

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

May 17, 2016

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, May 17, 2016 at 9:30 AM, at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Jim Matson, Rosemarie di Lorenzo Dickins, Ray Gros, Bunny Carpenter, Burt Baum, Bill Walsh, Wei-Ming Tao, James Tung, John Frankel, David Finley

Directors Absent: Bert Moldow

Staff Present: Open Session: Brad Hudson, Lori Moss, Kim Taylor, and Cris Robinson
Executive Session: Brad Hudson, Kim Taylor, Cris Robinson, and Francis Rangel

Others Present: Denver Andrews Jr. Esq. Law Offices of Denver R. Andrews, Jr.

CALL TO ORDER

Jim Matson, President of the Corporation, chaired and opened 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 Bill Walsh led the Membership in the Pledge of Allegiance.

ACKNOWLEDGEMENT OF MEDIA

A representative of the Globe and the Channel 6 Camera Crew, by way of remote cameras, were acknowledged as present.

APPROVAL OF AGENDA

Without objection the agenda was approved as written.

CHAIR'S REMARKS

President Matson commented on residents making alteration improvements to their Manors and referenced the large Consent Calendar as a positive change in the Community in caring for Manors. President Matson updated the Mutual on the burglaries that took place during building fumigation last week, he commented on the Third Mutual dry rot repair program, stated that Third Mutual is considering placing solar panels on three story buildings, and announced that Brad Hudson is doing a wonderful job.

APPROVAL OF THE MINUTES

Director di Lorenzo Dickins moved to approve the regular Open Board meeting minutes of April 19, 2016, as written. Director Finley seconded the motion. By a vote of 9-0-0 the motion carried.

CONSENT CALENDAR

Without objection, the Board approved the Consent Calendar as written and the Board took the following actions (scriveners errors noted in common area resolutions):

Maintenance and Construction Committee Recommendations:

- | | |
|--------|---|
| 2179-A | Approve request to install a powder room addition in the bedroom, with contingencies |
| 2352-A | Deny request to install corrugated plastic roof panels and shade cloth on the entry beams |
| 5210 | Deny request to install a retaining wall and patio addition at Manor |
| 5394-C | Deny request to install an additional Mitsubishi type HVAC split system unit at Manor |

Maintenance and Construction Common Area - Variance Request Resolutions:

RESOLUTION 03-16-47

Common Area - Variance Request

WHEREAS, Phap Trung Dam of 2343-A Avenida Sevilla, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution ~~03-14-24~~ **03-15-155** as revised in accordance with California Civil Code § 4600 on ~~March 18, 2014~~ **October 20, 2015**;

NOW THEREFORE BE IT RESOLVED, on May 17, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-48

Common Area - Variance Request

WHEREAS, Patrick McKenzie of 3476-A Bahia Blanca West, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution ~~03-14-24~~ **03-15-155** as revised in accordance with California Civil Code § 4600 on ~~March 18, 2014~~ **October 20, 2015**;

NOW THEREFORE BE IT RESOLVED, on May 17, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

1. Compliance with Community Standards.
2. Neighbor Awareness Forms were submitted from affected neighbors.
3. The area of the proposed alteration is located at least partially in Common Area.
4. The alteration would relieve the Mutual of the burden of management and maintenance of an area which is generally inaccessible and not of general use to the other members of Third.
5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-49

Common Area - Variance Request

WHEREAS, John Um of 5284 Pina, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution ~~03-14-24~~ **03-15-155** as revised in accordance with California Civil Code § 4600 on ~~March 18, 2014~~ **October 20, 2015**;

NOW THEREFORE BE IT RESOLVED, on May 17, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-50

Common Area - Variance Request

WHEREAS, Wen-Hsing Lu of 5293 Avenida del Sol, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution ~~03-14-24~~ **03-15-155** as revised in accordance with California Civil Code § 4600 on ~~March 18, 2014~~ **October 20, 2015**;

NOW THEREFORE BE IT RESOLVED, on May 17, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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5. The member is required to complete the Agreement Regarding Permitted Alteration of Common Area (the "Common Area Agreement").

RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

RESOLUTION 03-16-51

Common Area - Variance Request

WHEREAS, Jennifer Hwang of 5422 Calle Carmenita, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

WHEREAS, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by the Board via Resolution ~~03-14-24~~ **03-15-155** as revised in accordance with California Civil Code § 4600 on ~~March 18, 2014~~ **October 20, 2015**;

NOW THEREFORE BE IT RESOLVED, on May 17, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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RESOLVED FURTHER, the member is required to comply with all of the contingencies as presented in the report and approved by the Board; and

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

Landscape Committee Recommendations:

- | | |
|---------|---|
| 3403-N | Approve appeal request for tree removal at Mutual Member's expense |
| 3338-3A | Reconsider previous approval for 3338-1A allowing removal of two trees and approve only one tree to be removed at Mutual Member's expense |
| 3214-C | Deny request for tree removal |

Finance Committee Recommendations:

RESOLUTION 03-16-52

Recording of a Lien

WHEREAS, Member ID 931-661-17 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, May 17, 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-661-17; 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.

