

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF GOLDEN RAIN FOUNDATION OF LAGUNA WOODS
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

October 4, 2016

The Regular Meeting of the Golden Rain Foundation of Laguna Woods Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, October 4, 2016, at 9:30 A.M., at 24351 El Toro Road, Laguna Woods, California.

Directors Present: John Parker, John Luebbe, Beth Perak, Judith Troutman, Mary Stone, John Beckett, Kathryn Freshley, Joan Milliman, Richard Palmer, Tom Sirkel, JoAnn diLorenzo

Directors Absent: None

Staff Present: Open Session: Brad Hudson, Lori Moss, Betty Parker, Russ Ridgeway, Ernesto Munoz, Dan Hoxie, and Kim Taylor
Executive Session: Brad Hudson, Lori Moss, Kim Taylor, Guy West, Blessilda Fernandez

Others Present: Fred Whitney and Robert Hartley of Neuland Whitney & Michael, Corporate Counsel

CALL TO ORDER

President John Parker served as Chair of 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 AM.

PLEDGE OF ALLEGIANCE TO THE FLAG

Director John Luebbe led the membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF MEDIA

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

APPROVAL OF AGENDA

Director diLorenzo moved to approve the agenda as written. By a vote of 10-0-0 the motion carried.

APPROVAL OF THE MINUTES

Director Milliman moved to approve the regular Open Session Meeting minutes of September 6, 2016, with noted Scrivener's error on page 3 changing the word "on" to "to" under Media and Communications. Director Troutman seconded the motion. By a vote of 10-0-0 the motion carried.

CHAIR'S REPORT

Chair John Parker congratulated the newly elected directors of United and Third Mutual, and stated that he is looking forward to working with the Boards in the upcoming year, President

Parker announced that the GRF election will take place on November 9, 2016, and Meet the Candidates is being held on November 2, 2016. President Parker announced that two residents of Laguna Woods are currently running for the Water District Board and commented the importance of the Community being represented on the Water Board. He gave kudos to Tim Moy and Chuck Holland on the success of the RFID rollout, commented on the Mutual elections, and the grand opening of Clubhouse 2 will be Friday, November 4, 2016. President Parker thanked all the generous individuals, organizations and clubs, and announced that the art in Clubhouse 2 will be the work of residents permanently donated. President Parker thanked staff for their work on the new and improved Recreation Events and Activities schedule.

Update from VMS – Director Dan Kenney

Mr. Dan Kenney, Director, Village Management Services, Inc. (VMS) advised the Board about the Globe's new office within the Community Center. Director Kenney commented on the success of the RFID rollout with the total vehicles to be stickered at 16,000, the grand opening of Clubhouse 2 will be Friday, November 4, 2016, the refurbishment of gatehouses throughout the Community, the moving of customer service will be complete early 2017, and a new Directors orientation will be held after the GRF Directors are seated. Discussion ensued.

CEO REPORT

Mr. Bradley Hudson, CEO/General Manager, stated that the residents have been very cooperative during the RFID rollout, Mr. Hudson commented on security in the Community, he commented on the RFID system creating data which will help continue keeping the Community secure, the system will also make it much easier for the user to allow their guests into the Community. Mr. Hudson commented on energy efficiencies in the Community Center building. Mr. Hudson stated that call volume has risen to approximately 4,000 calls a month, and asked the Community keep calling. Mr. Hudson stated the residents are happy in the direction staff is going, working much harder, getting much more done, while being transparent, and efficient. Mr. Hudson asked residents to continue letting him know when staff gets something right and when staff gets something wrong. Discussion ensued.

OPEN FORUM

- Carol Moore (3399-A) thanked the Board for serving and commented on the efficiencies that she is seeing from staff, asked the Board about the trees in the Community, and asked the Board to consider deep watering of the trees.
- Patsy Ladrie (482-B) asked about cars parked near her manor and commented on the street sweeper, cleaning of tennis courts, and asked for an explanation of maintenance charges for larger condos in the Community.
- Marcy Sheinwold (5155) spoke on behalf of the Foundation of Laguna Woods, gave a brief overview of how the Foundation helps the residents in the Community, and asked for donations on behalf of the Foundation.
- Katherine Baum (3276-A) commented on elections for Mutual Board Members and stated that she feels that it isn't necessary for candidates to run as a slate, and commented on clubs' promotion of candidates.
- Fred Sherman (3161-A) congratulated the candidates that have been elected and reelected to the Mutual Boards, commented on ethics, a letter that he wrote to the Globe and spoke to the recall of Kathryn Freshley and Mary Stone.
- Bradley Friesen (5389-A) asked for an exception from the Board to allow his club to park a trailer in his RV Space for a short time.

- Franklin Smith (5369-3D) stated that the GRF Board has a lot of great Directors and commented on the Mutual elections and asked that position statements be posted, he further commented on world space week.
- Lucy Shimon (3228-D) commented on the competence of service of the Directors in the Community.
- Steve Parsons (5355) stated that the landscape department has done a great job with his yard.

GRF Directors Dick Palmer, Kathryn Freshley, Tom Sirkel, Mary Stone, Beth Perak, John Luebbe, Joan Milliman, John Beckett, JoAnn diLorenzo, Judith Troutman and John Parker briefly responded to Members' Comments.

