

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

March 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 March 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 (11:15 AM – 12:20 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 Jim McNulty 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

- Don Kornreich (657-P) commented on GRF Bylaws, cable systems research, selling land, and integrated long range planning
- Dick Sharp (887-Q) announced the opening of the new Willow Tree Golf Cart Path
- Shirley McGovern (947-A) commented on the security wall breach
- Len Peverieri (76-P) commented on an incident with GRF Director
- Joyce Moser (587-C) commented on a broken street sign
- Catherine Miglis (466-O) commented on the work of the Board
- Pamela Grundke (2214-B) commented on a breach of security
- Alan Herbert (355-D) commented on the sale of houses in Laguna Woods Village and financial requirements
- Kay Margason (510-C) commented on Clubhouse Two
- Gail McNulty (2140-D) announced the OC Youth Symphony concert

APPROVAL OF AGENDA

The agenda was approved as amended by adding a discussion under New Business a policy of use of Storage Containers in the Community.

APPROVAL OF MINUTES

The Minutes of the Regular Meeting on February 14, 2006 were approved as amended by adding a statement on page 4 that the Board took no action on the AB 770 Ombudsman Bill.

OLD BUSINESS

The Secretary of the Corporation, Director Charlene Sydow, read a proposed resolution on approving a Code of Ethics. Director Sydow moved to approve the resolution. Director Linda Wilson seconded the motion. Discussion ensued. Directors Grundke, Dersh, and Sydow commented on their opposition to the resolution.

Mutual Members Maxine McIntosh (68-C), Iris Gorin (828-Q), and Barbara Copley (510-D) addressed the Board on the resolution.

By a vote of 6-4-0 (Directors Stone, Wilson, Hammer, McNulty, Nugent, O'Brien voted in favor), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-06-15

WHEREAS, a Code of Ethics sets forth fundamental principles considered essential for the purpose of preserving the highest standards of integrity and ethical principles vital to the responsible discharge of obligations by Directors; and

WHEREAS, it establishes a shared definition of ethical behavior for members of the United Board whose personal ethical codes may vary; and

WHEREAS, a Code of Ethics can indicate to others that the Board is seriously concerned with responsible, professional conduct;

NOW THEREFORE BE IT RESOLVED; March 14, 2006 the Board of Directors of this Corporation hereby adopts its Code of Ethics as follows:

A Director of the United Laguna Hills Mutual Board:

- Must act in the best interest of the Mutual in carrying out his or her official responsibilities.
- Is obligated to participate in the governance and policy-making process of the Mutual, not its operation.

- Has a duty to act within the boundaries of his or her authority as defined by state law and the Mutual's governing documents.
- Is required to perform his or her duties in good faith and with such care as an ordinarily prudent person in a like position would use in similar circumstances.
- May rely on recommendations of Mutual committees and opinions, reports, statements, and financial data provided by staff and consultants believed to be competent; ultimately, a director must make independent decisions based on a reasonable examination of the issue in a timely manner (due diligence).
- Must serve the interests of all shareholders impartially and without bias.
- May not use his or her position for personal gain or any advantage over other members of the Mutual.
- Has a duty to disclose any personal conflict of interest to the Mutual.
- Must use special care not to divulge confidential information until such time as there has been general disclosure of that information.

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 on Nominating Committee Appointments, and announced that Don Beethe and Ruth Treeson were unable to serve:

RESOLUTION 01-06-

RESOLVED, March 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
Dick Sharp
Althea Usher

RESOLVED FURTHER, that Resolution 01-06-08, adopted February 14, 2006 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 O'Brien made a motion to fill the two vacancies by taking the next highest vote counts. Director Wilson seconded the motion. Discussion ensued.

Director Stone amended the motion to take a vote on the next four highest vote counts. Director Wilson seconded the motion. Discussion ensued.

By a vote of 7-3-0 (Directors Sydow, Dersh, and Grundke opposed) the amendment carried.

By a vote of 7-3-0 (Directors Sydow, Dersh, and Grundke opposed) the main motion as amended carried.

The Board recessed at 10:49 A.M. and reconvened at 10:55 A.M.

The ballots were distributed, collected, and tallied.

The winning candidates were announced.

