

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

August 19, 2008

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, August 19, 2008 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Cynthia Conners, Carol Moore, Dominic Burrasca, John Paulus, Isabel Muennichow, Gunter Vogt, Larry Souza, Bob Hatch, Stanley Feldstein, Don Lippert (9:33 A.M.)

Directors Absent: Jim Matson (during open session only)

Others Present: Milt Johns, Patty Kurzet, and Janet Price (10:38 A.M. – 10:50 A.M.)
Executive Session: Milt Johns, Patty Kurzet, Cris Trapp

CALL TO ORDER

Director Cynthia Conners, President of the Corporation, chaired the meeting and stated that it was a regular meeting held pursuant to notice duly given and that a quorum was present. The meeting was called to order at 9:30 A.M.

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

PLEDGE OF ALLEGIANCE

Director Souza led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

Cheryl Walker from the Laguna Woods Globe and by way of remote cameras, the Laguna Woods Village Channel 6 Camera Crew were acknowledged.

Director Lippert entered the meeting at 9:33 A.M.

APPROVAL OF AGENDA

Without objection, the Agenda was approved as written.

CHAIR'S REPORT—Cynthia Conners

President Conners announced that the director election ballots will be mailed out on Friday August 22, 2008 and encouraged the membership to refrain from filling out the ballots until after the live broadcast of Meet the Candidates. President Conners commented on the budget process and meetings, and that the Board will approve the budget at their September meeting.

APPROVAL OF THE MINUTES

The Board reviewed the Minutes of the Regular Meeting of June 17, 2008. Without objection, the Board approved the minutes.

The Board reviewed the Report of the Special Business Planning Meeting – Version 1 of June 25, 2008. Without objection, the Board approved the minutes.

The Board reviewed the Minutes of the Regular Meeting of July 15, 2008. Without objection, the Board approved the minutes.

THIRD MUTUAL MEMBER COMMENTS

- Jerry Sheinblum (3488-C) announced the next CCA Town Hall Meeting to discuss transportation options
- Bob McDaniel (3397-N) commented on assessment increases
- Lucie Falk (3377-A) commented on landscape issues and bills received for service
- Shari Horne (2354-3C) announced the next Garden Villa Association meeting
- Karl Brouwer (3189-C) commented on PCM staff being board members

DIRECTOR RESPONSES TO MEMBER COMMENTS

- Director Paulus responded to Mr. McDaniels' comment on assessment increases
- Mr. Johns responded to Mr. Brouwer's comments
- President Connors and Director Vogt commented on annual assessment increases
- Director Feldstein commented on ex officios and expressed his opposition to such, and commented on the President's report, and figures for assessment increases.
- Director Vogt responded to Ms. Falk's comments regarding landscaping
- Director Souza responded to Ms. Falk's comments regarding landscaping

GENERAL MANAGER'S REPORT

Mr. Johns introduced Jerry Storage, Security Director, who addressed the Board on emergency response, the efforts staff has taken for such response, and what residents should do in the event of an earthquake.

Mr. Johns introduced Scott Dunham, Risk Manager who commented on personal earthquake coverage and what would happen and the cost if Third's buildings are damaged during an earthquake, and encouraged residents to obtain such insurance.

Ms. Paula Page commented on the Disaster Task Force's function and services and encouraged the residents to be prepared for any disaster.

CONSENT CALENDAR

President Connors explained the items on the Consent Calendar for the television audience. Absent objections, the Consent Calendar was approved as written and the following actions were taken:

Maintenance & Construction Committee Recommendations:

- | | |
|---------|--|
| 2355-1C | Require satellite dish installation to be compliant with Mutual Standards for Satellite Dishes |
| 3042-D | Approval of request to convert guest parking area nearest Manor 3042-A for 60 day trial basis |
| 3244-1E | Denial of request for plumbing reimbursement |

- 3350-C Approval of request for installation of hand rails on ramps at Member's expense
- 3354-C Approval of request for rear patio slab extension, with contingencies
- 3399-A Approval of request to retain three planter boxes installed on the roof above garage
- 5184 Approval of request to convert bedroom window to bi-fold doors and reconfigure bathroom window, with contingencies
- 5532-A Approval of request for front patio extension, mortarless block steps off rear patio, with contingencies