CONSENT CALENDAR

Without objection, the Board approved the Consent Calendar as presented and took the following action:

Disaster Preparedness Task Force

- (a) Approve posting signage at all the gates publicizing the Annual Great California ShakeOut Drill on October 20, 2016. The signs will be placed at each gate the day before the drill and will be removed before 5:00PM on October 20, 2016.

COMMITTEE REPORTS

Director Mary Stone reported on the Finance Committee and presented a financial update.

Secretary of the Board, Director Judith Troutman, read the following resolution approving revisions to the Trust Facility Fee Policy:

RESOLUTION 90-16-xx

Trust Facilities Fee Policy

WHEREAS, as Trustee of the Golden Rain Foundation Trust, the Board of Directors of the Golden Rain Foundation is required to maintain and improve the recreational and other amenities available to all residents of Laguna Woods Village; and

WHEREAS, the Board of Directors finds that reinstatement of the capital contribution to the Trust originally required to be made for each manor sold will ensure the continuation of the amenities that make Laguna Woods Village unique;

NOW THEREFORE BE IT RESOLVED, December 6, 2016 that as Trustee of the Golden Rain Foundation Trust, a declaration of Trust recorded March 6, 1964, the Board will impose a fee, to be known as the "Trust Facilities Fee", in accordance with all terms and conditions contained in this policy statement and in California Civil Code §4580 (as amended by Senate Bill 1128, Stats 2010 Chapter 322, §2, effective January 1, 2011), on all transactions involving the purchase of a separate interest in any of the Trustors' common interest developments (United Laguna Woods Mutual, Third Laguna Hills Mutual and Mutual Fifty, each of which is hereinafter referred to as a "Trustor") within the City of Laguna Woods, as an

obligation of the purchaser(s); effective January 1, 2017: and

RESOLVED FURTHER, the Trust Facilities Fee will be a fixed amount, as provided herein and as determined from time to time by the Trustee of the Golden Rain Foundation Trust. The entirety of each such fee, when and as paid by the purchaser(s), shall be deposited into the Trust Facilities Fee Fund and shall be applicable to all such transactions, excluding the following transfers of a separate interest:

- ~~1. Where at least one of the purchasers has paid a Trust Facilities Fee to the Golden Rain Foundation Trust at any time prior to the close of escrow on the purchase of a separate interest, for escrows opened or purchase contracts signed prior to January 1, 2017;~~
2. Where ownership of a separate interest is joined between a current beneficiary of a Trustor and a non-beneficiary spouse, domestic partner or other relative of such beneficiary;
3. Where ownership of a separate interest is transferred to a non-beneficiary of a Trustor by gift or through inheritance from a beneficiary of a Trustor;
4. Where ownership of a separate interest is transferred by a beneficiary of a Trustor to the current qualifying resident (as defined in the Bylaws of each Trustor) of the separate interest, where the transferor has never been a qualifying resident and has previously paid a Trust Facilities Fee; or
5. Where ownership of a separate interest is being transferred to a trust whose settlor or principal beneficiary is the transferor, or to another trust for estate planning purposes.

RESOLVED FURTHER, effective with escrows opened, or purchase contracts signed, on or after January 1, 2014, the Trust Facilities Fee shall be set at \$2,500.00 until modified by the Trustee; and

RESOLVED FURTHER, in accordance with California Civil Code §4580 each new purchase of a separate interest in any of the Trustors' common interest developments within the City of Laguna Woods to which this Trust Facilities Fee applies (i.e., all new purchases other than a transfer qualifying for any of the exclusions set forth in subparagraphs 1-4 above), shall in compliance with California Civil Code §4580 have the option to either:

- (i) pay the fee in its entirety at the time of transfer; or
- (ii) pay the fee amount pursuant to an installment payment plan for a period of seven (7) years.

If the purchaser elects to pay the fee in installment payments under the second of the above statutorily permitted options, then the Trustee may also collect additional amounts not to exceed the actual costs for billing and financing on the amount owed

(as set forth below, and in compliance with the Davis-Stirling Act, as the same may be amended from time to time), and if the purchaser sells their separate interest prior to the end of the installment payment plan period, he or she shall pay the remaining balance of the fee owed to the Trustee prior to transfer. A fee of \$10 will be imposed for any late payments.

The Golden Rain Foundation Board shall assess a one-time fee for the preparation of the promissory note. The Golden Rain Foundation Board shall also assess a handling fee of \$252.00 until later modified by the Board and interest, if applicable, at the minimum rate allowed by law. The monthly payment of the Trust Facilities Fee, the handling fee and interest, if applicable, shall be due on the 1st day of each month; and

RESOLVED FURTHER, Resolution 90--15-37, adopted July 7, 2015 is hereby superseded and cancelled ***to the extent that it differs, effective January 1, 2017;*** 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 Troutman moved to approve and postpone the resolution to the December Board meeting to comply with Civil Code §4360. Director diLorenzo seconded the motion. Discussion ensued.

Director Beckett moved to strike number 1 under the first Resolved Further. Director Freshley seconded the motion.

Director diLorenzo moved to amend the resolution to include "to the extent that it differs to the policy". Director Beckett seconded the motion.

Member Bert Moldow (3503-A) commented on the resolution.

By a vote of 10-0-0 the resolution was approved as amended and postponed to the December Board meeting to comply with Civil Code §4360.