Director O'Brien made a motion to approve the resolution as amended. 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 01-06-16

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

Eleanor Barber
Marie Hall
Sylvia Jacobs
James Shaffer
Suzanne Smith
Dick Sharp
Althea Usher

RESOLVED FURTHER, that Resolution 01-06-08, adopted February 14, 2006 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.

Ms. Janet Price entered the meeting at 11:15 A.M.

NEW BUSINESS

President Barrett introduced Ms. Mary Pat Toups of 3467-B Bahia Blanca West, a Laguna Woods Village resident and lobbyist, who provided a summary of AB12, a proposed Bill on a Revocable Transfer-on-Death Beneficiary Deed and encouraged the Membership to write to the California Law Review Commission in support of the Bill.

The Secretary of the Corporation read a proposed resolution on a position on reserves legislation as recommended by the GRF Government and Public Relations Committee. Director Sydow moved to approve the resolution. Director Wilson seconded the motion. Discussion ensued.

President Barrett commented on his meetings with local Assemblymen to further discuss the proposed Bill.

Mutual Member Ruth May (671-B) commented on the resolution.

Director Burns Nugent called the question. Director Wilson seconded the motion, and the motion to call the question carried unanimously.

By a vote of 8-2 (Directors Grundke and Dersh opposed) the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-06-17

WHEREAS, over the past several years the California Legislature has passed legislation that mandates how Associations must calculate and report replacement reserve funding plans; and

WHEREAS, the Legislature seems to be moving in the direction of increased reserve reporting requirements and an ultimate stipulation of a minimum reserve-funding level requirement;

NOW THEREFORE BE IT RESOLVED, March 14, 2006 that the Board of Directors of this Corporation hereby approves and authorizes staff to communicate to appropriate state legislative entities and HOA industry organizations, regarding newly introduced Assembly Bill 2100, language that conveys that United Laguna Hills Mutual (United Mutual) recognizes it is important for all community associations to adopt and use a financial planning and budget process that accurately reflects projected annual operating costs and long-term reserve expenditures that result in a balanced budget. In addition, United Mutual supports the full and open disclosure to members and the opportunity for participation by members in the development of the budget. The elected Board of Directors is charged with the fiduciary duty for managing the community, and resulting liability,

and therefore should be the final decision-making entity for their communities.

RESOLVED FURTHER, that if and when legislation is drafted that mandates a minimum funding level, staff is authorized to communicate to the aforementioned Legislative bodies and HOA organizations that United Mutual recognizes and supports the need for adequate reserve funding levels and recommends a minimum funding requirement of up to 50% for communities who are part of an association with collectively over 1,000 units, to be achieved over a period of ten years.

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.

A discussion was held relative to the use and identification of construction/maintenance storage containers and like storage equipment in the Community. Director Grundke requested establishment of a policy. By way of consensus, the Board agreed to refer the issue to the Maintenance and Construction Committee for further discussion.

Mutual Member Pam Grundke (2214-B) commented on construction/maintenance storage containers stored in the Community.

CHAIRMAN'S REMARKS

President Barrett commented on his meeting with Senator Haines about AB 2100 and on his request to meet with Assemblyman Devore to discuss the Bill.

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. He also updated the Membership on the status of the Community name change and announced that the trademark for the name Laguna Woods Village has been filed.

FINANCE REPORT

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

Director O'Brien made a motion to remove from the table the motion to approve the Financial Requirements as tabled from the February 14, 2006 meeting, to discuss additional changes made during the Finance Committee meeting. Director Stone seconded the motion and the motion carried unanimously.

The reading of the following proposed resolution was waived.

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, May 9, 2006 that the minimum financial requirements are revised as follows, effective for any escrow opened on or after June 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

Minimal verifiable marketable \$250,000 plus the total purchase and/or income producing assets price of the membership.

RESOLVED FURTHER, that once a member has qualified within this Corporation, said member need not requalify for purchase of a replacement manor as long as the person or persons in whose name title is held remain the same; and

RESOLVED FURTHER, that financial requirements are waived when the member obtains secondary financing from a financial institution; and

RESOLVED FURTHER, that the Board review and approve any financial institution requesting the ability to fund second loan by executing a Recognition agreement; and

RESOLVED FURTHER, that the managing agent is hereby directed to disseminate this information to the realty community serving Laguna Woods Village, Laguna Woods; and

RESOLVED FURTHER, that the Managing Agent is hereby directed to return to the Board in two years with recommendations for retaining or changing the requirements; and

RESOLVED FURTHER, that Resolution 01-04-96, adopted August 10, 2004 is hereby superseded and canceled.

