

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

**November 15, 2010**

The Special Meeting of the Board of Directors of United Laguna Hills Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Monday, November 15, 2010 at 2:30 P.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Gail McNulty, Arlene Miller, Ron Beldner, Barbara Copley, Libby Marks, Cynthia Chyba, John Dalis, Roger Turner, Catherine Brians, Harold Allen, Heather Gerson

Directors Absent: None

Others Present: Jerry Storage, Patty Kurzet, Sandra Gottlieb, Esq.

**CALL TO ORDER**

Gail McNulty, President of the Corporation, chaired and opened the meeting, and stated that it was a Special Meeting held pursuant to notice duly given. A quorum was established and the meeting was called to order at 2:30 P.M.

Without objection, the Board agreed to limit the total time for Member Comments to 30 minutes.

**MEMBER COMMENTS**

- Tony Dauer (96-C) asked the Board to join the lawsuit with Third Mutual.
- Delsie Zuzak (674-A) commented on the Water Wise Gardens.
- Mary Stone (356-C) commented on association transparency.
- Bevan Strom (30-A) commented on becoming a model association.
- Connie Grundke (2214-B) commented on maintaining equity for all members and taking unbiased actions.
- Bob Zuzak (674-A) welcomed Sandra Gottlieb to the meeting.
- Pamela Grundke (2214-B) commented on setting standards for the betterment of the Community and creating policies equal for all residents, and asked that Suzanne Curtis be given an apology for her alleged violation of common area.
- Kay Margason (510-C) commented on the actions of the Board.
- Mary Wall (239-D) commented on making the CC&Rs a part of the Mutual's governing documents.
- Pat Blomgren (563-A) commented on compromising with Suzanne Curtis in allowing her to place her furniture on common area.

**RESPONSE TO MEMBERS' COMMENTS**

- Director Dalis stated that he enjoyed living here.

The Secretary of the Corporation, Director Barbara Copley, read a proposed resolution approving the Mutual Committee assignments. Director Copley moved to approve the resolution. Director Gerson seconded the motion.

Without objection, the Board agreed to add Linda Wilson as an advisor on the Landscape Committee.

Member Connie Grundke (2214-B) asked the Board to add Director Beldner to the Maintenance and Construction Committee.

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

**RESOLUTION 01-10-262**

**RESOLVED**, November 15, 2010, that the following persons are hereby appointed to serve the corporation in the following capacities:

**Executive Disciplinary Committee** (to hold disciplinary hearings)  
3 members per rotation

**Finance Committee**

Heather Gerson, Chair  
John Dalis, Vice Chair  
Arlene Miller  
Cynthia Chyba  
*Advisor: Alison Holt, Paul Vogel*

**Governing Documents Ad Hoc Committee**

Barbara Copley, Chair  
Ron Beldner  
*Advisors: Mary Stone, Bevan Strom*

**Joint GRF Bylaw Committee**

Inactive at this time

**Landscape Committee**

Cynthia Chyba, Chair  
Heather Gerson, Vice Chair  
Harold Allen  
Roger Turner  
*Advisors: Mary Kay Tibbetts, Polly Spahr, Linda Wilson*

**Joint Long Range Planning Committee**

Inactive at this time

**Maintenance and Construction Committee**

Harold Allen, Chair  
Barbara Copley, Vice Chair  
John Dalis  
Roger Turner

Catherine Brians  
*Advisor: Lynn Hamm, Ron Stenson*

**Resident Relations Information Services**

Arlene Miller, Chair  
Catherine Brians  
3<sup>rd</sup> Member on Rotation

**Standards Sub-Committee**

Inactive at this time

**Traffic Hearing**

Arlene Miller, Chair  
Catherine Brians  
Roger Turner

**New Resident Orientation**

Per Rotation List

**Select Audit**

Heather Gerson  
John Dalis

**Laguna Canyon Foundation**

TBD

**RESOLVED FURTHER**, that Resolution 01-10-131, adopted June 17, 2010 is hereby superseded and canceled.

The Secretary of the Corporation read a proposed resolution approving the appointments to GRF committees. Director Copley moved to approve the resolution. Director Gerson seconded the motion.

Member Mary Wall (239-D) asked why the President isn't assigned to any committees.