Director Beth Perak reported on the Community Activities Committee.

Director JoAnn diLorenzo reported on the Media and Communications Committee.

Secretary of the Board, Director Judith Troutman, read a resolution approving eliminating the Digital Deluxe Tier, move all the programming contained in the tier to the Digital Basic Level of service, and increase the lease rate for digital set top boxes by \$1.00, effective January 1, 2017. Director Troutman moved to approve the resolution. Director diLorenzo seconded the motion. Discussion ensued.

By a vote of 8-1-1 (Director Stone opposed; Director Freshley abstained) the motion carried and the Board approved the following resolution:

RESOLUTION 90-16-46

Digital Cable Services Fee Structure and Tier System

WHEREAS, in order to offset the expense of providing digital cable services based on subscriber choices, the GRF Broadband Services Division established a fee structure; and

WHEREAS, the Media and Communications Committee found it necessary to revise the fee structure and digital tier system in an effort to cover programming costs;

NOW THEREFORE BE IT RESOLVED, October 4, 2016, that the Board of Directors of this Corporation hereby authorizes staff to charge subscribers for Digital Services based on the following fee structure:

Installation/Service Call (one-time fee): \$30.00
Cable Line/New Outlet (one-time fee): \$50.00 - \$100.00

Equipment (monthly fee):
Digital Set Top Box /TV ~~\$6.25~~ **\$7.25**
Digital Set Top Box/TV/HD ~~\$12.25~~ **\$13.25**
Digital Set Top Box/DVR/HD ~~\$18.25~~ **\$19.25** (first box)
~~\$12.25~~ **\$13.25** (additional box)

Programming (monthly fee):
~~Digital Deluxe~~ ~~\$7.25~~
Cinemax Pak \$14.25
HBO Pak \$17.25
Showtime Pak \$14.25
Starz/Encore Pak \$14.25
Foreign Language Channels \$10.00 - \$15.00
Adult Playboy Channel \$15.00
Adult Pay-Per-View, Per Event \$9.00

RESOLVED FURTHER, that such fees shall be effective January 1, 2017; and

RESOLVED FURTHER, that Resolution 90-13-28 adopted March 5, 2013 is hereby superseded and cancelled **to the extent that it differs**; 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 John Luebbe reported on the Energy Committee.

President Parker moved to allow Third Mutual to place containers for their solar project on GRF land/ a Clubhouse parking lot. Director Beckett seconded the motion. By a vote of 10-0-0 the motion carried.

Chair John Parker reported on the Landscape Committee.

Secretary of the Board, Director Judith Troutman, read the following resolution approving revisions to the Garden Center Operating Rules, Use Permit, Waiver of Liability Agreement, Handyman Release, and Notice of Application of Pesticides for Garden Plots. Discussion ensued.

Without objection, the Board agreed to add to Garden Centers Handyman Release Agreement and License form, California Law which states that labor and materials over \$500 is not permitted by unlicensed contractors.

Members Donna Dwaileebe (3301-A), Patsy Ladrie (482-B) and Sue Mills (5223) commented on the resolution.

RESOLUTION 90-16-xx

Garden Center Operating Rules and Related Documents

WHEREAS, the Golden Rain Foundation recognizes the need to amend a portion of the rules to ensure compliance with UBC codes, make the gardening experience more enjoyable and to provide a way to make more plots available for individuals on the waiting list; and

NOW THEREFORE BE IT RESOLVED, ~~October 4,~~ **December 6**, 2016, that the Board of Directors of this Corporation hereby approves the Garden Center Operating Rules, Use Permit, Waiver of Liability Agreement, Handyman Release, and Notice of Application of Pesticides for Garden Plots, as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 90-13-33, adopted April 2, 2013, is hereby amended to the extent that it differs; 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 Troutman moved to approve and postpone the resolution, with revisions, to the December Board meeting to comply with Civil Code §4360. Director diLorenzo seconded the motion. Discussion ensued.

By a vote of 9-0-1 (Director Palmer abstained) the motion carried.

Chair John Parker reported on the Maintenance and Construction Committee.

Secretary of the Board, Director Judith Troutman, read the revisions to Contractor Hours, to be Adopted Community Wide:

The new policy will apply to all vendors performing work in the Village. The proposed hours for all contractors are:

- 7:00 a.m. to 5:00 p.m. – Monday through Friday with contractors performing quiet work between 7:00 a.m. to 8:00 a.m.
- 9:00 a.m. to 3:00 p.m. – Saturdays
- No work on Sundays and VMS holidays (See Attachment 1).
- Any weekend and/or after hour work will be coordinated around events scheduled at GRF facilities

Contractors will be required to ultimately obtain a Worker Gate Access Permit to perform work in the Village. This will allow Staff to better manage work performed.

Third Mutual approved the new hours for contractors at their meeting on August 16, 2016, and United approved the hours on September 13, 2016. Adopting standard hours of work throughout the Village will help alleviate confusion for contractors.

Director Troutman moved to approve and postpone the resolution to the December Board meeting to comply with Civil Code §4360. Director Sirkel seconded the motion. Discussion ensued.

By a vote of 10-0-0 the motion carried.

President Parker provided an update on the Clubhouse 5 HVAC stating that the bid award was to South Coast Season Control.

