



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

**Tuesday, September 15, 2020 - 9:30 a.m.
Laguna Woods Village Board Room/Virtual Meeting
24351 El Toro Road
Laguna Woods, California**

Directors Present: Steve Parsons, Annie McCary, Lynn Jarrett, John Frankel, Robert Mutchnick, Doug Gibson, Cush Bhada, Craig Wayne, Reza Karimi, Ralph Engdahl

Directors Absent: None

Staff Present: Jeff Parker, Siobhan Foster, Eileen Paulin, Kurt Wiemann, Ernesto Munoz, Becky Jackson, Cheryl Silva and Grant Schultz

Others Present: VMS: Wei-Ming Tao, Rosemarie diLorenzo, Rachel Unger

1. Call meeting to order / Establish Quorum

Steve Parsons, President of the Corporation, chaired and opened the meeting stating 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.

2. Pledge of Allegiance

Vice President McCary led the Membership in the Pledge of Allegiance.

3. Acknowledge Media

The Village Television Camera Crew, by way of remote cameras, was acknowledged as present.

4. Approval of Agenda

Director Mutchnick made a motion to approve the agenda as presented. The motion was seconded by Director Bhada and the motion passed by unanimous consent.

5. Approval of Minutes

a. August 18, 2020—Regular Open Meeting Minutes

Director Karimi made a motion to approve the August 18, 2020, Regular Open Meeting minutes as corrected. Director Wayne seconded the motion.

President Parsons announced that the August 18, 2020, Regular Meeting minutes were approved by unanimous consent.

6. Report of the Chair

President Parsons commented the board needs the help of residents to approve the revised bylaws and CC&R's. Insurance is the most costly issue in the budget. He showed a presentation that addressed the follow issues:

- Documents are 50 years old and outdated
- CC&Rs are conflicting, convoluted and costly
- Real Property Insurance Coverage
- Services and Amenities Being Deferred
- 66.7% or 2/3 Voting Members Requirement
- Insurance Budget Actual versus Proposed
- Revised, Updated and Consolidate the current CC&Rs
- Protect Third Mutual's Future and Our Services

7. Open Forum

- No Comments

8. Responses to Open Forum Speakers--none

9. CEO Report

CEO Jeff Parker and COO Siobhan Foster reported on the following subjects:

- Orange County COVID-19 continues to decrease. The State of California has gone to a color coded tier system and Orange County has moved to the next category level down because the seven-day testing positivity rate is less than 5%. Orange County reported 49,258 confirmed COVID-19 cases, 313 reported as of September 4, 2020. City of Laguna Woods reported 49 cases. The number of COVID-19 cases hospitalized are 185 spare beds with 56 cases in ICU.
- The board will be voting on the 2021 Budget today.
- The 2020 asphalt paving program is set to be completed during the month of September. The map for the areas to be worked on is posted on the website.
- Racket Sports and Pool reservations can now be done online through the Recreation Department. Hours for Racket Ball and Lawn Bowling have been expanded.
- Bulky Item Pick-Up will continue on the third Saturday of the month, please call Resident Services for pick-up.
- Census takers will start door-to-door visits for the 2020 Census.
- City Hall will serve as a vote center and will have a ballot drop-off box.

Jeff Parker-CEO and Siobhan Foster-COO answered questions from the board.

10. Consent Calendar

10a. Finance Committee Recommendations:

Consistent with its statutory obligations the board members individually reviewed Third Laguna Hills Mutual preliminary financials for the month of July 2020, and by this vote ratify that such review be confirmed in this month's Board Member Open Session Meeting minutes per Civil Code §5501.

- (1) Recommendation to Approve a Resolution to Record Lien against Member ID# 932-120-17

RESOLUTION 03-20-68 **RECORDING OF A LIEN**

WHEREAS, Member ID 932-120-17 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, September 15, 2020, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-120-17 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.

- (2) Recommendation to Approve a Resolution to Record Lien against Member ID# 931-361-06

RESOLUTION 03-20-69 **RECORDING OF A LIEN**

WHEREAS, Member ID 931-361-06; 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, September 15, 2020, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-361-06 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.