REPORT OF THE CEO

Bradley Hudson, CEO/GM, stated that the customer service response is much quicker and Property Services' response has raised to 96%. Mr. Hudson stated that the new Concierge Desk has contributed to the success of Property Services, future website improvements, software upgrading and streamlining of resale and manor alteration procedures will help to improve customer service as well. Mr. Hudson announced that the first electronic tee time was booked yesterday, and Commander Tim Moy will be on site June 6th as our new Security Chief. Mr. Hudson commented on the completion of the resurfaced tennis courts for the USTA Tournament which is currently taking place in the Community. Mr. Hudson announced that a General Services Director has been selected and will be announced this week, and recruiting is ongoing for a new Recreation Director. Mr. Hudson reminded the Community to stop by the Community Center building to see the Art currently being displayed and answered questions from the Board.

MEMBER COMMENTS

Third Mutual Members were given the opportunity to speak to items that are not on the agenda.

- Lenta Jarrett (4010-1C) commented on the Energy Committee, lighting in the Community and her opposition to raising the income requirements when qualifying to buy in Third Mutual.
- Elizabeth Coe (4010-2D) spoke to her opposition to raising the income requirements in Third Mutual.
- Jeanne Allen (3335-2F) thanked Brad for doing a good job, commented on her opposition to raising the income requirements in Third Mutual.
- Katherine Platt (3249-B) spoke to her opposition of raising the income requirement.
- Edith Sheppard (3214-C) commented on landscaping surrounding her building and asked that it be trimmed for security reasons.
- Bob Hatch (5064) spoke on behalf of the Foundation of Laguna Woods, gave a brief overview of what the foundation does in the Community and asked for donations on behalf of the Foundation.
- Gregory Francis (2354-1F) asked for an exception to the vehicle decal policy and asked that the Board grant him an extra decal for his motor cycle.
- Seung Kyung Kim (5499-1A) (Son) asked the Board for clarification regarding the Mutual not having FHA loans in relation to reverse mortgages.
- Donna Dwaileebe (3301-A) commented on her experience with income requirements when purchasing in Third Mutual and asked the Board to consider balancing the requirements.

DIRECTORS' RESPONSES TO MEMBER COMMENTS

Directors Tao, di Lorenzo Dickins, Gros, and Baum briefly responded to Member Comments. Cris Robinson, Legal Affairs Manager, spoke to FHA loan history in Third Mutual.

UNFINISHED BUSINESS

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to the Mutual Committee Appointments. Director Tung moved to approve the resolution. Director di Lorenzo Dickins seconded the motion. Discussion ensued and amendments were noted and unanimously approved.

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

RESOLUTION 03-16-53

Mutual Committee Appointments

RESOLVED, May 17, 2016, that the following persons are hereby appointed to serve on the committees and services of this Corporation; and

RESOLVED FURTHER, that each committee chair in consultation with the vice chair may appoint additional members and advisors with interim approval by the President subject to the approval of the Board of Directors:

Board Operating Rules Committee

Jim Matson, Chair
Rosemarie di Lorenzo Dickins
James Tung

City Council Representative ***Per Rotation List***

Communications Committee

Rosemarie di Lorenzo Dickins, Chair
Bert Moldow
Burt Baum
Bill Walsh
Bunny Carpenter
Non-Voting Advisors: Carol St. Hillaire

Electrical Vehicle Charging Ad Hoc Committee

Ray Gros
David Finley
Non-Voting Advisors: Steven Leonard

Energy Committee

~~Bert Moldow, Chair~~
Jim Matson, Chair

James Tung, **Co-Chair**
Bill Walsh, **Co-Chair**
Burt Baum
Wei-Ming Tao
John Frankel
Non-Voting Advisors: Steven Leonard, Leon St. Hilaire

Executive Hearing Committee

Rosemarie di Lorenzo Dickins, Chair
James Tung
Ray Gros
David Finley

Finance (Committee of the Whole)

Wei-Ming Tao, Chair
Rosemarie di Lorenzo Dickins, Vice Chair
Non-Voting Advisors: Colin Johnston, ~~John Davis~~, John Hess