Director Sirkel moved to approve starting Phase II and III Pickle Ball site design, at a cost not to exceed \$72,500, direct Staff to meet with the Pickle Ball Club to review layout and authorize the CEO to execute the necessary contracts. Director Luebbe seconded the motion. By a vote of 7-3-1 (Directors diLorenzo, Stone and Beckett opposed; Director Freshley abstained; President Parker voted in favor) the motion carried.

Director Judith Troutman reported on the Clubhouse 2 Renovation Ad Hoc Committee.

Director Stone moved to approve the dissolution of the CH2 Renovation Ad Hoc Committee. Director Milliman seconded the motion. Discussion ensued. By a vote of 10-0-0 the motion carried.

Director John Luebbe reported on the Security and Community Access Committee.

Secretary of the Board, Director Judith Troutman, read a resolution approving additional funds for the cost of installation of the Tennis Court Card Access System, not to exceed \$6,000, funded from the Equipment Fund. Director Troutman moved to approve the resolution. Director Luebbe seconded the motion. Discussion ensued.

Member Patsy Ladrie (482-B) commented on the resolution.

By a vote of 10-0-0 the motion carried and the Board approved the following resolution:

RESOLUTION 90-16-47

Additional Funds for Tennis Courts Security Access

WHEREAS, on July 5, 2016, the Golden Rain Foundation Board of Directors approved \$24,000 to secure five gates at the tennis courts as a pilot program using the AMAG System - Resolution 90-16-29; and

WHEREAS, after the bidding process was complete the cost of the project is higher than anticipated; and

NOW THEREFORE BE IT RESOLVED, October 4, 2016, that the Board of Directors of this Corporation hereby approves additional funding not to exceed \$6,000, funded from the Equipment Fund, for securing five gates at the tennis courts and to authorize the CEO to execute the contract; and

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

President Beth Perak reported on the Mobility and Vehicles Committee.

Directors Judith Troutman and Mary Stone provided a special report on the Contracts and Procedures Task Force.

Ernesto Munoz, P.E., General Services Director, and Dan Hoxie, Purchasing Manager, answered questions regarding the proposed Board Operation Procedures Contracts Matrix, Change Order Policy, and Purchasing Policy.

Secretary of the Board, Director Judith Troutman, read a resolution approving the Board Operation Procedures Contracts Matrix, Change Order Policy, and Purchasing Policy. Director Troutman moved to approve the resolution. Director Stone seconded the motion. Discussion ensued.

Scriveners errors were noted on page 7 of 35, 10 of 35, page 12 of 35, and page 29 of 35.

By a vote of 10-0-0 the motion carried and the Board approved the following resolution with Scrivener's errors noted on the documents:

RESOLUTION 90-16-48

Board Operation Purchasing and Contracts Policies

WHEREAS, the Purchasing Task Force was formed to ensure that adequate purchasing controls are in place; to streamline the internal purchasing and contracting process; and to ensure transparency and that a professional and competitive process is used for the procurement of high quality products and services for the community; and

NOW THEREFORE BE IT RESOLVED, October 4, 2016, that the Board of Directors of this Corporation hereby approves the Board Operation Procedures Contracts Matrix, Change Order Policy and Purchasing Policy as attached to the official minutes of this meeting; 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.

UNFINISHED BUSINESS

No Unfinished Business came before the Board.

NEW BUSINESS

No New Business came before the Board.

FUTURE AGENDA ITEMS

(a) Revision of Resolution G-89-95 General Duties of Standing Committees - Reviewing

DIRECTORS' COMMENTS

President Parker commented on bloggers.

MEETING RECESS

The Board recessed at 12:45 PM and reconvened into Executive Session at 1:20 PM.

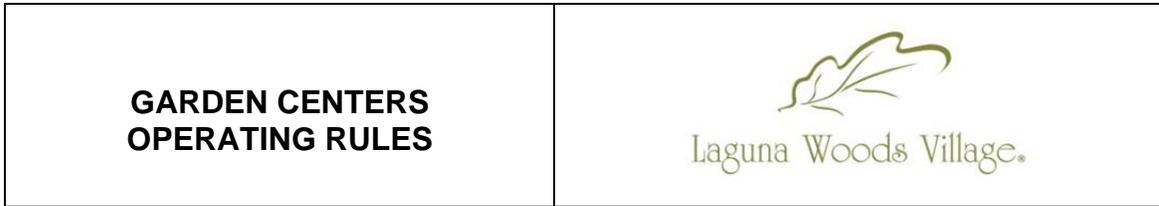
ADJOURNMENT

There being no further business to come before the Board of Directors, the meeting adjourned at 3:54 PM.

Judith Troutman, Secretary
Golden Rain Foundation

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

During its Regular Executive Session Meeting of September 6, 2016, the Board approved the Regular Executive Session meeting minutes of August 2, 2015, and the Special Executive Session meeting minutes of August 19, 2016, as written. The Board approved one (1) Hearing request; held one (1) Meet and Confer; held two (2) Disciplinary Hearings and imposed \$500 in Fines for Violations of the Mutual's Rules and Regulations; discussed and considered the Probate Petition; discussed and considered MBT; discussed and considered Mutual 50 Landscape Contract; discussed and considered Moulton Parkway Matter; Discussed and considered Santa Maria Matter; approved SunX as the Solar Thermal Installer for pool water heating; discussed and considered other Contractual matters; discussed Member matters; discussed and considered the Gate 5 Sewer Conveyance matter; discussed Personnel matters with Mr. Hudson; discussed and considered Litigation matters; and reviewed the litigation status report.