Director O'Brien made a motion to approve the resolution. The motion was seconded. Discussion ensued.

Director Grundke made a motion to table the resolution, as amended to satisfy the statutory thirty-day notification requirements. Director O'Brien seconded the motion, and the motion carried unanimously.

Director Sydow left the meeting at 12:04 P.M.

Director O'Brien read a proposed resolution in Director Sydow's absence on approving a supplemental appropriation to purchase computers for United Director use. Director Grundke seconded the motion. Discussion ensued.

RESOLUTION 01-06

WHEREAS, a number of board members have expressed an interest in online access to electronic documents and information;

NOW THEREFORE BE IT RESOLVED, March 14, 2006 that the Board of Directors of this Corporation hereby approves the purchase and installation of up to two (2) zero-footprint computers at a cost of \$3,472; and

RESOLVED FURTHER, that the costs would be funded from the MIS Operating Budget and allocated to United Laguna Hills Mutual as appropriate; and

RESOLVED FURTHER, that such equipment shall be used by United Directors to access minutes, agendas, resolutions, committee reports, and other documents as directed by the United Board; and

RESOLVED FURTHER, that any person authorized to use the computer system shall agree in writing to use the system appropriately, and respect security and safety mechanisms intended to ensure information, software and hardware are as safe as possible; 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 Sydow entered the meeting at 12:09 P.M.

Mutual Members Barbara Copley (510-D) and Pamela Grundke (2214-B) addressed the Board on the resolution.

By a vote of 5-6-0 (Directors Wilson, McNulty, Nugent, Tibbetts, and Hammer voted against, and President Barrett voted against to break the tie), the motion failed.

Ms. Price left the meeting at 12:20 P.M.

President Barrett recommended that, due to the length of the meetings, the Board meet twice a month to conduct business. Discussion ensued. No action was taken.

Mutual Members Kay Margason (410-C) and Maxine McIntosh (68-C) commented on shortening the meetings.

CONSENT CALENDAR

By way of consensus, the Board removed *358-A Denial of request to enclose deck and install new windows* and returned it to the Maintenance and Construction Committee.

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

Maintenance and Construction Committee:

RESOLUTION 01-06-18

RESOLVED, March 14, 2006 that the request of Mrs. Susan Margolis of 34-C Calle Aragon to replace the downstairs bedroom window with sliding doors, install a 4' x 8' stoop, and add to the stoop by creating an 8' x 8' curved patio is hereby denied.

RESOLUTION 01-06-19

RESOLVED, March 14, 2006 that the request of Mrs. Elaine Sorgatz of 206-F Avenida Majorca for the Mutual to install additional lighting at the gate outside her manor, and at the sidewalk in front of her manor is hereby denied.

RESOLUTION 01-06-20

RESOLVED, March 14, 2006 that the request of Mr. Ramin Rohani of 263-B Calle Aragon for the Mutual to install lighting in front of his manor is hereby approved; and

RESOLVED FURTHER, that the installation shall be funded through the General Maintenance section of the Mutual's 2006 Business Plan.

RESOLUTION 01-06-21

RESOLVED, March 14, 2006 that the request of Mr. and Mrs. Joe Saldana of 358-A Avenida Castilla to perform multiple interior modifications is hereby approved; and

RESOLVED FURTHER, that all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual member(s) at 358-A; and

RESOLVED FURTHER, that prior to issuance of a Mutual permit for the alteration, updated and unit-specific plans depicting the proposed alterations, inclusive of structural, plumbing and electrical details, prepared, signed and wet-stamped by a State of California –licensed architect must be submitted to the Permits and Inspections Office located in the Laguna Woods Village Community Center for approval; and

RESOLVED FURTHER, that all required Mutual and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods permit number(s) must be submitted to the Permits and Inspections Office located in the Laguna Woods Village Community Center.