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

**RESOLUTION 01-10-263**

**RESOLVED**, November 15, 2010, that, in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, adopted May 2006, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

**Broadband Services**

Ron Beldner

Roger Turner

**Business Planning**

Heather Gerson  
John Dalis

**Bus Services**

Arlene Miller  
Ron Beldner

**Community Activities**

Libby Marks  
Ron Beldner

**Finance**

Heather Gerson  
John Dalis

**Government & Public Relations**

Libby Marks  
Catherine Brians

**Golf Building Ad Hoc Committee**

Barbara Copley  
Cynthia Chyba

**Landscape Committee**

Harold Allen  
Cynthia Chyba

**Land Use Ad Hoc Committee**

Barbara Copley  
Roger Turner

**Maintenance & Construction**

Harold Allen  
Barbara Copley

**Recreation Master Planning Sub-Committee**

Libby Marks  
Roger Turner

**Security**

Libby Marks  
Catherine Brians

**RESOLVED FURTHER**, that Resolution 01-10-132, adopted June 17, 2010 is hereby superseded and canceled.

The Secretary of the Corporation read a proposed resolution approving the Open Session Board Meeting Attendance and Member Forum Rules. Director Copley moved to approve the resolution. Director Gerson seconded the motion and discussion ensued.

Ms. Gottlieb spoke to the reason and intent of the proposed resolution.

Without objection, the Board agreed to add the following language at the end of the first paragraph under 2) *Member Forum*: "which includes without limitation agenda items and board resolutions."

The Board encouraged members to attend committee meetings to voice their opinions on Board business.

Members Delsie Zuzak (674-A), Maxine McIntosh (68-C), Connie Grundke (2214-B), Dick Sharp (887-Q), Mary Stone (356-C), Pat Blomgren (563-A), Jodie and Lloyd Foster (2162-C), Pamela Grundke (2214-B), Bevan Strom (30-A), Mary Wall (239-D), and Tony Dauer (96-C) presented their comments and concerns with the proposed resolution.

Ms. Gottlieb addressed the Members' comments and concerns.

Without objection, the Board agreed to vote by way of a role call vote and the following votes were taken:

Director Brians	favor
Director Turner	favor
Director Dalis	opposed
Director Gerson	favor
Director Miller	favor
Director Allen	favor
Director Copley	opposed
Director Marks	opposed
Director Chyba	opposed
Director Beldner	opposed
Director McNulty	favor

By a vote of 6-5-0, the motion carried and the Board of Directors adopted the following resolution as amended:

**RESOLUTION 01-10-264**

**WHEREAS**, pursuant to California's Common Interest Development Meeting Act (California *Civil Code* § 1363.05), each Member of United Laguna Hills Mutual ("United") has the right to attend meetings of United's Board of Directors (the "Board"), except when the Board meets in executive session, and to

address the Board during any open session meeting of the Board during a set period of time identified by the Board for such purpose; and

**WHEREAS**, the Board believes that efficient governance of United is not possible unless its meetings are conducted in a professional, orderly and timely fashion; and

**WHEREAS**, the Board wishes to promote such professionalism, order and timeliness, and regulate Board meeting time in an even and consistent fashion; and

**WHEREAS**, the Board has a desire to protect the Board members and the employees and representatives of United's managing agent, vendors, contractors, consultants and experts, and members of United committees, from personal and/or public attacks, and inappropriate conduct, during open session meetings of the Board; and

**WHEREAS**, the Board believes that new operating rules are necessary to effectuate the items described above.

**NOW THEREFORE BE IT RESOLVED**, November 15, 2010, that the following Board meeting rules are to take effect immediately upon adoption by the Board, and shall replace United Resolution 01-09-97 in its entirety:

## **UNITED LAGUNA HILLS MUTUAL**

### **OPEN SESSION BOARD MEETING ATTENDANCE AND MEMBER FORUM RULES**

In order to provide for an orderly and professional meeting, the Board has adopted the following Board meeting rules.

#### **1. OPEN SESSION BOARD MEETING ATTENDANCE**

Pursuant to California *Civil Code* §1363.05(b), any member of United (an owner of a share of stock in United's corporation) (each, a "Member") may attend any open session meeting of the Board and observe the proceedings of the open session Board meeting.

(a) A person who is not a Member of United (each such person, a "Non-Member") does not have the legal right to attend an open session Board meeting. A Non-Member may not attend a Board meeting unless that attendance is otherwise agreed to in advance in writing by the Board, or is approved by the Board after the Non-Member identifies himself/herself at the beginning of the Board meeting; provided, however, a spouse or registered domestic partner of a Member or a "Qualifying Resident" (as such term is defined in United's Bylaws) may attend an open session meeting of the Board

without advance Board approval. Notwithstanding the foregoing, residents of United who are not Members, residents of other mutuals/associations at Laguna Woods Village and members of the press are welcome to attend open session Board meetings so long as such persons follow the decorum and conduct requirements described below and do not displace a Member from a seat at the meeting.