A. Introduction/Purpose

1. The Garden Center is a recreational facility managed by Laguna Woods Village staff. It is a functioning farm that provides a relaxing enjoyable environment for the residents to tend, grow and harvest their own fruits and vegetables. **Permit holders must do their own gardening and may share their plot with other residents, provided those residents have been properly registered and have signed a Hold Harmless, Release and Waiver of Liability Agreement; however, permit holders shall not sublease or otherwise turn their plot over to someone else to work, except on a temporary basis with the written approval of the Village designated staff representative. Staff will maintain a file with the name of the substitute resident, manor number, contact information and dates with time limit of substitution.**

B. General Information

1. The Golden Rain Foundation (GRF) shall establish hours of operation, assign personnel and otherwise oversee the operation of the Garden Centers. Rules are subject to revision during the calendar year, and updates will be posted on the bulletin boards. A complete set of updated rules is available annually.

C. Garden Center Staff and Hours of Operation

1. Staff is responsible for enforcing the adopted Operating Rules to serve the best interest of all residents who use, or wish to use, the Garden Center facilities. Staff is available to oversee the Garden Centers; staff hours are posted at each of the Garden Center offices. You may contact the Garden Center through the Recreation Department at 949-597-4273.
2. Resident gardeners are welcome to use the Garden Center facilities at times other than when staff is available. The Garden Centers are open from sunrise to sunset. The gates are opened in the morning and locked in the evening by the Security Department.

D. Signing Required Release and Waiver of Liability Agreement

1. Gardeners are required to sign a **Hold Harmless, Release and Waiver of Liability Agreement** annually, or upon staff's request. This signed agreement will be maintained on file in the Recreation Office. This agreement limits GRF's liability, and waives any claim a gardener may have, including injury or damage absent gross negligence or willful misconduct. Forms are available online or from the Recreation Office.

2. Guests must be accompanied by an authorized resident or partnering gardener or staff.

E. Who May Rent a Garden Plot

1. Any authorized Occupant or Lessee, as defined by United Laguna Woods Mutual and Third Laguna Hills Mutual, may apply for a Garden Center Use Permit. One permit is issued per manor. All Use Permits are accepted on a first-come, first-served basis and are only accepted on official forms provided by GRF. All persons using a plot must be listed with the following contact information: manor number, address, home phone number, cell number, and e-mail if applicable. Use Permits will be renewed annually in compliance with current adopted GRF policies.
2. All fees are according to the GRF Schedule of Fees and must be paid at the time of Use Permit submittal.

F. Temporary Working of Your Plot by a Designated Person

1. No one may work a garden for another gardener, unless they are a resident of Laguna Woods Village and listed on the Use Permit with the appropriate contact information. If an individual is found to be working a plot without being listed on the Use Permit, the Use Permit holder will be subject to disciplinary action, which could result in permanent forfeiture of the Use Permit.

G. In Case of Emergency

1. Emergency telephones that connect directly with the Security Office are available at both Garden Center One and Garden Center Two. At Garden Center One, the emergency telephone is located on the side of the office. At Garden Center Two, there is one emergency phone outside of the office, and another emergency phone on the east side of the storage building (tool shed and restroom) near the Maintenance Center. Please feel free to use these phones not only for medical emergencies, but also to report suspected unauthorized persons or theft.

H. Gardener Responsibilities

1. Gardeners are responsible for keeping their plots weed and debris free **at all times**.
2. The Use Permit holder must work his/her plot at least six months of the calendar year and maintain the plot at all times. Work must commence within 30 days of permit execution.
3. Gardeners are obligated to plant fruits, vegetables and/or flowers 12 months out of the year.
4. Seasonal gardeners, e.g. "snowbirds", summer "desert escapees" are required to SHARE their plot(s) with other seasonal gardeners.
5. Mulch outside of plots is prohibited.
6. Gravel is only permitted for use in the Garden Center Two pathways.

7. The disposal of trash and debris is the responsibility of each gardener. Large dumpsters are located strategically throughout the facilities. Do not place debris in walk areas or leave debris in wheelbarrows.
8. All walkways must be kept clear, and wheelbarrows must be emptied and returned to their proper storage areas. Gardeners using tools furnished by GRF are responsible for the proper care, cleaning, return, and storage of these tools to the tool sheds from which they were obtained. Gardeners are permitted to plant within their assigned garden space only. Planting in any common area, such as in the parking lot, within medians and around structures, is not allowed.
9. All items stored within the garden plot must be essential to gardening. Pesticides of any kind may not be stored at the Garden Center. Items such as wooden stakes, tomato cages, etc. must be kept in a neat and orderly manner and preferably enclosed in the provided storage locker. Materials may not be stored against either the perimeter fencing of the plot or Garden Center.
10. Gardeners must complete and submit a Notice of Application to the Recreation Department 15 days in advance of the use of any pesticides in the Garden Center.
11. Gardeners are required to adhere and comply with all Garden Center Operating Rules, Recreation Division Policy, GRF Governing Documents, and all applicable laws. Failure to do so may result in disciplinary action.

