

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

September 30, 2011

The Special Meeting of the Board of Directors of United Laguna Hills Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Friday, September 30, 2011 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Gail McNulty, Barbara Copley, John Dalis, Roger Turner, Catherine Brians, Heather Gerson, Ron Beldner, Arlene Miller, Cynthia Chyba, Paul Vogel

Directors Absent: Libby Marks

Staff Present: Jerry Storage, Cris Robinson, Patty Kurzet, Pamela Bashline

Others Present: None

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 9:30 A.M.

Director Gerson moved to approve a resolution implementing the designation of Mutual buildings as "smoke-free. Director Copley seconded the motion and discussion ensued.

Without objection, the Board agreed on the amendments.

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

UNITED LAGUNA HILLS MUTUAL

RESOLUTION 01-11-181

TO IMPLEMENT THE DESIGNATION OF BUILDINGS AS "SMOKE-FREE"

WHEREAS, the members/shareholders (each, a "Member") of United Laguna Hills Mutual ("United") have an interest in their health, safety and welfare while within United's common interest development (the "Development"), including when in the separate interest dwelling units located within the Development (each, a "Manor") in which the Members, their co-occupants and tenants, if applicable, reside; and

WHEREAS, certain Members have requested that United's Board of Directors (the "Board") designate the buildings in which their Manors are located as

“smoke-free”, to reduce those Members’, their co-occupants’ and tenants’, if applicable, exposure to second hand smoke; and

WHEREAS, the Board has determined that in addition to addressing health concerns related to second-hand smoke raised by Members as referenced above, prohibiting smoking in buildings at the Development will reduce the risk of fires related to accidents stemming from the use of smoking tobacco, marijuana and other substances, and reduce maintenance and repair costs for building components needed due to wear and tear to those components caused by smoke; and

WHEREAS, the Board has consulted with United’s legal counsel on the legality of prohibiting smoking at the Development and the Board has determined that upon certain conditions and requirements being met, that multi-dwelling unit buildings at the Development can be permanently designated as “smoke-free” on a going forward basis; and

WHEREAS, the Board recognizes that Members, their co-occupants and tenants, if applicable, have a right to privacy within their respective Manors and a right to freely use and occupy the Manors (in accordance with the terms of the Occupancy Agreement for their Manor), that Members signed their Occupancy Agreement with the understanding that smoking was not prohibited in their Manor, and that legal precedent does not exist as to whether the Board can unilaterally prohibit smoking in Manors; and

WHEREAS, the Board has determined that it will designate a building containing Manors as non-smoking if all of the then Members subject to an Occupancy Agreement for a Manor in that building, agree in writing before a notary public, that the building should be non-smoking and if certain other requirements are met; and

WHEREAS, the Board has tasked United’s legal counsel with drafting documents related to implementing and managing the designation of buildings at the Development as non-smoking that provide for such designation in a systematic, fair and reasonable manner; and

WHEREAS, United’s legal counsel has drafted those documents, the Board has reviewed those documents, and the Board believes those documents and the procedures and requirements described in those documents meet the Member needs and business requirements of United; and

WHEREAS, those documents consist of (i) the “Procedure for Designation of a Building as Smoke-Free”, (ii) the “Petition for Designating a Building as Smoke-Free”, (iii) the “Petition Agreement Form” and (iv) the “Smoke-Free Amendment to Occupancy Agreement” (collectively, the “Designation Documents”), all of which are attached to this Resolution and incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED, on September 30, 2011, that the Board has determined that the Designation Documents, and the procedures and requirements described thereunder, shall be immediately effective upon

adoption by the Board, to provide for a systematic, fair and reasonable manner to designate buildings at the Development as non-smoking.

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. *

The Special Open Session Meeting recessed and reconvened into the Special Executive Session at 9:38 A.M.

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

During its Regular Executive Session meeting of September 13, 2011, the Board reviewed and approved, without objection, the minutes of the Regular Executive Session of August 9, 2011, the Special Executive Session meeting of August 19, 2011, and the Special Executive Disciplinary Committee meeting of August 22, 2011. The Board approved recording of Notices of Sale for Member ID 947-441-49 and Member ID 947-455-28; and authorized the write-off of monthly late charges related to delinquent assessments in the amount of \$1,560 for six units. The Board heard three (3) disciplinary hearings and imposed fines totaling \$400 for violations of the Mutual's rules and regulations; and discussed litigation, contractual, and other member disciplinary matters.

During its Special Executive Session meeting of September 16, 2011, the Board discussed legal matters with legal counsel.

During its Special Executive Session meeting of September 22, 2011, the Board discussed legal matters with legal counsel.

With no further business before the Board of Directors, the special meeting was adjourned at 3:00 P.M.