(b) A Member does not have the right to attend an executive session meeting of the Board, unless the Member is meeting with the Board in executive session to (i) discuss discipline of that Member by the Board, (ii) testify as a witness for another Member or the Board in a disciplinary matter involving another Member or (iii) discuss the Member's assessment payments with the Board.

(c) The only persons permitted to speak at a Board meeting are Board members, employees or representatives of United's managing agent and other persons invited by the Board to provide specific information or advice to the Board on matters deliberated upon at the Board meeting. Members and, as applicable, Non-Members who attend open session Board meetings (i) may not speak to or address the members of the Board, or the employees or representatives of United's managing agent, vendors, contractors, consultants or experts, or members of United committees, present during an open session Board meeting, and (ii) may not participate in the Board's deliberation on United and/or Board business during the Board meeting, other than as set forth in Section 2 below, entitled "Member Forum."

(d) Persons attending an open session Board meeting shall refrain from private conversations during such meeting and shall not engage in disruptive behavior, such as, without limitation, yelling, booing, foot stomping or making remarks (profane, obscene or otherwise) from the assembly floor. Persons must come and go from the Board meeting in the least disruptive manner possible, and all cell phones, pagers, personal digital assistants and other electronic devices, other than electronic devices for those that are hard of hearing, must be turned off or placed in silent mode during Board meetings to avoid disruption of the meeting. No placards, banners, signs or like items shall be permitted in the Board meeting room, whether those items are commercial or noncommercial speech, or political or nonpolitical speech, unless otherwise agreed to in advance in writing by the Board.

(e) If a disruption of a Board meeting occurs because of inappropriate conduct of a meeting attendee(s), the Chair, in his/her sole discretion, may request that the disruptive meeting attendee(s) leave the Board meeting. If the disruptive meeting attendee(s) does not leave the meeting and if order is not maintained, the Chair may recess or adjourn the Board meeting, which meeting shall be reconvened at the Board's discretion.

## **2. MEMBER FORUMS**

In accordance with California *Civil Code* §1363.05(h), the Board shall hold a Member forum (each such forum, a "Forum") before or after any meeting of the Members, or before or after any open session meeting of the Board. During a Forum, the Board shall permit Members of United to address the Board on any matter(s) relating to the business and affairs of United, which includes without limitation agenda items and board resolutions.

(a) A person who is a Non-Member does not have the right to attend a Forum, unless that Non-Member's attendance is otherwise agreed to in advance in writing by the Board or is approved by the Board after the Non-Member identifies himself/herself at the beginning of the Board meeting; provided, however, a spouse or registered domestic partner of a Member or a Qualifying Resident may attend a Forum without advance Board approval. Notwithstanding the foregoing, residents of United who are not Members, residents of other mutuals/associations at Laguna Woods Village and members of the press are welcome to attend a Forum so long as such persons follow the decorum and conduct requirements described below and do not displace a Member from a seat at the Forum. A Non-Member present during a Forum, as may be applicable, shall have no right to address the Board during the Forum.

(b) At each Forum, a podium will be set up at the front of the assembly hall facing the Board. Members who wish to address the Board during the Forum may step up to the podium, forming a line of speakers in an orderly manner. Speakers will be heard on a first-come first-served basis. When recognized by the Chair at the podium, Members should begin by stating their name and manor number slowly and clearly after being recognized by the Chair. Members shall be allowed to speak only once during each Forum.

(c) Members who view a Forum via television may present their comments to the Board for recognition during the live televised Forum by faxing their comments to United's administrative office at (949) 268-2480 or by calling (949) 597-4262. The Board, in its sole discretion, may change these fax/telephone numbers from time to time and/or provide email addresses for the receipt of Member comments during a Forum upon notice of same to the Members. Comments received from Members viewing a Forum via television shall be read to the Board, if such comments are recognized by the Board at all, by a person(s) designated by the Board to receive and review such comments. Members viewing a Forum by television and such Members' comments submitted during a Forum shall be subject to the same decorum, conduct and other requirements of Members addressing the Board in person, as set forth below, as may be applicable.

(d) All comments made by a Member during a Forum shall be directed to the Board. Each Member speaking at a Forum shall be allowed a maximum time of three (3) minutes to address the Board. When speaking, a Member shall state his/her issue(s) with as much detail as possible, and the



Member shall be concise and stay to the point of his/her issue(s). A Member may bring any documentation pertaining to his/her issue(s) discussed at Forum and give that documentation to the Board during his or her allotted speaking time, and the Board will respond to that documentation, if at all, as and when the Board deems appropriate.