Landscape Committee Recommendations

- 2287-D Denial of request for plant removals, lawn conversion
- 2290-A Approval of appeal request to retain Yucca tree
- 2321-F Denial of request for tree removal
- 2353-1C Denial of request for tree removal (2)
- 3037-A Denial of request for tree removal
- 3133-D Denial of request for tree removal
- 3243-3A Denial of request for landscaping modifications
- 3248-P Denial of request of tree removal (2)
- 3364-1E Approval of request for relandscaping at the Mutual Member's expense
- 3366-1A Approval of request for tree removal at the Mutual's expense
- 3380-A Denial of request for tree removal
- 3523-A Denial of request for tree removal
- 4001-3C Approval of request for off-schedule tree topping at the Mutual Member's expense
- 5089 Approval of request for off-schedule tree trimming at the Mutual Member's expense
- 5340-A Approval of request for shrub removals at the Mutual Member's expense
- 5347-Q Approval of request for plant replacement at the Mutual Member's expense
- 5381-A Denial of request for tree removal
- 5508-C Approval of request for tree removal at the Mutual Member's expense, with replacement at the discretion of the committee & staff
- 5595-A Approval of request for tree removal at the Mutual Member's expense

Finance Committee Recommendation

RESOLUTION 03-08-58

WHEREAS, Member ID 931-360-05 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 931-360-05; 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 03-08-59

WHEREAS, Member ID 931-370-51 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 931-370-51; 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 03-08-60

WHEREAS, Member ID 931-371-24 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 931-371-24; 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 03-08-61

WHEREAS, Member ID 931-371-42 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 931-371-42; 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 03-08-62

WHEREAS, Member ID 932-201-54 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 932-201-54; 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 03-08-63

WHEREAS, Member ID 932-790-72 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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

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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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 932-790-72; 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 03-08-64

WHEREAS, Member ID 933-050-19 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 933-050-19; 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 03-08-65

WHEREAS, Member ID 933-050-21 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 933-050-21; 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 03-08-66

WHEREAS, Member ID 934-901-54 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 934-901-54; 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 03-08-67

WHEREAS, Member ID 937-710-29 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; 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, August 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 937-710-29; 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.

TREASURER'S REPORT

Director John Paulus reported on the Treasurer's Report and Resale & Lease Activities.

Ms. Janet Price entered the meeting at 10:38 A.M.

Director Paulus made a motion to establish an Ad Hoc Committee to review the Important Information for Members form and appoint Don Lippert – Chair; Isabel Muennichow, Jim Hart, Ernestine Hewitt, Katie McDaniel and Mary Robertson. Director Moore seconded the motion and the motion carried by a unanimous vote of 9-0-0 the motion carried.

Ms. Price left the meeting at 10:50 A.M.

COMMITTEE REPORTS

In Director Jim Matson's absence, Director Lippert reported from the Maintenance and Construction Committee.

Director John Paulus reported on the Garden Villa Recreation Room Ad-Hoc Committee.

No report was made from the Standards Sub Committee.

No report was made from the Plumbing Ad Hoc Committee.

President Cynthia Connors reported from the Board Operating Rules Ad Hoc Committee.

The Secretary of the Corporation, Director Larry Souza, read the following proposed resolution adopting election procedures:

RESOLUTION 03-08-

WHEREAS, California Civil Code § 1363.03 becomes operative on July 1, 2006 and requires the adoption of rules regarding election procedures, appointment of inspectors of election, voting by secret ballot, proxy and ballot instructions, publication of election results, and retention of ballots; and

WHEREAS, California Civil Code § 1363.03 (e) requires the mailing of ballots not less than 30 days prior to the deadline for voting, which language impacts and supersedes timing requirements contained in Articles 5 and 8 of the Third Laguna Hills Mutual By-Laws; and

WHEREAS, the Third Board Operating Rules Ad Hoc Committee has evaluated California Civil Code § 1363.03 and (a) identified changes that are required to the existing procedure and (b) developed a proposed election policy;

NOW THEREFORE BE IT RESOLVED October 21, 2008 that the Board of Directors of this Corporation hereby adopts the Third Membership Elections Standard Operating Procedure as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-06-25 adopted May 16, 2006 and Resolution M3-82-38 adopted March 16, 1982 are hereby superseded and cancelled; and

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

Director Souza made a motion to approve the resolution. Director Vogt seconded the motion and discussion ensued.