Garden Villa Recreation Room Subcommittee

Rosemarie di Lorenzo Dickins, Chair
~~Bunny Carpenter~~
David Finley
Bert Moldow
Voting Advisors: Lenta Jarrett, Sharon Molineri, Stewart Hack

Laguna Woods Village Traffic Hearings

Ray Gros

Landscape

James Tung, Chair
Bunny Carpenter – Vice Chair
John Frankel
Non-Voting Advisors: John Dudley, ~~Reza Vazirian~~, Bob Figeira

Maintenance and Construction (Committee of the Whole)

Bert Moldow, Chair
David Finley, Vice Chair
John Frankel, 2nd Vice Chair
Non-Voting Advisors: Robert Sherinian

Meet and Confer

Jim Matson, Chair
James Tung
Ray Gros

New Resident Orientation

Per Rotation List

Paint Color Subcommittee

Jim Matson, Chair
Rosemarie di Lorenzo Dickins
Non-Voting Advisor: Ruth Matson

Resident Problem Resolution Services

Ray Gros, Chair
Jim Matson
Burt Baum

Slope Renovation/Turf Conversion Sub-Committee

Jim Matson, Chair
James Tung
Non-Voting Advisor: TBD

Standards Subcommittee

James Tung
Ray Gros
David Finley
Non-Voting Advisor: TBD

Water Conservation Committee

James Tung, Chair
Jim Matson

Laguna Canyon Foundation

Ray Gros

RESOLVED FURTHER, that Resolution 03-16-10, adopted January 19, 2016 is hereby superseded and canceled.

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

No New Business came before the Board.

COMMITTEE REPORTS

Director Wei-Ming Tao reported from the Finance Committee, gave the Third Mutual Financial Report, and commented on the Resale Activities Report.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to the Mutual Investment Policy. Director Baum moved to approve the resolution. Director Tao seconded the motion.

By a vote of 9-0-0 the motion carried and the Board approved the following resolution as written:

RESOLUTION 03-16-54

THIRD LAGUNA HILLS MUTUAL INVESTMENT POLICY

RESOLVED, May 17, 2016, that the Managing Agent of this corporation, and an Investment Manager are hereby authorized to invest the funds of the Corporation which, in the opinion of said Managing Agent are not required within a reasonable time to pay obligations of the corporation; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby authorizes the Managing Agent of this Corporation, to retain an Investment Manager and to give that Manager discretion to transact purchases and sales of investments for the Third Laguna Hills Mutual account. Such discretion is subject to the underlying conditions as stated below. The Board will determine the amount to be managed in this discretionary account; and

RESOLVED FURTHER, that all investments on behalf of this Corporation must be made with the underlying principles in the following order of priority: (1) safety, (2) liquidity, where applicable, and (3) yield, and are subject to the following conditions:

1. Notification of confirmation shall be given to the Managing Agent and Treasurer of this Corporation upon completion of each investment transaction;
2. For funds administered by the Managing Agent no investment may be sold, withdrawn, redeemed or otherwise converted to cash prior to maturity without a demonstrated immediate need for the funds and the consent of any two of the Treasurer or the President or 1st Vice President of this Corporation. Furthermore, if a member of the Board of the Corporation desires an investment to be sold, withdrawn, redeemed or otherwise converted to cash prior to maturity, approval must be received from the Board of Directors of this Corporation;
3. No funds shall be invested except in authorized investments as provided herein. Authorized investments limited to:
 - a. obligations of, or fully guaranteed as to principal, by the United States of America;

- b. Up to 30% of the portfolio may be invested in Corporate Bonds rated A through AAA, specifically A3/A-/A- or better by Moody's/S&P/Fitch. A bond is only required to meet the criteria of one rating service. If a bond does not meet this minimum credit quality criteria in at least one of the above mentioned rating services, the bond may not be purchased or if owned, must be removed from the portfolio within 30 days; and
 - c. No more than 3% of the portfolio is to be invested in any one corporate bond issuer; and
 - d. Up to 25% of the portfolio may be invested in Government Sponsored Federal Agencies, namely FNMA (Federal National Mortgage Association – Fannie Mae), FHLMC (Federal Home Loan Mortgage Corporation – Freddie Mac, and FHLB (Federal Home Loan Bank).
4. Investments on behalf of this Corporation may be made concurrently with investments made on behalf of other corporations at Laguna Woods Village, Laguna Woods, California. However, separate investment receipts will be held in the name of this Corporation. Any such investments may be held for the account of the Corporation in book-entry form;

RESOLVED FURTHER, that Resolution 03-14-52 adopted May 20, 2014 is hereby superseded and canceled; and

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

Director James Tung reported from the Landscape Committee.