(e) The Board reserves the right to limit the total amount of time allotted to a Forum (*e.g.*, for example only, the Board may limit a Forum to thirty (30) minutes). When a time limit for a Forum is set by the Board, that time limit will not be extended by the Board, even if a recess of the Forum must be taken because of disorder of those Members present during the Forum. There is no guarantee that every Member who desires to address the Board at a given Forum will be allowed to do so.

(f) The Board is not required to respond to, address or take action upon comments made by a Member during a Forum, except as decided by the Board in its sole discretion. The Board may or may not respond to a Member's request(s), or answer a Member's question(s) raised at a Forum, and the Board may, in its sole discretion, take issues raised by Members during a Forum under consideration and respond in writing to those issues through United's managing agent after Board research into and evaluation of those issues, as may be applicable.

(g) Members addressing the Board during a Forum, after recognition by the Board, must be respectful towards the Board at all times. The right to address the Board does not include a right to engage the Board in debate, and although in their comments Members may raise questions for the Board's consideration, Members may not interrogate or cross-examine Board members or others present at the Forum. Members shall refrain from discussing personalities or making personal attacks against the Board members or other persons present at the Forum, including, without limitation, employees and representatives of United's managing agent. Members shall refrain from the use of the individual names of Board members or United's representatives, agents and contractors at a Forum, referring to such persons only by their title and/or department.

(h) Speakers must conduct themselves in a civil and respectful manner at all times during Forum. The Board will not tolerate abusive or inappropriate language or conduct disruptive to the Forum, and speakers shall not use profane, obscene, discriminatory or offensive language when addressing the Board. The Chair, in his/her sole discretion, may declare a Member out of order, and if that Member fails to come to order, the Chair may, in his/her sole discretion, request the Member leave the Forum and/or close the Forum if order is not maintained.

(i) Political announcements or statements, or any announcements or

statements unrelated to the Member's interest as a Member of United, will be ruled out of order by the Chair, except when previously approved by the Board.

### **3. SUMMARY OF RULES OF DECORUM**

As described above, and otherwise, all attendees of open session Board meetings, Forums and Member meetings must adhere to the following rules of decorum:

(a) Attendees must conduct themselves in a civil and respectful manner at all times; the Board will not tolerate abusive or inappropriate language or conduct.

(b) Attendees shall not engage in disruptive behavior, such as yelling, booing, foot stomping or making remarks from the assembly floor.

(c) Attendees shall refrain from private conversations during meetings and Forums, and all cell phones, pagers, personal digital assistants and other electronic devices, other than electronic devices for those that are hard of hearing, must be turned off or placed in silent mode to avoid disruption of the meeting or Forum.

(d) Attendees should come and go as necessary from the assembly room in the least disruptive manner possible.

(e) Attendees are not allowed to address the Board at any open session Board meeting.

(f) Only Members are allowed to address the Board at a Forum. After being recognized by the Chair, a Member must address all of his/her comments to the Board through the Chair.

(g) Members are reminded that the right to speak to the Board at a Forum does not include a right to engage the Board in debate, and Members may not interrogate or cross-examine Board members or the employees or representatives of United's managing agent or any United vendors, experts, consultants or contractors.

(h) Members shall refrain from discussing personalities or making personal attacks when addressing the Board at a Forum.

(i) When addressing the Board at a Forum, Members must refrain from the use of the individual names of Board members or employees or representatives of United's managing agent and refer to such persons by their appropriate title and/or department.

(j) Members addressing the Board at a Forum shall not use profane, obscene, discriminatory or offensive language.

(k) No placards, banners, signs or like items shall be permitted in the Board meeting room, unless otherwise agreed to in advance in writing by the Board.

(l) If a disruption of an open session Board meeting or Forum occurs because of inappropriate conduct of a meeting attendee, the Chair may declare an attendee out of order. If that attendee fails to come to order, the Chair may request that the attendee leave the meeting or Forum.

**RESOLVED FURTHER**, that Resolution 01-09-97 adopted April 14, 2009 is hereby superseded and cancelled; and

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

The Secretary of the Corporation read a proposed resolution approving the Board Member Code of Conduct Policy. Director Copley moved to approve the resolution. Director Gerson seconded the motion and discussion ensued.

Members Lloyd Foster (2162-C) and Mary Stone commented on the wording of number 14 where it states that “only the Board member making the motion may amend the motion”.

Director Marks made a motion to amend number 14 to read as follows “any Board member may amend a motion.” Director Gerson seconded the motion and the motion carried by a vote of 10-0-0.

Director Dalis made a motion to change number 20 to read as follows: “Administrative directives to Management need not be made in the form of a motion, such directives of the Board will be made by the Chair.” Director Gerson seconded the motion.