Members Katherine McDaniel (3379-N) commented on the Nominating Committee's proposed changes to the Bylaws pertaining to the Committee's services; and Pat Feeney (2399-1E) commented on tabling the motion for 30-days.

President Conners commented on the required 30-day notification process.

Director Muennichow made a motion to amend to delete the Exception clause on page 3. Director Hatch seconded the motion.

Without objection, Director Muennichow withdrew her motion.

Director Muennichow made a motion to refer the resolution back to the Board Operating Rules Ad Hoc Committee. Director Moore seconded the motion and the motion carried by a vote of 8-1-0 (Director Souza opposed).

Director Gunter Vogt reported from the Landscape Committee.

Director Carol Moore provided an update on recycling.

Director Bob Hatch reported from the Long Range Planning Committee.

Members Pat Feeney (2399-1E), Bob McDaniel (3379-N), Bud Nesvig (2392-3H), and Karel Brouwer (3189-C) addressed Director Hatch on his report.

President Conners reported that the Management Agreement Ad Hoc Committee did not meet.

Director John Paulus reported from the Resident Information Services.

The Secretary of the Corporation read a proposed resolution changing the name of the Resident Information Service. Director Souza moved to approve the resolution. Director Vogt seconded the motion and discussion ensued.

Without objection, the Board agreed to revise the first paragraph to eliminate the words "maintenance and landscape" and add the words "of concern to residents."

By a vote of 9-0-0 the motion carried and the Board of Directors adopted the following resolution as amended:

RESOLUTION 03-08-68

WHEREAS, Resident Information Services is a service provided by Third Mutual for its members where residents can meet one-on-one, once a month

with a Board Director and a Property Services staff member to discuss ~~maintenance and landscape~~ issues **of concern to residents**; and

WHEREAS, some residents do not equate the name of "Resident Information Services" with the one-on-one meeting; thus are unable to reap the rewards of such service;

NOW THEREFORE BE IT RESOLVED, August 19, 2008 that the Board of Directors of this Corporation hereby revises the name "Resident Information Services" to "Resident Problem Resolution Services" and

RESOLVED FURTHER, that Resolution 03-08-34 (approval of committee appointments) adopted April 15, 2008 is hereby amended; 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 Dominic Burrasca reported from the Traffic Committee.

Director Gunter Vogt reported from the Laguna Canyon Foundation.

OLD BUSINESS

Director Moore made a motion to remove from the table the motion authorizing non-emergency inspections of manors vacant over one year. Director Souza seconded the motion and the motion carried without objection.

President Connors indicated that the resolution has been revised significantly at the committee level and that it needs to go through the 30-day notification process again.

The Secretary of the Corporation read the following resolution authorizing non-emergency inspections of manors vacant over one year:

RESOLUTION 03-08-

WHEREAS, Third Mutual currently does not conduct regular, periodic inspections of manor interiors to assist with determining the condition of the manor and taking remedial action to reduce loss or damage to Mutual controlled property; and

WHEREAS, there has been an increased concern with the condition of manors which have been vacant for one or more years; and

WHEREAS, based on corporate counsel's advice, and the Mutual's governing documents, the Mutual has the right to inspect manors at a reasonable hour in the event of an emergency, at any time; and the right to enter manors at a reasonable hour in non-emergency situations for the purposes of inspections to

determine whether maintenance or repairs may be necessary, as well as performing such maintenance and/or making repairs;

NOW THEREFORE BE IT RESOLVED, October 21, 2008 that the Board of Directors hereby authorizes non-emergency inspections of manor interiors that have been identified as being unoccupied for one year or more; and

RESOLVED FURTHER, that the Mutual would provide a minimum of 15 days' notice of inspection to the owner of record of each vacant manor; and

RESOLVED FURTHER, that the Mutual would conduct the non-emergency inspections with Security personnel in attendance unless access is specifically denied by the owner of record; and

RESOLVED FURTHER, that if the owner of record does not respond after two contact attempts by the Mutual or specifically denies entry, the matter will be referred to the Board for member disciplinary action; and

RESOLVED FURTHER, that non-emergency inspections would be conducted with Security personnel in attendance to document and ensure there is no adverse impact upon the manor interior by the Mutual's inspection; and