10b. Landscape Committee Recommendations:

- (1) Recommend to Approve Tree Removal Request (5292 Avenida del Sol, Kahn)—
One Indian Laurel Fig

RESOLUTION 03-20-70
APPROVE THE REQUEST FOR REMOVAL
OF ONE INDIAN LAUREL FIG TREE
5292 AVENIDA DEL SOL

WHEREAS, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149 tree removal guidelines:

- Unless there is a purposeful reason, trees should not be removed merely because they are messy, or because of residents' personal preferences concerning shape, color, size, or fragrance.
- Trees should not be removed because of view obstruction if the obstruction is at a considerable distance from the complaining manor and therefore causes only a partial obstruction.
- Trees on slopes should not be removed if the removal will contribute to the destabilization of that slope.
- Trees which are damaging or will damage a structure, pose a hazard, in failing health or interfering with neighboring trees, will be considered for removal.

WHEREAS, on September 3 2020, the Landscape Committee reviewed the request for the removal of one Indian Laurel Fig tree. The request was received from the Member at 5292 who cited the reasons as structural damage, litter/debris, and the tree acts as a bridge to the roof for various animals to nest and;

WHEREAS, the Committee determined that this tree does meet the guidelines set forth in Resolution 03-11-149 and recommends approving the request for the removal of one Indian Laurel Fig tree located at 5292 Avenida Del Sol.

NOW THEREFORE BE IT RESOLVED, September 15, 2020, the Board of Directors approves the request for the removal of one Indian Laurel Fig tree located at 5292;

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

Director McCary made a motion to approve the consent calendar as presented. Director Jarrett seconded the motion.

President Parsons called for the vote and the motion passed by unanimous consent.

11. Unfinished Business

11a. Entertain a Motion to Adopt a Resolution Approving Guidelines for Financial Qualification Annual Income Requirement for Guarantors

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-71 **AMENDMENT OF GUIDELINES FOR FINANCIAL QUALIFICATIONS**

WHEREAS, Third Laguna Hills Mutual ("Third") is formed to manage, operate and maintain housing within Laguna Woods Village;

WHEREAS, Third is authorized to adopt rules and regulations to carry out the purposes of this Corporation through its Board of Directors;

WHEREAS, financial qualifications have been established by the Board of Directors to ensure, to the extent possible, the financial integrity of the Corporation;

WHEREAS, a review of the Guidelines for Financial Qualifications revealed an apparent discrepancy in the administration of financial qualifications applicable to applicants and to guarantors;

WHEREAS, the minimum annual income requirement for guarantors is currently established at the sum of \$80,000 plus the annual mortgage payment;

NOW THEREFORE BE IT RESOLVED, September 15, 2020, **that the Third Laguna Hills Mutual** amends its Guidelines for Financial Qualifications to increase the annual income requirement for guarantors to be the sum of \$150,000 plus the annual mortgage payment;

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.

AUGUST Initial Notification

28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied.

Director Mutchnick made a motion to adopt the resolution for guidelines for financial qualification annual income requirement for guarantors. Director McCary seconded the motion and the motion passed by unanimous consent.

11b. Entertain a Motion to Approve the 2021 Third Business Plan

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-72
2021 BUSINESS PLAN RESOLUTION

RESOLVED, September 15, 2020, that the Business Plan of this Corporation for the year 2021 is hereby adopted and approved; and

RESOLVED FURTHER, that pursuant to said business plan, the Board of Directors of this Corporation hereby estimates that the net sum of \$34,599,958 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions for the year 2021. In addition, the sum of \$15,054,539 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2021. Therefore, a total of \$49,654,497 is required to be collected from and paid by members of the Corporation as monthly assessments; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby approves expenditures from reserves in the sum of \$15,800,455 of which \$12,056,321 is planned from the Replacement Fund, \$255,000 from the Elevator Replacement Fund, \$151,843 from the Laundry Replacement Fund, \$3,265,460 from the Disaster Fund, and \$71,831 from the Garden Villa Recreation Room Fund; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2021 and as filed in the records of the Corporation, said assessments to be due and payable

by the members of this Corporation on the first day of each month for the year 2021; 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 Parsons made a motion to adopt a resolution to approve the 2021 Third Business Plan. Director Jarrett seconded the motion.