Barbara Copley, Secretary

*Designation Documents were further revised by the Board on October 4, 2011.

UNITED LAGUNA HILLS MUTUAL

Procedure for Designation of a Building as “Smoke-Free”

Summary Statement

United Laguna Hills Mutual (“**United**”) is the corporation formed to administer, manage and operate the business and affairs of the stock cooperative common interest development commonly known as United Laguna Hills Mutual located at Laguna Woods Village in Laguna Woods, California (the “**Development**”). The Development is comprised of 6,323 separate dwelling units (collectively, the “**Manors**”). Each occupant of a Manor is either a “**Member**”, “**Qualifying Resident**”, “**Co-occupant**” or “**Lessee**”, as such terms are defined in United’s By-Laws (as may be amended from time to time, the “**Bylaws**”).

The Manors are located within 1,124 multi-dwelling unit buildings (each, a “**Building**”) at the Development. Effective as of September 30, 2011, pursuant to Resolution 01-11-181 of United’s Board of Directors (the “**Board**”), Buildings can be designated as non-smoking on a permanent going forward basis (the “**Designation**”). Designation of a Building may occur upon the collective and unanimous written consent of all of the then current Members who have the right to occupy and use the Manors in a Building subject to a valid “**Occupancy Agreement**” (as such term is defined in United’s Bylaws), in accordance with the procedures described below.

Process for Designation of a Building

Any Member may petition United for a Designation for the Building in which his/her Manor is located (the “**Petitioner**”), by completing the United form titled “Petition for Designation as a Smoke-Free Building” (as may be amended from time to time, the “**Petition**”). The Petition must be signed by all of the Members subject to an Occupancy Agreement for the Building proposed for Designation at the time the completed Petition is submitted to United (the “**Applicable Members**”). If the Petition is not signed by all Applicable Members in front of a notary public, then the Petition will be deemed incomplete and returned to the Petitioner. By signing the Petition, the Applicable Members agree to be bound by the terms of the Petition and to execute the form “Smoke-Free Amendment to Occupancy Agreement” (as may be amended from time to time, the “**Amendment**”), which is an amendment to the Applicable Members’ Occupancy Agreements.

When a completed Petition and original executed Amendments signed by all Applicable Members are submitted to and verified as complete by United (the “**Verification**”), the Board will schedule a hearing with the Applicable Members to confirm that none of them oppose the Designation of their Building (the “**Hearing**”). The Hearing will be held in an open session meeting of the Board within sixty (60) days of the Verification. At the Hearing, the Applicable Members will have an opportunity to be heard before the Board regarding the Petition and their opposition to same, if any. Notice of the Hearing will be sent by United to the Applicable Members’ mailing address(es) on record with United, via first class mail at least twenty-one (21) days prior to the Hearing.

If any Applicable Member opposes the Petition at the Hearing, then the Board will deny the Petition. The Applicable Members will be advised of the Designation denial via first class mail within fifteen (15) days after the Hearing. The Petitioner or any other Applicable Member can resubmit a Petition for the Building to United if a Petition is denied by the Board,

provided, however, that a Petition for a specific Building may be submitted to United only once during any six (6) month period.

If no Applicable Member opposes the Petition at the Hearing, then the Board will approve the Petition. The Applicable Members will be advised of the Designation approval via first class mail within fifteen (15) days after the Hearing (the “**Approval Notification**”). The Designation will be effective forty-five (45) days after the Hearing (the “**Conversion Date**”).

Conversion to a Non-Smoking Building

After the Approval Notification and before the Conversion Date:

1. The Board will execute all of the Amendments for the Manors in the Building receiving the Designation, and return a fully executed copy of each Amendment to the appropriate Applicable Member.
2. Copies of the fully executed Amendments will be placed in United’s corporate records for each of the Manors in the Building, and provided to the employees and/or contractors of United and/or United’s managing agent (e.g. persons or parties managing membership, real estate, Manor maintenance and escrow matters for United) who are responsible for providing information regarding the Manors to Members, prospective Members (through the current Member, and/or through the current Member’s real estate broker or agent, as applicable) and lenders of either.
3. A “Smoke-Free Building” book compiled and maintained by United will be updated to reflect that the Building is subject to Designation and the effective date of the Designation.
4. The “Smoke Free Building” webpage on the Community’s website will be updated to reflect that the Building is subject to Designation and the effective date of the Designation.
5. United will post signs containing the language “No Smoking Anywhere in Building” (the “**Signs**”) at the main/common entrances to each building (both at the exterior and interior entrances), if any, as well as in at least two (2) prominent places within common hallways/walkways on the floor of each Building, as may be applicable. The Signs shall be of a design, material and size to be determined by the Board, and should conform with the architectural aesthetics of the Building. As may be practical, United will try to use the same or similar Signs for different Buildings subject to a Designation.
6. All Applicable Members will be required to remove all tobacco products, medical marijuana and other substances that generate smoke from their Manors and the Building. United shall have no duty to inspect the Manors to confirm that this removal has occurred.

