy Bucknum, Legislative Analyst, provided an update on the current legislation affecting the Community.

Mutual Member Barbara Copley (410-D) addressed Ms. Bucknum on the proposed bills.

Director Mary Stone provided an update on AB 770, the Ombudsman Bill. No action was taken.

Director Beth O'Brien stated that the GRF Government and Public Relations Committee recommended to the Golden Rain Foundation that no position be taken on this Bill.

Director Grundke made a motion to vote for seven nominating committee candidates. Director Sydow seconded the motion. By a vote of 6-5-0 (Directors Stone, Wilson, McNulty, O'Brien, and Nugent voted against, and President Barrett voted in favor to break the tie), the motion carried.

The Secretary of the Corporation, Director Sydow read the names of the candidates running for the Nominating Committee.

Director Wilson made a motion to accept the names as presented. The motion was seconded and carried unanimously.

Mutual Member Libby Marks (82-Q) addressed the Board on the nominations.

Director Wilson made a motion to close the nominations. The motion was seconded and carried unanimously.

The ballots were distributed, collected, and tallied.

The winning candidates were announced.

The Secretary of the Corporation, Director Sydow read a proposed resolution ratifying the Nominating Committee Appointments. Director Sydow moved to approve the resolution. The motion was seconded. By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-06-08

RESOLVED, February 14, 2006 that the following persons are hereby appointed to serve on the Nominating Committee of this Corporation:

Don Beethe
Marie Hall
Sylvia Jacobs
James Shaffer
Suzanne Smith
Ruth Treeson
Althea Usher

RESOLVED FURTHER, Resolution 01-05-16, adopted February 8, 2005, is hereby superseded and cancelled.

The Secretary of the Corporation, Director Sydow read the following proposed resolution on Caregiver Guideline Regulations:

RESOLUTION 01-06

WHEREAS, United Laguna Hills Mutual is a senior housing development as defined by Section 51.3 of the Unruh Civil Rights Act; and

WHEREAS, § 51.3 permits the occupancy of a health care provider under the following circumstances:

- a person hired to provide live-in, long-term, or terminal health care to a qualifying resident; or
- a family member of the qualifying resident who provides live-in, long-term, or terminal health care; and
- live-in, long-term or terminal care must be substantial in nature and assist the qualifying resident with necessary daily activities or medical treatment or both:

NOW THEREFORE BE IT RESOLVED, April 11, 2006 that the Board of Directors of this Corporation hereby establishes the following guidelines for any applicant wishing to reside in a Manor as a permitted health care provider:

1. Any qualifying resident wishing to apply on behalf of a permitted health care provider must obtain a physician's certification that live-in, long-term, or terminal health care is required for daily activities, medical treatment, or both.
2. The total number of persons residing in a Manor, including the permitted health care provider shall not exceed the number of bedrooms plus one (i.e. no more than two persons in a one-bedroom unit; no more than three persons in a two-bedroom unit.)
3. Each health care provider who seeks to reside in a co-op may not have been convicted of a felony within the last twenty years or a misdemeanor involving moral turpitude within the last five years.
4. The qualifying resident and/or Mutual Member is responsible for the conduct of the permitted health care provider, and shall ensure that he/she complies with all rules, regulations, and policies of the Mutual and the Golden Rain Foundation. Non-compliance may result in disciplinary action against the Mutual Member to the extent allowed by the Mutual's governing documents.
5. Upon approval by the Board of Directors, a four-month renewable pass shall be issued to the permitted health care resident that will permit gate access into the community but will not permit use of the GRF facilities unless accompanied by the qualifying resident.

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; and

RESOLVED FURTHER, that Resolution U-99-20 adopted by the Board of Directors on March 9, 1999 is hereby superseded and cancelled.

Director Sydow made a motion to approve the resolution. Director Hammer seconded the motion.

Mutual Members Barbara Copley (410-D), John Dalis (8-P), and Libby Marks (82-Q) commented on the proposed resolution.

Director Wilson made a motion to table to satisfy the 30-day notification requirements. The motion was seconded and carried unanimously.

The Secretary of the Corporation, Director Sydow read a proposed resolution on approving the Election Procedure Committee Appointments and Charter. Director Sydow moved to approve the resolution. The motion was seconded. By a unanimous vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-06-09

WHEREAS, On January 10, 2006 the United Mutual Board of Directors appointed Director Beth O'Brien to lead the Election Procedures Committee; and

WHEREAS, the purpose of the committee is to evaluate California Civil Code § 1363.03 and to recommend a revised policy to the Board of Directors that complies with the new law:

NOW THEREFORE BE IT RESOLVED, February 14, 2006 that the Board of Directors of this Corporation hereby appoints the following members to the Ad Hoc Election Procedures Committee to serve with its Chair:

Beth O'Brien, Chair
Ken Hammer
Charlene Sydow
Maxine McIntosh, voting advisor
Libby Marks, voting advisor

RESOLVED FURTHER, that the duties and responsibilities of this Ad Hoc Committee shall include:

- a) Review the new law and identify changes that are required to the existing procedure;
- b) Develop a proposed election policy;

- c) Refer the proposed policy to the United Mutual Board of Directors for review by legal Counsel and adoption by Resolution.