Director Mutchnick showed a presentation about the changes in the budget from 2020 to 2021.

Director Mutchnick called for the vote and the motion passed by unanimous consent.

11c. Entertain a Motion to Approve the 2021 Third Reserves Funding Plan

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-73
2021 RESERVE FUNDING PLAN

WHEREAS, Civil Code § 5570 requires specific reserve funding disclosure statements for common interest developments;

WHEREAS, planned assessments or other contributions to replacement reserves must be projected to ensure balances will be sufficient at the end of each year to meet the Corporation's obligations for repair and/or replacement of major components during the next 30 years; and

NOW THEREFORE BE IT RESOLVED, September 15, 2020, that the Board hereby adopts the 30-Year Alternate Reserve Funding Plan (attached) prepared by Association ReservesTM for fiscal year 2021; 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 McCary made a motion to adopt a resolution to approve the 2021 Third Reserves Funding Plan. Director Engdahl seconded the motion.

Director Mutchnick called for the vote and the motion passed by unanimous consent.

12. New Business

12a. Entertain a Motion to Approve 2021 Collection and Lien Enforcement Policy

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-xx

2021 Collection & Lien Enforcement Policy

WHEREAS, in accordance with California Civil Code, Third Laguna Hills Mutual maintains a collection and lien enforcement policy that outlines the procedures, policies and practices employed by the Mutual in enforcing lien rights or other legal remedies for default in payment of assessments; and

WHEREAS, legal counsel has reviewed the existing Collection and Lien Enforcement Policy and determined that the updated policy complies with Civil Code requirements and reflects current practices for collection of Mutual delinquencies.

NOW THEREFORE BE IT RESOLVED, September 15, 2020, that the Board of Directors hereby adopts the 2021 Third Laguna Hills Mutual Collection and Lien Enforcement Policy as attached to the official minutes of this meeting; and

RESOLVED FURTHER, the policy statement is provided pursuant to the requirements of California Civil Code section 5310(a)(7) and will be distributed to members in November 2020 as part of the Annual Policy Statement.

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

SEPTEMBER Initial Notification

Should the Board endorse the proposed resolution, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 28-days from the postponement to comply with Civil Code §4360.

Director Parsons made a motion to introduce a resolution to approve 2021 Collection and Lien Enforcement Policy on 28-day review. Director Karimi seconded the motion.

12b. Entertain a Motion to Change the Exterior Paint and Prior to Paint Programs from a 10-year Cycle to a 15-year Cycle

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-xx

CYCLE CHANGE FOR EXTERIOR PAINT, PTP & RESERFACING PROGRAMS

WHEREAS, the Board expressed a desire to extend the current Prior-to-Paint and Exterior Paint programs from a 10-year cycle to a 15-year cycle, for the dry rot preparation and painting of all buildings, carports, and laundry structures; and

WHEREAS, the balcony and breezeway resurfacing (top coat) mid-cycle program will also be extended from a 5-year program to a 7.5-year program cycle to coincide with buildings and the 15-year exterior paint program; and

WHEREAS, this program change will allow the Mutual to realize an annual savings for programs that have a broader life cycle; and to maximize the potential of the high quality products being applied, as well as the upgraded surface preparation methodology implemented by VMS; and

WHEREAS, the produce warranties for the exterior paint and resurfacing sealant, as well as the recommended application practices, will increase the long-term condition of the building envelope, and its structural components, without being negatively impacted by the extended cycles; and

NOW THEREFORE BE IT RESOLVED, on October 20, 2020, the Board of Directors of this Corporation hereby adopts a 15-year cycle change for the prior to paint and exterior paint programs, and a 7.5-year cycle change for the resurfacing programs; and

RESOLVED FURTHER, that the program cycle change will take effect with the 2021 fiscal year; and

RESOLVED FURTHER, that Resolution 03-12-97 adopted July 17, 2012, is 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 purpose of this resolution.

