

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

August 9, 2006

A Special Meeting of the United Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporations, was held on Wednesday August 9, 2006, at 1:30 P.M., at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Beth O'Brien, Mary Stone, Don Tibbetts, Linda Wilson, Bevan Strom, Jim McNulty, Burns Nugent, Ken Hammer

Directors Absent: None

Others Present: Milt Johns, Janet Price, Betty Parker, Patty Fox

CALL TO ORDER

Beth O'Brien, President of the Corporation, called the meeting to order at 1:30 P.M., indicated that it was duly noticed, and that a quorum was present.

ACKNOWLEDGEMENT OF PRESS

Cheryl Walker of the Laguna Woods Globe was acknowledged as present, and the Channel 6 TV camera crew was acknowledged as present by way of remote cameras.

MEMBER COMMENTS

- None

REVIEW 2007 BUSINESS PLAN – VERSION 3

President O'Brien stated that the purpose of the special meeting was to review Version 3 of the proposed 2007 Business Plan, and turned the meeting over to Janet Price, Finance and Administration Director, who presented Version 3 of the proposed 2007 Business Plan. She noted that many of the figures are based on assumptions, estimates or projections, and that certain 2007 actual expenses may be considerably different from the operating budget; e.g. salaries & wages due to a probable 2007 increase in the minimum wage.

The Board Members were given an opportunity to ask questions and comment on Version 3 of the proposed 2007 Business Plan.

Director Bevan Strom made a motion to open the floor for Member comments on the Direct Mutual Operating Expenses (DMO). Director Ken Hammer seconded the motion and the motion carried unanimously.

Mutual Member Ruth May (671-B) commented on her desire for an increase in carport sweeping service.

Director Bevan Strom made a motion to open the floor for Member comments on the Mutual Shared Operating Expenses (MSO). Director Linda Wilson seconded the motion and the motion carried unanimously.

Mutual Member John Dalis (8-P) addressed the Board on the proposed Business Plan.

Director Bevan Strom made a motion to open the floor for Member comments on the Mutual Reserve Contributions. Director Linda Wilson seconded the motion and the motion carried unanimously.

Mutual Member Bob Miller (579-A) addressed the Board on investment interest rates.

Director Mary Stone made a motion to increase the contribution to the Replacement Fund from \$59.31 per manor/per month to \$60.00 per manor/per month, and to reduce the contribution to the Unappropriated Expenditures Fund from \$3.00 per manor/per month to \$2.00 per manor/per month. The motion was seconded and discussion ensued.

Mutual Member John Dalis (8-P) addressed the Board on the motion.

By a vote of 5-2-0 (Director Wilson and Tibbetts opposed), the motion carried.

Director Stone made a motion to increase the surplus recovery from \$1.00 per manor/per month to \$2.00 per manor/per month. Director Nugent seconded the motion. By a vote of 3-4-0 (Directors McNulty, Nugent, Stone voted in favor), the motion failed.

Director McNulty made a motion to change the "Directors Good of the Order" on future agendas to the "Directors Forum". The motion was seconded.

Mutual Member Ruth May (671-B) and Maxine McIntosh (68-C) addressed the Board on the motion.

By a unanimous vote of 7-0-0 the motion carried.

DIRECTOR'S FORUM

- Director Stone commended President O'Brien for running a smooth meeting.
- Director Nugent commented on reserves.
- Director Wilson welcomed Director Nugent back from vacation.
- Director McNulty thanked staff on a job well done.
- Director Strom commented on reserve funding.
- Director Hammer thanked Janet Price and her staff on a job well done and thanked Mr. Johns for running a great community.
- President O'Brien commended Janet Price and her staff for their patience and hard work.

During its August 8, 2006 Regular Executive Session, the Board reviewed and approved the and approved the minutes of the Special Executive Session Meeting of June 7, 2006, the Regular Executive Session Meeting of July 11, 2006, the Special Executive Session Meeting of July 18, 2006, the Special Executive Session Meeting of July 21, 2006, and the Special

Executive Session Meeting of July 27, 2006; discussed member discipline and litigation issues; heard two (2) Disciplinary Hearings, and reviewed the Litigation Status Report.

There being no further business to come before the Board of Directors, the special meeting was adjourned at 3:10 P.M.

Bevan Strom, Secretary