I. Pets at the Garden Centers

1. Pets are not allowed at any Garden Center or the Garden Centers parking areas. Do not feed wildlife in the Garden Centers. Documentation is required for designated service animals and they must be registered with the Recreation Office. This information will be kept on file.

J. Annual Fees

1. As part of the plot rental process, residents will be given a statement with the amount due for their plots(s). All checks will be made payable to GRF. The rental fees along with all applicable documentation must be submitted to the Recreation Office. GRF may revoke the Use Permit of any gardener who is 30 days delinquent in payment of his/her plot rental.
2. Plot rentals are for one calendar year and renewed annually. The plot rental package will be sent out to all current plot renters by November 15th. The forms and rental fees must be returned to the Recreation Department before the end of every calendar year to ensure a garden plot.
3. The resident will receive their plot upon receipt of plot rental fees.

K. Assignment of Garden Plots/Spaces

1. The Recreation Department through their designated staff representative shall maintain a Garden Center Waiting List. Residents will be notified by phone, e-mail, and letter when their name comes to the top of the list. Staff will prepare any plot offered to a lessee, so that it is weed free, rototilled, all prior existing non-gardening miscellaneous items removed, as well as any deteriorating structures, provide a storage locker and has access to a functioning water source.
2. Plots vary in location, actual size and previous improvements. The resident at the top of the list will be offered a choice of the plots available at that time. If the resident refuses to select an available plot, their name will be moved to the bottom of the list. If a resident knows that they will be on vacation or out of the area and their name is at the top of the waiting list, they should contact the Recreation Department with their contact information so that they do not miss their opportunity for a plot.
3. There is a limit of one garden plot of approximately 200 square feet or one tree plot per manor. Anyone with more than one garden plot and/or more than one tree plot prior to May 3, 2016 will be allowed to keep a maximum of two garden plots not to exceed approximately 400 square feet and/or two tree plots.
4. When a Use Permit holder decides to give up his/her plot, he/she can designate another gardener, in writing, to take over the plot, however, the designee must give up a matching number of plot(s) which will become available to those on the waiting list.
5. Use Permits shall be personal to the gardener and shall not be assignable to any other person and shall not pass on to any successors or assignees unless the plot is shared by another resident. If during the lease agreement a resident moves or becomes deceased, the resident sharing the plot will have an opportunity to become the Use Permit Holder. It will be offered in the order in which the names of the partners appear on the current Use Permit.

L. Watering/Irrigation

1. All watering at the Garden Centers is subject to the El Toro Water District rules and any other governing agency or municipality.
2. All hoses must be equipped with a positive self-closing shutoff hose nozzle. Hoses left attached to hose bibs are considered available for public use. Staff shall be notified when faucets or valves are found to be leaking. No main water supplies are to be enclosed in a structure. Public hose bibs may not be enclosed in your fenced area. The gardener must provide a water shutoff valve somewhere outside of any plot enclosed with a structure or provide an access door to the inside valve in order to turn off the water in case it is left on or there is an emergency. Anti-siphon devices are required and may not be removed. Any gardener watering their garden plot must be present at the Garden Center the entire period of time the water is turned on, even if an alternative irrigation system is in place. If an alternative irrigation system is in place such as an automatic irrigation or drip irrigation system, timers are prohibited. All

gardeners are responsible for prudent, non-wasteful watering practices, and for preventing water runoff from damaging adjacent gardens.

3. No irrigation systems other than drip or soaker systems are permitted in a plot.
4. Any gardener wishing to perform any irrigation work that will require shutting off the water to a garden area, impacting other gardeners, must first notify the Landscape Department through Resident Services. Gardeners must keep the amount of time the water is turned off to as short a time period as possible.

M. Prohibited Plant Material

1. Controlled substances (including marijuana) are prohibited.
2. GRF reserves the right to prohibit or limit any plantings that it deems not to be in the best interest of the Community or the Garden Centers.
3. All plants with invasive roots or plants that are larger than the plot size are prohibited and must be removed or grown in a container. Some examples include banana trees, mint, cana lilies, bird of paradise, sugar cane and ginger. Shading a neighbor's garden plot with any plant is prohibited. These are provided as examples only and do not represent the entire list.

N. Garden/Vegetable Plots

1. Staff must approve any fence, trellis, or other structure prior to it being built.
2. Each gardener is responsible for walkways within their plots. All walkways must be clear of obstacles. There is not to be any intrusion of growing material into the walkways. Berries, bougainvillea and other climbing vines and plants that have thorns must be planted a minimum of 24 inches away from the fence and may not extend beyond the individual garden property line.
2. Because other areas, in both Garden Centers, have been established to provide for citrus and deciduous fruit trees, no trees may be planted in garden plots.

O. Shade House Spaces

1. Each bench space is approximately 16 square feet and will be assigned on a one per manor basis unless no waiting list exists.
2. The shade house will be kept locked at all times when it is not in use by those with Use Permits. Keys will be issued to all shade house permit holders. Keys must be returned to the Recreation Office when the Use Permit is terminated.
3. All materials stored under the benches, such as pots, potting mixtures, etc., must be kept in a neat and orderly condition and must be maintained at least eight (8) inches above the ground in order to reduce the opportunity for rodent nest sites. Storage of materials not essential to shade house gardening activities is prohibited.

4. Each shade house gardener is responsible for elimination of all debris and weeds in their half of the walkways around their bench space.