By a vote of 8-2-0 (Director Beldner and Copley opposed), the motion carried and the Board of Directors adopted the following resolution as amended:

**RESOLUTION 01-10-265**

**WHEREAS**, pursuant to California’s Common Interest Development Meeting Act (California *Civil Code* § 1363.05) and the governing documents of United Laguna Hills Mutual (“United”), United’s Board of Directors (the “Board”) is required to hold meetings in open session and executive session, as may be applicable, to deliberate and act upon the business and affairs of United; and

**WHEREAS**, the Board believes that efficient Board meetings are not possible unless those meetings are conducted in a professional, orderly and timely fashion; and

**WHEREAS**, the Board wishes to promote such professionalism, order and timeliness, and regulate Board meeting time in an even and consistent fashion; and

**WHEREAS**, the Board believes that a Board member code of conduct (the "Code of Conduct") is necessary to effectuate the items described above.

**NOW THEREFORE BE IT RESOLVED**, November 15, 2010, that the following Code of Conduct is to take effect immediately upon adoption by the Board:

**UNITED LAGUNA HILLS MUTUAL  
BOARD MEMBER CODE OF CONDUCT**

The Board has adopted the following rules with respect to conducting its meetings. The purpose of these rules is to ensure that Board meetings (both open and executive session, as well as member forums) are conducted in a professional, expedient and efficient manner and in compliance with United's governing documents and applicable statutory requirements.

1. The meeting call to order will always be on time if a quorum of Board members is present.
2. The chairperson of the Board meeting (the "Chair") will be the President. If the President is not in attendance at the meeting, the 1<sup>st</sup> Vice President will be the Chair. If the 1<sup>st</sup> Vice President is not in attendance at the meeting, the 2<sup>nd</sup> Vice President will be the Chair. If the 2<sup>nd</sup> Vice President is not in attendance at the meeting, the Secretary will be the Chair. If the Secretary is not in attendance at the meeting, the Treasurer will be the Chair.
3. It will be the responsibility of every Board member to review agenda items prior to the meeting, including reports, documents, information, proposals and financial statements related to same that are included in the Board meeting packet distributed to the Board members by United's managing agent ("Management") prior to the meeting. Board members should contact Management in advance of the meeting with any questions they have regarding the agenda items and Board packet materials.
4. Any document that a Board member would like included in the Board meeting packet must be provided to the Corporate Secretary at least six (6) days in advance of the applicable Board meeting.

5. The Secretary will not read prior Board meeting minutes out loud. The Secretary will make a motion to accept prior Board meeting minutes (with or without corrections). If a Board member believes a correction is needed to prior meeting minutes, this correction should be communicated either (i) to the Secretary before the meeting or (ii) to the Board at the meeting, before the minutes are approved by the Board. Open session Board meeting minutes will be approved in an open session Board meeting, and executive session meeting minutes will be approved in an executive session Board meeting.
6. There may be no discussion on a topic until a motion is made.
7. The Chair will always state the motion prior to debate and again when calling for the vote.
8. If there are two Board members (one making a motion and another seconding the motion) desirous of discussion on an issue, each Board member will be allowed to speak on the issue starting with the Board member making the motion.
9. The Chair will give opportunity for debate to all Board members equally (no more than twice) and no Board member will interrupt another. When all points have been heard, the Chair will "call for the vote"
10. Voice votes will be taken unless requested by motion for written votes. Abstaining is no vote at all.
11. A vote of two-thirds of the Board members present and constituting a quorum is required to end debate, limit debate or extend debate on an issue.
12. A majority vote of the Board members present and constituting a quorum is required to table an issue.
13. The Chair will require the debate on a motion be limited to the merits of the motion. Comments not germane to the topic will be considered out of order, and the Board member making such comments will be asked by the Chair to cease those comments.
14. Any Board member may amend a motion.
15. Board members shall not disseminate information or documents related to any executive session Board meeting agenda items or topics, and shall not discuss executive session items with any person not on the Board, United's legal counsel or, as appropriate, employees and representatives of United's managing agent or United's vendors, experts, consultants or

contractors. Board members shall at no time provide any documents marked as "attorney-client privilege" to any persons not a Board member.