RESOLUTION 01-06-22

RESOLVED, March 14, 2006 that the request of Mr. and Mrs. Joe Saldana of 358-A Avenida Castilla to enlarge their patio by two feet is hereby approved; and

RESOLVED FURTHER, that all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual member(s) at 358-A; and

RESOLVED FURTHER, that all required Mutual and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods permit number(s) must be submitted to the Permits and Inspections Office located in the Laguna Woods Village Community Center; and

RESOLVED FURTHER, that the Landscape Division at the expense of the requesting Mutual member will make any drainage, irrigation or landscape revisions; and

RESOLVED FURTHER, that the 20 square feet of common area utilized for the patio extension will count toward the 207 square foot lifetime maximum expansion for Manor 358 – A; and

RESOLVED FURTHER, that the request to apply stucco to the patio walls is hereby denied.

RESOLUTION 01-06-23

RESOLVED, March 14, 2006 that the request of Mr. Kyung Yeon of 2055-A Via Mariposa East to retain the satellite dish, currently mounted in the landscaped common area outside his manor is hereby denied.

Landscape Committee Recommendation:

606-A	Approval of appeal request to revise garden wall at the Mutual Member's expense
11-B	Approval of request for tree removal on-schedule at the Mutual's expense
29-T	Approval of request for tree removal off-schedule at the Mutual's expense
384-H	Approval of request for on one (1) tree removal on-schedule at the Mutual's expense
588-D	Approval of modified version of request for landscape changes at the Mutual's expense
2160-A	Denial of request for tree removal

Finance Committee Recommendation:

No recommendations were made.

COMMITTEE REPORTS and SERVICES

Director Don Tibbetts reported from the Maintenance & Construction Committee.

Director Mary Stone reported from the Damage Restoration Policy Ad Hoc 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 Wilson made a motion to accept Director McNulty's resignation from the Management Agreement Ad Hoc Committee, and appoint President Barrett in his place and stead. The motion was seconded and carried by a vote of 8-1-1 (Director Stone opposed, and Director Nugent abstained).

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

Director O'Brien reported from the Election Procedures Ad Hoc Committee.

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

Under the GRF Government and Public Relations Committee Report, Director O'Brien made a motion to support the proposed legislative Bill AB 2851 which attempts to reduce the 100% voting requirement stipulated in the current law to change the condominium plan, and direct staff to include United as a supporter in all communications with appropriate parties. Director Wilson seconded the motion and the motion carried unanimously.

Director O'Brien made a motion to respectfully request that additional clarifying language be included in proposed legislative Bill SB 1560 that adds language to allow for a self nomination process by petition pursuant to Section 7521(b) of the Corporations Code, if a reasonable number of signatures is required and if specified in the community's governing documents. Director Wilson seconded the motion and the motion carried unanimously.

Director O'Brien made a motion to remove from the table the motion to approve the Caregiver Guideline Regulations resolution, as approved and tabled at the February meeting. The motion was seconded and carried unanimously.

Discussion ensued on the following resolution:

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, May 9, 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 GRF facilities other than the bus system 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 O'Brien made a motion to revise the 5th Guideline to read "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 GRF facilities other than the bus system unless accompanied by the qualifying resident." The motion was seconded and carried unanimously.

Director O'Brien made a motion to table the resolution as amended until the May Board meeting to satisfy the statutory thirty-day notification requirements. Director Wilson seconded the motion and the motion carried unanimously.

Mutual Member Kay Margason (510-C) commented on security issues.

DIRECTORS' FORUM

- Director Stone announced the upcoming Relay for Life Celebration, and requested that the Board support the cause
- Director Wilson indicated that she supports the cause
- President Barrett announced that his son is participating in a decathlon in LA

MEETING RECESS

The regular meeting recessed for lunch at 12:55 P.M. and reconvened into Executive Session at 1:36 P.M.

During its February Regular Executive Session, the Board approved the Regular Executive Session Minutes of January 10, 2006; discussed personnel, contractual, and litigation matters; and heard eight (8) Disciplinary Hearing matters, and imposed fines totaling \$950 for violations of the Mutual's rules and regulations.

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

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 4:25 P.M.

Charlene Sydow, Secretary