P. Fruit Tree Areas

1. In Garden Center Two, tree plots bordering the Recreational Vehicle Storage Lot B, are designated as dwarf and semi-dwarf citrus tree plots. Tree plots bordering the bridle trail, are designated as fruit, dwarf and semi-dwarf citrus tree plots.
2. In both Garden Centers, there is a tree height restriction of 15 feet.
3. New trees need written approval in advance by the Recreation Department, and in most circumstances are limited to dwarf and semi dwarf trees.
4. Gardeners are reminded of the steep sloping grades that exist in the tree area and safe maintenance of walks, steps and retaining walls is a continuous requirement.
5. Gardeners are expected to prune and care for their trees so they do not spread disease. Trees should not grow over other's plots or block walk ways, and may not rise more than 15 feet in pruned condition.
6. Tree plots must be kept free of ground cover, weeds, berry vines, flowers, and vegetables.
7. Permanent fences are prohibited around tree plots.

Q. Authority, Enforcement of Rules and Revoke of Use Permit(s)

1. GRF is authorized to take disciplinary action against a gardener found to be in violation of the Garden Center Operating Rules. The GRF Board has the authority to impose monetary fines, revoke Use Permit(s), and/or bring forth legal action.
2. Any gardener found to be in conflict with any of the Operating Rules may result in disciplinary action.
3. Garden Center staff will make periodic checks of all garden plots/spaces to ensure they are being properly cared for and operating rules are adhered to. If a safety issue exists, staff will take corrective action to ensure the safety of the Garden Centers. Any costs incurred will be at the gardener's expense.
4. If a gardener is found to be in violation of the Operating Rules, the gardener shall be notified in writing of alleged violations and required to comply within a reasonable time from the date of the notice. Failure to comply within the allowable time may result in a Disciplinary Hearing before the GRF Board of Directors.

5. Upon termination or revocation of a Use Permit, a gardener shall not be entitled to any refund or apportionment of any fee paid to GRF for any material planted, growing or otherwise located within the Garden Centers or for any improvements made on the premises by the gardener, and at the option of GRF, all or part of such material and improvements shall become the property of GRF. Gardeners are responsible for leaving plots weed and debris free and ready for the next gardener. If not, GRF may charge for clean-up when a garden is left in such a condition as to require clean up.

GARDEN CENTERS USE PERMIT

I understand that as a Use Permit holder, I must do my own gardening and may share my plot with other residents provided those residents have been properly registered and have signed a Hold Harmless, Release and Waiver of Liability Agreement. I understand that if I am a seasonal gardener, I must partner with another seasonal gardener in order to achieve 12 month usage. Subleasing or otherwise turning my plot over to someone else is prohibited.

I understand that I must adhere and comply with all Garden Center Operating Rules, Recreation Division Policy, GRF Governing Documents, and all applicable laws. Failure to do so may result in disciplinary action.

I understand rules are subject to revision during the Calendar year.

Resident Information – Permit Holder

Manor Number _____ Resident's Name _____

Email _____ Home/Cell Number _____

Location (GC1 or GC2) _____ Garden Plot Number(s) _____ Tree and/or Shade Plot _____
 (If applicable)

Garden Plot Partners

Listed below are all the residents that will be partnering with me in my garden plot. I understand they are required to sign a Hold Harmless, Release and Liability Agreement annually along with following all rules and regulations within the garden center.

Manor #	Resident's Name	Phone #	Email

Acknowledgement

By signing, you are acknowledging that you received, read, understand and agree to the Garden Centers Operating Rules. Failure to abide by these operating rules will result in cancellation of this or any previous Use Permits.

Resident's Signature

Date

Garden Plot Partners

By signing, you are acknowledging that you received, read, understand and agree to the Garden Centers Operating Rules. Failure to abide by these operating rules will result in cancellation of this or any previous Use Permits. Further, it is acknowledged that each and every plot partner is jointly and severally liable pursuant to this Use Permit, the Garden Centers Operating Rules, the Recreational Division Policy, and all GRF governing documents.

Resident's Signature/Manor #

Date

Resident's Signature/Manor #

Date

Resident's Signature Manor #

Date

Resident's Signature Manor #

Date

**GOLDEN RAIN FOUNDATION OF LAGUNA WOODS
A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION
HOLD HARMLESS, RELEASE AND WAIVER OF LIABILITY AGREEMENT**

THIS AGREEMENT LIMITS THE LIABILITY OF THE GOLDEN RAIN FOUNDATION OF LAGUNA WOODS (“GRF”) AND VILLAGE MANAGEMENT SERVICES, INC. (“VMS”) BOTH CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATIONS, AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS (ALL HEREAFTER COLLECTIVELY REFERRED TO AS “GRF RELEASEES”) AND WAIVES ANY CLAIM YOU MAY HAVE AGAINST GRF RELEASEES FOR INJURY OR DAMAGE, EXCEPT THAT WHICH ARISES FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF GRF RELEASEES. PLEASE READ THE AGREEMENT CAREFULLY BEFORE SIGNING AND USING THE FACILITIES OR ANY EQUIPMENT.

I, _____, register to instruct or participate in activities at the Garden Center, a GRF facility and to use the facilities and equipment present therein.