16. The Chair will keep control of the meeting at all times. During an open session meeting of the Board, no United Members, Qualifying Occupants, Co-occupants or Tenants (as defined under United's Bylaws) or other attendees at the meeting will be permitted to speak, address the Board or enter Board discussions. United Members will be allowed to address the Board during Member forum after recognition by the Chair and pursuant to the operating rules adopted by the Board for non-Board member attendance at Member forum (Resolution 01-10-264).
17. It is the duty of all Board members to participate in the vote and take a position on the motion, although Board members have the right to abstain from a vote, and should to do so when they have a direct personal interest involved in the motion.
18. To address the Board, a Board member should ask to be recognized by the Chair or raise his/her hand. The Chair will nod or ask, by name, for the Board member to speak.
19. Motions made will relate to any matter properly before the Board and shall include without limitation: (a) adopting, amending or repealing operating rules; (b) reviewing financial statements and financial information; (c) meeting with United's current and prospective vendors; (d) entering into contracts; (e) spending or allocating money; (f) appointing committee members; and (g) accepting recommendations of committees.
20. Administrative directives to Management need not be made in the form of a motion, such directives of the Board will be made by the Chair.
21. Board members must conduct themselves in a civil and respectful manner at all times, and shall not (a) engage in abusive or inappropriate conduct or (b) use profane, obscene, discriminatory or offensive language.
22. Board members shall refrain from private conversations during meetings and Member forums, and all cell phones, pagers, personal digital assistants and other electronic devices, other than electronic devices for those that are hard of hearing, must be turned off or placed in silent mode to avoid disruption.
23. Board members shall refrain from discussing personalities or making personal attacks against other Board members or employees or representatives of United's managing agent during a meeting or forum.
24. The Chair, in his/her sole discretion, may declare a Board member out of order for violation of these rules, and if that Board member fails to come to

order, the Chair may, in his/her sole discretion, temporarily recess the meeting or forum to restore order.

25. Failure by a Board member to abide by these rules can subject the Board member to, among other results of conduct unbecoming, censure by the Board.

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

The Secretary of the Corporation read a proposed resolution approving the Board Member Pledge Agreement. Director Copley moved to approve the resolution. Director Dalis seconded the motion and discussion ensued.

Members Bevan Strom (30-A) and Mary Stone (356-C) commented on the execution of the Pledge Agreement.

By a vote of 7-3-0 (Directors Beldner, Marks, Copley opposed), the motion carried and the Board of Directors adopted the following resolution:

#### **RESOLUTION 01-10-266**

**WHEREAS**, the Board of Directors (the "Board") of United Laguna Hills Mutual ("United") believes it is important to ensure that each Board member is committed to appropriately fulfilling his or her fiduciary duties, obligations and responsibilities to the Board, United and United's members; and

**WHEREAS**, such fiduciary duties, obligations and responsibilities include, but are not limited to, the duty to observe and abide by United's Board Member Code of Conduct, adopted under Resolution; and

**WHEREAS**, such fiduciary duties, obligations and responsibilities also require each Board member to maintain in strict confidence any and all communications, information and documents disclosed and/or discussed during executive session meetings of the Board, unless a majority of the Board expressly directs in writing that any particular executive session communication, information or document that would otherwise be considered confidential may be disclosed to third parties, with such disclosure being subject to the manner of disclosure directed and/or authorized by the Board; and

**WHEREAS**, to ensure that each Board member is aware of and accepts his or her fiduciary duties, obligations and responsibilities, each Board member, at the commencement of his or her term of office, will be requested by the Board to sign United's Board Member Pledge Agreement (the "Pledge Agreement"),

under which each Board member will pledge to, among other things, observe and agree to abide by United's Board Member Code of Conduct and maintain in strict confidence any and all communications, information and documents disclosed and/or discussed during executive session meetings of the Board; and

**NOW THEREFORE BE IT RESOLVED**, on November 15, 2010, that the Board will hereby request that, in addition to fulfilling their other fiduciary duties, obligations and responsibilities, individual Board members: (i) execute a copy of the attached Pledge Agreement at the commencement of their term of office; (ii) maintain in strict confidence any and all communications, information and documents disclosed and/or discussed during executive session meetings of the Board; and (iii) observe and agree to abide by the attached Board Member Code of Conduct (Resolution 01-10-265); and

**RESOLVED FURTHER**, that Resolution 01-09-284 adopted December 8, 2009 is hereby superseded and cancelled; and

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

The Board discussed the protocol for obtaining legal opinions from Corporate Counsel which allows Staff to contact the Board President to determine whether or not a legal opinion is needed for any particular issue. If the issue is time-sensitive, the President will make the determination. In some cases, the President will confer with other Board officers in making the determination. If the issue is not time-sensitive, the matter is added to the agenda of the next closed session meeting, and the decision to request a legal opinion is made by the Board.

Director Dalis made a motion to approve the protocol. Director Marks seconded the motion and discussion ensued. By a vote of 10-0-0, the motion carried.