At the end of the Conversion Period, the Building will be deemed to have received a permanent Designation as a non-smoking Building. All Applicable Members, all Members subject to a future Occupancy Agreement to a Manor in the Building and all current and future Qualifying Residents, Co-occupants and Lessees residing in a Manor in the Building,

and the family members, guests and invitees of each of them, shall be prohibited from smoking anywhere in the Building as of the Conversion Date. Further, all new Occupancy Agreements and renewals of existing Occupancy Agreements for Manors at the Building will include an article prohibiting smoking of any substances anywhere within the applicable Manor and the other portions of the Building.

Violation of the Designation

Once a Designation is effective for the Building, no smoking of any products or items of any kind shall be allowed within the Building. Smoking within a Manor of a Building receiving a Designation shall be a violation of the Occupancy Agreement applicable to the smoker (the “**Violation**”). If an alleged Violation is reported to United, United will investigate the alleged Violation, and, as appropriate, call an offending Member to a hearing before the Board regarding the violation, in accordance with the disciplinary proceeding requirements under the Bylaws and applicable state statute. In the event of a verified Violation, the offending Member shall be subject to the rights and remedies of United with respect to such Violation (in the same manner as any other violation of the Occupancy Agreement), as described in the Occupancy Agreement, the Bylaws, the other governing documents of United and at law, including, without limitation, the imposition of monetary penalties and/or the cancellation of the Member’s membership in United, termination of the Occupancy Agreement and its amendments, and eviction from the Member’s Manor.

All Applicable Members are also able to enforce compliance of the Designation against any other Applicable Member, at their own cost and expense, and in accordance with the provisions of the Bylaws, United’s other governing documents, and applicable law.

United shall not be liable for any injury to any person or damage to any property of any kind resulting from an alleged or actual Violation.

UNITED LAGUNA HILLS MUTUAL
Petition for Designating a Building as “Smoke-Free”

I am a Member of United Laguna Hills Mutual. I am completing this Petition for Designating a Building as “Smoke-Free” (this “**Petition**”) to request that the Building in which my Manor is located, including all Manors and Common Areas comprising the Building, be designated as non-smoking.

Prior to completing this form, I acknowledge and agree that I have read and understand the document titled “Procedure for Designation of a Building as Smoke-Free” regarding the requirements for approval of this Petition and designation of my Building as non-smoking (the “**Procedure**”), and that I will be considered the Petitioner under the Procedure. The capitalized terms used in this Petition shall have the same meaning given to them in the Procedure, unless otherwise defined herein.

My information:

Name: _____

Manor Address: _____

Mailing Address: _____

Manor Residents: _____

I understand that this Petition must be signed by all of the Applicable Members subject to an Occupancy Agreement for my Building, on the form attached hereto and identified as the “Petition Agreement Form” (the “**Agreement**”) before this Petition will be considered by the Board, and that an executed “Smoke-Free Amendment to Occupancy Agreement” (the “**Amendment**”) to each Occupancy Agreement for each Manor in my Building must also be submitted with this Petition. If an Agreement and Amendment is not complete and signed by all such Members and submitted with this Petition, then this Petition will be deemed incomplete and returned to me. By signing this Petition, I agree to be bound by the terms of this Petition, the Agreement and the Procedure, and to execute and submit an Amendment for my Occupancy Agreement with this Petition.

By: _____

Date: _____

Petition Agreement Form

I am a Member of United Laguna Hills Mutual, and I acknowledge and agree that I have read the Petition to which this Agreement is attached and the Procedure governing the Petition. I understand that by executing this Agreement and the attached Amendment to my Occupancy Agreement, I am requesting that the Building in which my Manor is located be designated permanently and forever as a non-smoking Building. I further understand that upon such designation, should it occur, that neither myself nor any current or future residents of, or visitors to, my Manor may smoke any substance (tobacco, marijuana or otherwise) in my Manor or any portion of the Building in which my Manor is located.

Upon such non-smoking designation, any smoking in my Manor will be deemed a violation of my Occupancy Agreement, and could result in, without limitation, termination of my Occupancy Agreement, cancellation of my stock certificate, cancellation of my membership in United and my eviction from my Manor by United, as described in the Procedure. My signature below, which must be executed in front of a notary public who completes the following notary page, and my execution of the "Smoke-Free Amendment to Occupancy Agreement" to my Occupancy Agreement shall be deemed agreement with and acknowledgement of these potential enforcement actions by United in the event of a smoking violation with respect to my Manor.