RESOLVED FURTHER, that the inspector would identify and note conditions within the manors and facilitate remediation of adverse functional conditions identified; and

RESOLVED FURTHER, the Mutual shall charge an inspection and administration fee of \$100 to the member owning the inspected manor; and

RESOLVED FURTHER, that ~~that~~ **the** inspection and administration costs not offset by collected fees will be charged to the Mutual as unbudgeted operating expenditures in 2008 and will be included in the Mutual's annual operating budget going forward; and

RESOLVED FURTHER, that necessary emergency repairs, **those that are required to prevent damage to Mutual property**, that are the responsibility of the member will be carried out and charged to the owner of record; and

RESOLVED FURTHER, that necessary emergency repairs that are the responsibility of the Mutual will be carried out at Mutual cost; 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 Souza made a motion to approve the resolution. Director Burrasca seconded the motion and discussion ensued.

Director Vogt amended the resolution to add the words “or at actual cost” in the 6th Resolved Further. Director Hatch seconded the motion and discussion ensued.

Director Lippert called the question. By a vote 9-0-0 the motion carried.

By a vote 3-6-0 (Directors Vogt, Burrasca and Hatch voted in favor) the motion failed.

Discussion continued.

Director Lippert amended the motion to remove the 8th Resolved Further paragraph. Director Moore seconded the motion and discussion ensued.

Without objection, Director Lippert withdrew his amendment.

Director Moore amended the motion that the 8th Resolved Further read as follows:

RESOLVED FURTHER, that necessary emergency repairs, **those that are required to prevent damage to Mutual property**, that are the responsibility of the member will be carried out and charged to the owner of record; and

Director Lippert seconded the motion and the motion carried without objection.

Without objection the Board agreed to substitute the word “that” to “the” in the 7th Resolved Further paragraph.

Director Feldstein made a motion to table the motion to the October Meeting to satisfy the required statutory thirty-day notice requirements. The motion was seconded and carried unanimously.

Director Vogt made a motion to remove the motion to approve the bench standard from the table. The motion was seconded and carried unanimously.

Member Katherine McDaniel (3379-N) commented on the motion

By a vote of 9-0-0 the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-08-69

WHEREAS, over the years, a few benches, in a variety of styles, have been donated to the Mutual by individuals or organizations, and these benches affect the aesthetics of the Community and can affect landscape maintenance operations; and

WHEREAS, currently the Mutual has no approved policy regarding standard styles, colors or anchoring used for donated benches;

NOW THEREFORE BE IT RESOLVED, August 19, 2008 that the Board of Directors hereby approves benches made of recycled plastic in dark green (similar to the ones used on the golf course) as its bench standard style and color for benches donated to the Mutual; and

RESOLVED FURTHER, that such benches shall be installed on either a concrete pad (if along sidewalk) or on concrete anchors in the grass (if the location is not along sidewalk); and

RESOLVED FURTHER, that the determination of whether the bench would have a back or not would be determined on a case-by-case basis, depending upon the location of the bench on Third property; and

RESOLVED FURTHER, that the cost of manufacturing and installation of the bench shall be borne by the donor; 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

A motion was made and seconded to appoint President Connors and Director Hatch to the GRF Customer Service Survey Ad Hoc Committee. Discussion ensued.

Member Pat Feeney (2399-1E) commented on the motion.

By a vote of 7-1-1 (Director Feldstein opposed and Director Lippert abstained) the motion carried.

GRF COMMITTEE REPORTS HIGHLIGHTS

Director Feldstein reported from the Broadband Committee.

Director Muennichow reported from the Government and Public Relations Committee.

PUBLIC FORUM

Due to time constraints, no comments from non-Third members were made.

Director Comments

- Director Paulus commented on running for the Board and his appearance together with slates of candidates
- Director Lippert commented on the Mutual's insurance policies and recommended that the Board establish an Ad Hoc Committee to review the policies, and commented on bus shelters and manor inspections.

The Board recessed for lunch at 12:50 P.M. and reconvened into Executive Session at 1:33 P.M.

The Traffic Committee of the Board met in Executive Session on July 23, 2008 to discuss member disciplinary issues.

With no further business before the Board of Directors, the meeting was adjourned at 5:02 P.M.

Cynthia Conners, President