

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

February 29, 2008

The Special Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Friday February 29, 2008 at 1:30 P.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Cynthia Conners, Jim Matson, Larry Souza, Dominic Burrasca, Bob Hatch, Isabel Muennichow, John Paulus, Carol Moore, Gunter Vogt, Stanley Feldstein, Don Lippert

Directors Absent: None

Others Present: Cris Trapp, Patty Fox

CALL TO ORDER

Cynthia Conners, President and Chair of the Corporation, 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 1:30 P.M.

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

PLEDGE OF ALLEGIANCE

Director Carol Moore led the Membership in the Pledge of Allegiance to the Flag.

President Conners announced that the meeting is a meeting of Third Laguna Hills Mutual and respectfully requested that non-Third members allow Third members a seat in the Board Room and to take their seats in the Redwood Room to watch the live feed of the Board Meeting.

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.

MEMBER COMMENTS

- Hillel Pitlik (3181-A) commented on John Heiney's demands and Third Mutual governance
- Barbara Marsh (3433-B) stated that it was time to come together as a Board and urged the targeted Directors for the recall to not resign and commented on the divisiveness of the community
- Harry Curtis (5371-2A) commented on Third Mutual governance and the Board election
- Bill Friedler (2339-B) commented on document availability
- Myra Norman (3312-C) complemented the Board and commented on John Heiney's demands
- Margo Bouer (2370-1E) commented on petitioning to recall those directors not targeted

- George Portlock (2379-B) commented on reason why John Heiney resigned from the Third Board of Directors and indicated that he supports all the Board Members
- Al Portnoy (5596-B) expressed his concerns with Mr. Heiney's demands
- Mary Robertson (5184) expressed her opposition to Mr. Heiney's demands and the actions taken by the current Board
- Perry King (2378-A) expressed his sentiments with the Board and encouraged those directors targeted to not resign
- Craig Fletcher (3018-B) quoted a song and encouraged the residents to not divide and conquer
- Corkey Eley (2401-2E) commented on the reason for the recall and the need to change the Management Agreement
- Pat Feeney (2399-1E) commented on the need to change the Management Agreement
- Carol Skydell (3070-B) commented on the need to find a way to compromise
- Lilly Lachter (3211-B) commented disclosing confidential documents
- Bob Bouer (2370-1E) commented on PCM's efforts in managing the Community and expressed his hope to continue the status quo

The Board discussed and expressed their opinion and position on the first alternative demand from Resident Mutual member John Heiney asking three of the following six directors to resign: Directors Hatch, Matson, Souza, Muennichow, Vogt, and Conners.

Directors Hatch, Matson, Souza, Muennichow, Vogt, and Conners announced that they will not resign.

The Board discussed and expressed their opinion and position on Mr. Heiney's second alternative that no directors resign, initiate a search for outside legal counsel to replace HKC, and revise the management agreement.

Directors Hatch, Matson, Souza, Muennichow, Vogt, and Conners stated that they disagree with replacing HKC and are satisfied with their counsel and legal advice.

Directors Hatch, Matson, Souza, Muennichow, Vogt, and Conners stated that they are against rewriting the management agreement at this time.

Director Souza made a motion to address Mr. Heiney's demand that the Board revise certain language in the Management Agreement at the next regular Board Meeting. Director Lippert seconded the motion. President Conners ruled the motion out of order due to the new agenda law.

The Board discussed and expressed their opinion and position on the current language in the Management Agreement.

Directors Hatch, Matson, Souza, Muennichow, Vogt, and Conners stated that they are satisfied with the language of the current Management Agreement.

The Board discussed and expressed their opinion and position on Mr. Heiney's demand that that language in the current Management Agreement regarding the employee credit card expenditures, employee reimbursements, and employee incentive plan be removed and not be paid to PCM from any Third Mutual funds or accounts.

The Board discussed and expressed their opinion and position on Mr. Heiney's demand that that language in the current Management Agreement regarding "Members of the Mutual will not perform the work of the Agent" be removed.

The Board discussed and expressed their opinion and position on Mr. Heiney's demand that the Directors agree to reinstate language removed from the Robert Adel contract which warrants that Agent has not received contributions, gifts, bribes, rebates, payoffs, influence payments, kickbacks, etc.

Without objection, targeted Directors Hatch, Matson, Souza, Muennichow, Vogt, and Conners, agreed that it is appropriate to review the management contract at the appropriate time to review and consider targeted language.

By way of consensus the Board agreed to discuss the changes at the next Board Meeting.

Director Souza made a motion authorizing staff to draft specifications in order to hire a company to conduct a recall election if proper documentation is received. Director Hatch seconded the motion.

Without objection the Board agreed to amend the motion to direct staff to wait to draft such specifications until it is confirmed that there is no recall threat.

By a vote of 7-3-0 (Directors Souza, Lippert, and Moore opposed) the motion carried.

With no further business before the Board of Directors, the special meeting was adjourned at 5:11 P.M.

Larry Souza, Secretary