Name: _____

Manor Address: _____

Mailing Address: _____

Manor Residents: _____

I understand that an original notarized copy of this Agreement signed by each of the Members subject to an Occupancy Agreement for a Manor in my Building, and an original copy of the Amendment, noted above, executed by all such Members for their respective Occupancy Agreements, must be submitted to United before the Petition to which this Agreement is attached will be considered by the Board. If the Agreement and Amendment is not complete and signed by all such Members, then the Petition will be deemed incomplete and my Building will not be designated as smoke-free.

By: _____

Date: _____

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

SMOKE-FREE AMENDMENT TO OCCUPANCY AGREEMENT

The parties to this Smoke-Free Amendment to Occupancy Agreement (hereinafter referred to as this "Amendment") are UNITED LAGUNA HILLS MUTUAL, a California nonprofit mutual benefit corporation (hereinafter referred to as the "Corporation"), and _____ (hereinafter referred to as the "Member").

RECITALS

1. The Corporation and the Member are parties to that certain Occupancy Agreement (as may be amended and/or renewed from time to time, hereinafter referred to as the "Agreement") executed by Member on _____, _____ for the dwelling unit located at Laguna Woods Village described as _____, Laguna Woods, California, including Carport No. _____ (hereinafter referred to as the "Manor").
2. The Manor is located within the multi-dwelling unit building located at Laguna Woods Village described as _____, Laguna Woods, California (hereinafter referred to as the "Building").
3. The Member and the other members of the Corporation entitled to occupy and use a dwelling unit in the Building pursuant to a document similar to the Agreement have petitioned the Corporation to designate, on a permanent going forward basis, the Building, including all dwelling units located within the Building (including, without limitation, the Manor), as smoke-free, in accordance with the Corporation's "Procedure for Designation of a Building as Smoke-Free" (hereinafter referred to as the "Procedure"), attached hereto as Attachment 1 and incorporated herein by reference.
4. The Member's request to designate the Building as non-smoking, and the Member's agreements and obligations related to same, are also described in (i) the completed "Petition for Designating a Building as Smoke-Free" applicable to the Building (the "Petition"), attached hereto as Attachment 2 and incorporated herein by reference, and (ii) the "Petition Agreement Form" executed by the Member applicable to the Petition (the "Form"), attached hereto as Attachment 3 and incorporated herein by reference.
5. The Member has agreed to execute this Amendment as a part of the Petition to designate the Manor and all other portions of the Building as smoke free, and the Member understands and agrees that this Amendment shall only become effective, if at all, upon execution by an authorized signatory of the Corporation.
6. All capitalized terms used in this Amendment shall have the meaning given to them in the Agreement, unless otherwise defined herein.

TERMS

In consideration of the mutual promises contained herein, the parties hereby agree as follows:

1. The recitals set forth above are incorporated herein by reference as terms of this Amendment.
2. Upon execution of this Amendment by the Corporation, if at all, and distribution of a fully executed copy of this Amendment to the Member, as may be applicable, the following Article 26 shall be added to the Agreement:

ARTICLE 26. SMOKING PROHIBITED

The dwelling unit covered by this Occupancy Agreement, and the building in which such dwelling unit is located, have been permanently and forever designated as non-smoking. No tobacco products, marijuana and/or other substances that generate smoke, or the use of such substances, are allowed at any time or for any reason within the dwelling unit or the building in which the dwelling unit is located. Failure to adhere to this smoking restriction by the Member, any non-Member occupant of the dwelling unit, or any guest or invitee of the Member or such non-Member occupant of the dwelling unit, shall be a breach of this Occupancy Agreement, and will subject the Member to the rights and remedies of the Corporation under this Occupancy Agreement, the Corporation's By-Laws and other governing documents, and at law.

3. The Member agrees that the Member, all occupants of the Manor, and all guests and invitees to the Manor shall be bound by and to the terms of this Amendment, the Procedure, the Petition and the Form, as may be applicable to such persons.
4. Except as provided above, no other amendments or modifications to the Agreement are contemplated under this Amendment.

Signatures:

Member

Member

If this Amendment is being executed by a trustee as the "Member", the current beneficiary of the trust must be an occupant of the dwelling unit and, by executing this Amendment in the space provided below, agrees as follows:

I agree to be bound and act in accordance with all provisions of this Amendment and the Occupancy Agreement as if I were the Member, and upon demand by the

September 30, 2011

Corporation, I agree to fulfill all obligations of the Member under this Amendment and the Occupancy Agreement.

Beneficiary

Beneficiary

UNITED LAGUNA HILLS MUTUAL
A California nonprofit mutual benefit corporation
by

[Officer Title]

///