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

During its Regular Executive Session meeting of November 9, 2010, the Board reviewed and approved, without objection, the minutes of the Regular Executive Session of September 14, 2010, the minutes of the Regular Executive Session of September 22, 2010, the minutes of the Special Executive Disciplinary Committee meeting of September 27, 2010, the minutes of the Special Executive Session of October 5, 2010, the minutes of the Adjourned Special Executive Session of October 6, 2010, the minutes of the Special Executive Session of October 11, 2010, and the minutes of the Special Executive Session of October 22, 2010.

The Board heard three (2) disciplinary hearings and imposed fines totaling \$1,250 for violations of the Mutual's rules and regulations; and discussed contractual, litigation and other member disciplinary matters.



During its Special Executive Session meeting of November 15, 2010, the Board discussed disciplinary matters with legal counsel.

**ADJOURNMENT**

With no further business before the Board of Directors, the Special Open meeting was adjourned at 4:53 P.M.

---

Barbara Copley, Secretary

**United Laguna Hills Mutual**  
**Board Member Pledge Agreement**

I, \_\_\_\_\_, am a duly elected or appointed member of the Board of Directors (the "Board") of United Laguna Hills Mutual ("United"). I recognize the vital responsibility I am undertaking by serving as a member of the Board, and I hereby pledge to carry out in a trustworthy and diligent manner the duties and obligations of my role as a Board member. I acknowledge that my primary role as a Board member is to (1) understand, support and ensure fidelity to United's corporate mission and values, and (2) carry out the functions of the office of a Board member in accordance with the applicable terms and provisions of United's Bylaws and other governing documents and the California *Corporations Code*. I understand that my role as a Board member will focus on the development and enforcement of the broad policies (e.g., long-term vision, overall financial philosophy, etc.) that govern United's corporate plans and purposes. I will exercise the duties and responsibilities of this office with integrity, fidelity and care.

I understand that I have certain fiduciary duties, obligations and responsibilities to the Board and to United, including, but not limited to, the duty to maintain in strict confidence any and all communications, information and documents disclosed to me during executive session meetings of the Board. I will not disclose or disseminate such communications, information or documents to non-Board members unless the Board, by a properly noticed majority vote, expressly directs in writing that any particular executive session communication, information or document that would otherwise be considered confidential may be disclosed to one or more specific third parties; in such case, I will only disclose or disseminate such confidential communications, information or documents in the manner directed and/or authorized by the Board. Further, I understand that I have the duty to abide by United's Board Member Code of Conduct, as adopted in Resolution 01-10-265 and set forth in "Attachment A" attached hereto and incorporated herein by reference, in all meetings and proceedings of the United Board, including, but not limited to, both open session Board meetings and executive session Board meetings.

In addition, I pledge to:

- Maintain a good working relationship with other Board members.
- Keep up to date on United's major programs for and services to its members.
- Educate myself about trends and important corporate developments at United and the needs of United's members.
- Act in an informed and prudent manner when making motions in Board meetings and voting on Board business.
- Properly prepare for and fully participate in Board meetings and, as applicable, committee meetings.

- Willingly volunteer and use my unique skill set to further United's mission and values.
- Complete all Board-assigned projects and assignments in a timely and complete manner.
- Listen respectfully to other Board members' points of views and proposals for strategic plans for United.
- Avoid burdening the employees and representatives of United's managing agent and United's vendors with personal requests or special favors.
- Ensure that any of my communications with employees or representatives of United's managing agent or United's vendors does not undermine those persons' or entities' relationship with the Board or United.
- Avoid any actual, apparent and potential conflicts of interest that might embarrass the Board or harm United, and disclose to the Board in a timely manner any such possible conflicts.

If, for any reason, I find myself unable or unwilling to carry out the above duties and pledges, or those described in Attachment A, I agree to resign my position as a Board member and, as applicable, an officer of United.

I declare that I have read this Board Member Pledge Agreement, including Attachment A, in its entirety, and I agree to be bound by all of the terms and conditions contained herein. I have signed this Board Member Pledge Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
[SIGNATURE]

Name: \_\_\_\_\_

**Attachment A to United's Board Member Pledge Agreement**

**UNITED LAGUNA HILLS MUTUAL**

**BOARD MEMBER CODE OF CONDUCT**

The Board has adopted the following rules with respect to conducting its meetings. The purpose of these rules is to ensure that Board meetings (both open and executive session, as well as member forums) are conducted in a professional, expedient and efficient manner and in compliance with United's governing documents and applicable statutory requirements.