Director Bert Moldow reported from the Maintenance and Construction Committee.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to the Rules for Work Hours in the General Requirements Sections of the Alteration Standards for contractors permit contractors permit construction work on alteration at individual Manors:

RESOLUTION 01-16-XX

Revisions to General Requirements Section of the Alteration Standards

WHEREAS, the Board of Directors recognizes the need to amend the Work Hours in the General Requirements for Alteration Standards due to being too restrictive;

NOW THEREFORE BE IT RESOLVED, June 21, 2016 the Board of Directors of this Corporation hereby revises the work hours to permit construction work on ~~Board-approved~~ **all** alterations at individual manors including carports between the hours of 8:00 AM – 6:00 PM Monday through Friday. Work on Saturday shall be permitted from 9:00 AM – 2:00 PM. No work whatsoever shall be permitted on Sunday and VMS Holidays; and

RESOLVED FURTHER, the remaining criteria of the General Requirements addressed in the prior resolution shall remain the same, specifically, that 1) Member(s) are expected to provide neighboring residents an estimated timeline for construction, and advance notice of excessive construction-related noise that may occur, and 2) Member's contractor(s), their personnel, and sub-contractors shall refrain at all times from using profanity, abusive or loud language, and must wear shirts at all times. Radio, MP3, CD or cassette players are not permitted on the project site. Contractor personnel will, at all times, extend and exhibit a courteous demeanor to residents; and

RESOLVED FURTHER, that Resolution 03-11-49, adopted April 12, 2011 is hereby superseded and cancelled; and

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

Director Baum moved to approve resolution as written. Discussion ensued.

Members John Luebbe (3301-1A) and Joan Milliman (969-3E) commented on the resolution.

Without objection the Board tabled the resolution for further information and clarification.

Director James Tung reported from the Water Committee.

President Matson reported from the Energy Committee.

Director Gros reported from Resident Problem Resolution Services.

Director Gros reported from the Laguna Woods Village Traffic Hearings.

Director di Lorenzo Dickins reported from the Communications Committee.

Director Gros reported on the Laguna Canyon Foundation.

President Matson introduced Donna Dwaileebe, Director, Village Management Services, Inc. (VMS). Director Dwaileebe provided an overview of the makeup of the VMS Board and spoke to the Board's primary function. Director Dwaileebe updated the Board on staff improvements and commented on the Board overseeing the CEO/GM, Brad Hudson, during his first 90 days in position. Director Dwaileebe commented on the placing of Art in the Community Center Building and acknowledged the artists' work and announced that the Board selected Hill, Farrer & Burrill as the Corporate Counsel to VMS, Inc. Director Dwaileebe welcomed comments and answered questions from the Board.

GRF COMMITTEE HIGHLIGHTS

The Directors provided brief overviews of GRF Committee highlights.

DIRECTORS' COMMENTS

The Directors made their final comments.

ADDITIONAL MEMBER COMMENTS

Member Frances Parada (2352-A) addressed the Board regarding her variance request and presented the materials that she would like to use for her alteration.

The Board recessed for lunch at 12:15 PM and reconvened into Executive Session at 1:00 PM.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 5:00 PM.

Summary of Previous Closed Session Meetings per Civil Code Section §4935

During the April 19, 2016 Regular Executive Session Board Meeting, the Board approved the minutes of the March 2, 2016 Special Executive Session, the March 15, 2016 – Regular Executive Session, the April 7, 2016 – Special Executive Session, and the March 22, 2016 – Special Executive Hearing Committee Session as written. The Board approved six (6) hearing requests; heard three (3) Disciplinary Hearings and imposed \$300.00 in fines for violations of the Mutual's rules and regulations; held one (1) Meet and Confer; discussed other member disciplinary matters; discussed occupancy matters; discussed member matters; discussed personnel changes; discussed Probate Petition; discussed and considered contractual matters with JCI; discussed Santa Maria; discussed dispute of a damage restoration charge; discussed consideration of credit report; discussed staff review of membership packages; and discussed potential litigation matters.

During the April 20, 2016 Special Executive Session Board meeting the Board discussed and considered contractual matters.

During the April 26, 2016 Special Executive Hearing Committee Board meeting the Board held two (2) Member Disciplinary Hearings, held four (4) Common Area Damage Reimbursement Hearings and approved four (4) Disciplinary Hearing requests.

During the May 6, 2016 and the May 13, 2016 Special Executive Session Board meetings, the Board discussed and considered contractual matters.

Burt Baum, Secretary
Third Laguna Hills Mutual