CHAIRMAN'S REMARKS

President Barrett deferred his remarks until after the Finance Report.

GENERAL MANAGER'S REPORT

Mr. Milt Johns reported on the Robert Mayer Corporation's proposal to lease the auxiliary parking lot adjacent to the Library for use as a construction staging area; and updated the Membership on the upcoming GRF land use entitlement and Gate 12 East development meetings.

Mutual Members Libby Mark (82-Q), and Kay Margason (510-C) commented on the Mayer proposal.

FINANCE REPORT

Director Connie Grundke reported on the Treasurer's Report and the Finance Committee.

Mutual Members John Dalis (8-P), and Kay Margason (510-C) addressed Director Grundke on his report.

Director Grundke provided a summary of his personal Basic Assessment Tracking Analysis.

The Secretary of the Corporation, Director Sydow read the following proposed resolution on approving the Financial Requirements:

RESOLUTION 01-06-

WHEREAS, it is in the best interest of the Corporation to protect and preserve the financial integrity of this Corporation:

NOW THEREFORE BE IT RESOLVED, April 11, 2006 that the minimum financial requirements are revised as follows, effective for any escrow opened on or after May 1, 2006:

PROSPECTIVE MEMBERSHIP (manor)

Minimal Annual Income \$36,000 per year, regardless of the number of persons on title; and

Minimal marketable and/or \$100,000 plus the total purchase
income producing assets price of the membership.

GUARANTORS OF PROSPECTIVE MEMBERSHIP

Minimal annual income \$90,000

CHAIRMAN'S REPORT

President Barrett commented on the GRF Bylaw Ad Hoc Committee.

CONSENT CALENDAR

Director O'Brien introduced the new Consent Calendar Item.

The consent calendar was approved and the following actions were taken:

Maintenance and Construction Committee:

RESOLUTION 01-06-10

RESOLVED, February 14, 2006 that the request of Mr. and Mrs. Brigandi of 235-D Calle Aragon for a variance to replace the stacked windows in their manor's first floor bedroom with a wall and an 8'-6" X 5'-0" XOX window is hereby denied.

RESOLUTION 01-06-11

RESOLVED, February 14, 2006 that the request of Mr. William Simmons of 435-E Avenida Sevilla for a variance to retain the ramp installed at 435-E is hereby denied; and

RESOLVED FURTHER, that the Board of Directors hereby requires Mr. Simmons to remove the ramp and restore the subject area to its pre-ramp condition within 30 days of the Board's action on the matter; and

RESOLVED FURTHER, that all costs associated with the removal and restoration shall be borne by Mr. Simmons; and

RESOLVED FURTHER, that Resolution 01-05-104 adopted August 9, 2005 is hereby superseded and cancelled.

RESOLUTION 01-06-12

RESOLVED, February 14, 2006 that the request of Ms. Constance Olsen of 508-B Avenida Sevilla for a variance to extend the landing area outside the sliding glass door of her manor is hereby denied; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby requires that Ms. Olsen removes the stepping-stones located in the landscaped area within thirty days of the Board's action on this matter.

Landscape Committee Recommendation:

The Committee did not meet during the month of January.

Finance Committee Recommendation:

RESOLUTION 01-06-13

WHEREAS, Member ID 947-385-27 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment in an amount exceeding \$1800; 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, February 14, 2006 that the Board of Directors hereby approves the recording of a Lien for Member ID 947-385-27; 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 01-06-14

WHEREAS, Member ID 947-431-47 is currently delinquent to United Laguna Hills Mutual with regard to the monthly assessment in an amount exceeding \$1800; 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, February 14, 2006 that the Board of Directors hereby approves the recording of a Lien for Member ID 947-431-47; 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.

Ms. Price left the meeting at 12:21 P.M.

COMMITTEE REPORTS and SERVICES

Director Don Tibbetts reported from the Maintenance & Construction Committee.

A discussion was held relative to the paint program.

Director Mary Stone reported from the Damage Restoration Policy Committee.

Director Charlene Sydow reported from the Landscape Committee.

Director Linda Wilson reported from Resident Relations Information Services.

President Barrett reported from the United Looks Ahead Committee.

President Barrett reported from the Joint Ad Hoc Management Agreement Committee.

Director McNulty reported from the Joint Ad Hoc GRF Bylaw Committee.

The Directors reported from the GRF Committees to which they are assigned.

DIRECTORS' FORUM

- President Barrett commented on the laundry rooms.

MEETING RECESS

The regular meeting recessed for lunch at 12:55 P.M. and reconvened into Executive Session at 1:23 P.M.

During its January Regular Executive Session, the Board approved the Regular Executive Session Minutes of December 13, 2005; discussed personnel, contractual, and litigation matters; and heard three (3) Disciplinary Hearing matters, and one (1) appeal hearing, and imposed fines totaling \$700 for violations of the Mutual's rules and regulations.

The Traffic Committee of the Board met in Executive Session in January to discuss member disciplinary issues.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 5:03 P.M.

Charlene Sydow, Secretary