1. The meeting call to order will always be on time if a quorum of Board members is present.
2. The chairperson of the Board meeting (the "Chair") will be the President. If the President is not in attendance at the meeting, the 1<sup>st</sup> Vice President will be the Chair. If the 1<sup>st</sup> Vice President is not in attendance at the meeting, the 2<sup>nd</sup> Vice President will be the Chair. If the 2<sup>nd</sup> Vice President is not in attendance at the meeting, the Secretary will be the Chair. If the Secretary is not in attendance at the meeting, the Treasurer will be the Chair.
3. It will be the responsibility of every Board member to review agenda items prior to the meeting, including reports, documents, information, proposals and financial statements related to same that are included in the Board meeting packet distributed to the Board members by United's managing agent ("Management") prior to the meeting. Board members should contact Management in advance of the meeting with any questions they have regarding the agenda items and Board packet materials.
4. Any document that a Board member would like included in the Board meeting packet must be provided to the Corporate Secretary at least six (6) days in advance of the applicable Board meeting.
5. The Secretary will not read prior Board meeting minutes out loud. The Secretary will make a motion to accept prior Board meeting minutes (with or without corrections). If a Board member believes a correction is needed to prior meeting minutes, this correction should be communicated either (i) to the Secretary before the meeting or (ii) to the Board at the meeting, before the minutes are approved by the Board. Open session Board meeting minutes will be approved in an open session Board meeting, and executive session meeting minutes will be approved in an executive session Board meeting.
6. There may be no discussion on a topic until a motion is made.
7. The Chair will always state the motion prior to debate and again when calling for the vote.

8. If there are two Board members (one making a motion and another seconding the motion) desirous of discussion on an issue, each Board member will be allowed to speak on the issue starting with the Board member making the motion.
9. The Chair will give opportunity for debate to all Board members equally (no more than twice) and no Board member will interrupt another. When all points have been heard, the Chair will "call for the vote"
10. Voice votes will be taken unless requested by motion for written votes. Abstaining is no vote at all.
11. A vote of two-thirds of the Board members present and constituting a quorum is required to end debate, limit debate or extend debate on an issue.
12. A majority vote of the Board members present and constituting a quorum is required to table an issue.
13. The Chair will require the debate on a motion be limited to the merits of the motion. Comments not germane to the topic will be considered out of order, and the Board member making such comments will be asked by the Chair to cease those comments.
14. Any Board member may amend a motion.
15. Board members shall not disseminate information or documents related to any executive session Board meeting agenda items or topics, and shall not discuss executive session items with any person not on the Board, United's legal counsel or, as appropriate, employees and representatives of United's managing agent or United's vendors, experts, consultants or contractors. Board members shall at no time provide any documents marked as "attorney-client privilege" to any persons not a Board member.
16. The Chair will keep control of the meeting at all times. During an open session meeting of the Board, no United Members, Qualifying Occupants, Co-occupants or Tenants (as defined under United's Bylaws) or other attendees at the meeting will be permitted to speak, address the Board or enter Board discussions. United Members will be allowed to address the Board during Member forum after recognition by the Chair and pursuant to the operating rules adopted by the Board for non-Board member attendance at Member forum (Resolution 01-10-264).
17. It is the duty of all Board members to participate in the vote and take a position on the motion, although Board members have the right to abstain from a vote, and should do so when they have a direct personal interest involved in the motion.

18. To address the Board, a Board member should ask to be recognized by the Chair or raise his/her hand. The Chair will nod or ask, by name, for the Board member to speak.
19. Motions made will relate to any matter properly before the Board and shall include without limitation: (a) adopting, amending or repealing operating rules; (b) reviewing financial statements and financial information; (c) meeting with United's current and prospective vendors; (d) entering into contracts; (e) spending or allocating money; (f) appointing committee members; and (g) accepting recommendations of committees.
20. Administrative directives to Management need not be made in the form of a motion, such directives of the Board will be made by the Chair.
21. Board members must conduct themselves in a civil and respectful manner at all times, and shall not (a) engage in abusive or inappropriate conduct or (b) use profane, obscene, discriminatory or offensive language.
22. Board members shall refrain from private conversations during meetings and Member forums, and all cell phones, pagers, personal digital assistants and other electronic devices, other than electronic devices for those that are hard of hearing, must be turned off or placed in silent mode to avoid disruption.
23. Board members shall refrain from discussing personalities or making personal attacks against other Board members or employees or representatives of United's managing agent during a meeting or forum.
24. The Chair, in his/her sole discretion, may declare a Board member out of order for violation of these rules, and if that Board member fails to come to order, the Chair may, in his/her sole discretion, temporarily recess the meeting or forum to restore order.
25. Failure by a Board member to abide by these rules can subject the Board member to, among other results of conduct unbecoming, censure by the Board.