SEPTEMBER Initial Notification

Should the Board endorse the proposed resolution, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 28-days from the postponement to comply with Civil Code §4360.

Director Mutchnick made a motion to introduce a resolution to change the exterior paint and prior to paint programs from a 10-year cycle to a 15-year cycle on 28-day review. Director Karimi seconded the motion.

Director Jarrett explained that program that extends the tremendous savings along with a 15 year paint warranty at \$700,000 savings. The 99 buildings that were passed over will now be at the head of the line for painting.

13. Committee Reports

13a. Report of the Finance Committee / Financial Report – Director Mutchnick gave a presentation on the Financial Report, Treasurer's Report, Resale/Leasing Report and the last Third Finance Committee report. The Committee met on September 1, 2020; next meeting October 6, 2020, at 1:30 p.m. as a virtual meeting.

- (1) Treasurer's Report
- (2) Third Finance Committee Report
- (3) Resales/Leasing Reports

13b. Report of the Architectural Controls and Standards Committee – Director Parsons commented about the Alternate Heat Source Project. The Committee met on July 27, 2020; next meeting September 28, 2020, at 9:30 a.m. as a virtual meeting.

13c. Report of the Communications Committee – Director McCary reported the Committee met on October 9, 2019; next meeting October 14, 2020 at 1:30 p.m. as a virtual meeting.

13d. Report of the Maintenance and Construction Committee – Directors Mutchnick reported on the last Committee Meeting. Many of the employees have been brought back and programs are now continuing. The Committee met on September 9, 2020; next meeting November 2, 2020, at 1:30 p.m. as a virtual meeting.

- (1) Report of the Parking and Golf Cart Task Force – President Parsons. The Task Force met on January 6, 2020; next meeting TBA.

- (2) Garden Villa Rec. Room Sub-Committee – Director Jarrett reported the Sub-Committee met on February 10, 2020; next meeting October 5, 1:30 p.m. as a virtual meeting.

13e. Report of the Landscape Committee – Director Jarrett reported on the last Landscape Committee meeting. The Committee met on September 3, 2020; next meeting October 1, 2020, at 9:30 a.m. as a virtual meeting.

- Director Jarrett showed a Landscape Presentation.

13f. Report of the Water Subcommittee – Director Karimi. The subcommittee met on October 9, 2019; next meeting October 14, 2020 at 10:00 a.m. as a virtual meeting..

- El Toro Water District Water Usage Fees for Households—Director Karimi

13g. Report of the Resident Policy and Compliance Committee – Director Engdahl reported on the last Committee meeting. Director Jarrett commented about the non-smoking building resolution, BBQ rules, and rules for board meeting. The committee met on July 29, 2020; next meeting September 22, 2020, at 9:30 a.m. as a virtual meeting.

Jeff Parker-CEO commented about the air quality from the fires and encouraged residents that are sensitive to smoke stay indoors.

14. GRF Committee Highlights

14a. Community Activities Committee – Director Bhada reported on the Committee meeting. The Committee is researching outdoor fitness equipment and activities. The Committee met on September 10, 2020; next meeting October 8, 2020, at 1:30 p.m. as a virtual meeting.

- (1) Equestrian Center Ad Hoc Committee – Director Bhada. The Committee met on August 25, 2020; the next meeting September 23, 2020 at 9:30 a.m.

14b. GRF Finance Committee – Director Mutchnick. The Committee met on August 31, 2020; next meeting October 21, 2020, 1:30 p.m. as a virtual meeting.

14c. GRF Landscape Committee – Director Jarrett. The Committee is looking into making the Aliso Creek a natural habitat. The Committee met on August 12, 2020; next meeting TBA.

14d. GRF Maintenance & Construction Committee – Director Bhada reported on the last Committee meeting. The Committee met on August 12 2020; next meeting October 14, 2020, at 9:30 a.m. as a virtual meeting.

- (1) PAC Renovation Ad Hoc Committee – Director Mutchnick reported from the last Committee meeting. The Committee met on July 13, 2020.

- (2) Clubhouse 1 Renovation Ad Hoc Committee – Director Mutchnick reporting from the last Committee meeting. The Committee met on September 2, 2020; next meeting TBA

14e. Media and Communications Committee – Director McCary reported on the Committee meeting. The committee met on August 17, 2020; next meeting September 21, 2020, at 1:30 p.m. as a virtual meeting.

14f. Mobility and Vehicles Committee – Director Frankel reported on the Committee meeting. The Committee is discussing electric vehicles. The Committee met on August 5, 2020; next meeting October 7, 2020, at 1:30 p.m. as a virtual meeting.

14g. Security and Community Access Committee – Director Mutchnick. The Committee met on August 24, 2020; next meeting October 26, 2020, at 1:30 p.m. as a virtual meeting.

(1) Disaster Preparedness Task Force – Director McCary. The Task Force is working on the Great Shake Out in October, how to handle pets and individuals on life support during a disaster. The Task Force met on July 28, 2020; next meeting September 29, 2020, 9:30 a.m. as a virtual meeting.

14h. Report of the Laguna Woods Village Traffic Hearings – Director Frankel. The hearings were held on August 19, 2020; next hearings will be September 16, 2020 at 9:00 a.m. as virtual meetings.

15. Future Agenda Items – *All matters listed under Future Agenda Items are items for a future Board Meetings. The Board will take action on these items at a future Board Meeting.*

15a. Parking Report

15b. Resident Suggestion Program

15c. Alterations Review

15d. Third Mutual Rules for Board Meetings

16. Director's Comments

- Director Mutchnick will be on Village Television to discuss the changes to the Bylaws and CC&Rs.
- Director McCary thanked the board for their support to update the bylaws and CC&Rs. It is getting darker earlier and asked residents to be careful.
- Director Jarrett thanked the CEO for all his hard work. Thanked Director Mutchnick for his Finance presentations.
- Siobhan Foster-COO commented on the procedures to arrange for bulky item pick-up of toilets.
- Director Karimi asked for support from the community on COVID-19 and be patient with the shut-downs.
- VMS Director diLorenzo commented about the positive report about Landscape, thanked Ernesto Munoz for his hard work and asked about the VMS Management Agreement.
- VMS Director Unger asked about outdoor exercise.
- Jeff Parker-CEO commented about opening up more outdoor classes and increase in racket sports, and lawn bowling hours.
- President Parsons commented that the board is close to voting on the VMS Management Agreement.

17. Recess

The Board recessed at 11:05 a.m. and reconvened in Closed Session at 11:15 a.m.

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

During the August 6, 2020 Special Closed Session, the Board:

Approved the Agenda

Discussed Conflict of Interest Topics

Director Comments

During the August 7, 2020 Special Closed Session, the Board:

Approved the Agenda

Discussed Insurance Matters

Director Comments

During the August 14, 2020 Special Closed Session, the Board:

Approved the Agenda

Discussed Insurance Matters

Director Comments

During the August 18, 2020 Regular Closed Session, the Board:

Approved the Agenda

Approved the Meeting Minutes of:

(a) July 15, 2020 – Special Closed Meeting

(b) July 21, 2020 – Regular Closed Session

(c) July 24, 2020 – Special Closed Meeting

Discussed and Considered Legal and Litigation Matters

Discussed Contractual Matters

Discussed Personnel Matters

Discussed Matters Related to COVID-19

Discussed the Disciplinary Case Report

During the August 21, 2020 Special Closed Session, the Board:

Approved the Agenda

Discussed Insurance Matters

Director Comments

During the August 27, 2020 Special Closed Session, the Board:

Approved the Agenda

Discussed Third Amended Bylaws and CC&Rs

Director Comments

During the August 28, 2020 Special Closed Session, the Board:

Approved the Agenda

Discussed Insurance Matters
Director Comments

18. Adjourn

With no further business to come before the Board of Directors, the meeting was adjourned at 2:00 p.m.



Lynn Jarrett, Secretary of the Board
Third Laguna Hills Mutual