I am aware that the use of the facilities and equipment presents a risk of injury to me. This includes, but is not limited, to the following:

garden rakes, shovels, forks, hoes, cultivators, manure forks, wheelbarrows, push brooms, floral shovels, step ladders, skill saws, post hole diggers, picks, mattocks, stake pounders, pole pruners, aerators, hand saws, loppers, bow saws, wrecking bars, fertilizer spreaders, sledge hammers, fruit pole pickers, lawn rakes, hammers, screw drivers and other trimmers, tools, fertilizers and chemicals.

I, on behalf of myself, my personal representatives, heirs and next of kin, warrant and agree as follows:

1. I understand that the use of the facilities, equipment, services, programs and premises includes an inherent risk of injury to persons and property.
2. I agree that all use of facilities, equipment and services, programs and premises are undertaken by me and at my sole risk.
3. I am in good physical condition and have no disabilities, diseases, illnesses, or other conditions that could prevent me from using the facilities and equipment without injuring myself or impairing my health.
4. I agree to disclose any special medical conditions or limitations to facility staff before using the GRF facilities or equipment.
5. I understand that risk of injury includes, but is not limited to,
 - a. injuries arising from or relating to the use by myself or others of equipment and machines, locker rooms, wet areas and other amenities;
 - b. injuries arising from or relating to participation by myself or others in supervised and unsupervised activities or programs throughout the facilities;
 - c. injuries and medical disorders arising from or relating to the use of the facilities or equipment such as lacerations, abrasions, contusions, punctures, crushed appendages, amputations, burns, eye injuries or blindness, hearing loss, heart

attack, stroke, death, heat stress, sprains, strains, broken bones, and torn muscles, tendons and ligaments among others; and

- d. accidental injuries occurring anywhere in the facilities including lobbies, hallways, storage areas, locker rooms, or activities associated with GRF which are carried on anywhere or while I am traveling to or from the said facility.
- 6. Accidental injuries include but are not limited to, those caused by myself, those caused by personal property, materials, equipment, apparel, other persons, GRF Releasees and those of a slip and fall nature.
- 7. I waive all claims which I or my personal representatives, heirs and next of kin may have against GRF Releasees, and on behalf of myself and my personal representatives, heirs and next of kin, release and agree to hold GRF Releasees absolutely harmless, and to indemnify and defend Releasees from all claims, demands, injuries, damages, actions, suits, or causes of action to persons or property, arising out of or in any way connected with my or others use of the facilities, equipment, premises, services or programs, including those arising out of any active or passive negligent act or omission of GRF Releasees, except that which arises out of the gross negligence or willful misconduct of GRF Releasees.
- 8. I agree that I am solely responsible for loss or damage to my property in addition to property of others in my care or otherwise entrusted to me.
- 9. I have carefully read this Hold Harmless, Release and Waiver of Liability Agreement and fully understand it is a release of liability. I am waiving any right that I may have to bring legal action or assert a claim against GRF Releasees for negligence, except that which arises from the gross negligence or willful misconduct of GRF Releasees.

I agree that this HOLD HARMLESS, RELEASE AND WAIVER OF LIABILITY AGREEMENT is intended to be as broad and inclusive as permitted by the laws of the State of California, and that if any portion is ruled invalid, the balance shall continue in full legal force and effect.

I HAVE READ AND VOLUNTARILY SIGN THIS HOLD HARMLESS, RELEASE AND WAIVER OF LIABILITY AGREEMENT, which shall remain in effect for one year and agree that no oral agreements, representations, statements or inducements apart from this written agreement have been made.

I HAVE READ THIS AGREEMENT AND UNDERSTAND THAT IT LIMITS THE LIABILITY OF GRF RELEASEES AND WAIVES ANY CLAIM FOR ANY INJURY I MAY SUSTAIN, OR LOSS OF, OR DAMAGE TO, MY PROPERTY IN CONNECTION WITH MY USE OF THE FACILITIES OR EQUIPMENT.

Signature _____ Print Name _____

Date _____ Phone _____

Address

Garden

Plot(s)

Email

Tree/Shade Plot(s)

<p style="text-align: center;">NOTICE OF APPLICATION OF PESTICIDES</p>	
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Date of scheduled Application _____

Identify the Pesticide by brand or common chemical name (Including spray adjuvants, if applicable.)

List any precautions printed on the pesticide product labeling or included in applicable laws related to the pesticide or entry of the area to be treated.

Resident Information – Permit Holder

Manor Number _____ Resident's Name _____

Email _____ Home/Cell Number _____

Location (GC1 or GC2)	Garden Plot Number(s) Number(s)	Tree and/or Shade Plot
Resident's Signature		Date

**GOLDEN RAIN FOUNDATION OF LAGUNA WOODS
24351 EL TORO ROAD, LAGUNA WOODS, CA 92637**

**GARDEN CENTERS CONTRACTOR*/HANDYMAN RELEASE
AGREEMENT AND LICENSE**

I, _____ (“**Contractor**/Handyman”) understand that I am contracted with the resident of Laguna Woods Village that leases the Garden Centers plot(s) owned by Golden Rain Foundations of Laguna Woods, a California non-profit mutual benefit corporation.

I waive all claims which I or my personal representatives, may have against GRF, Village Management Services, Inc., a California corporation and the Garden Center (“GRF Releasees”), and on behalf of myself and my personal representatives, release and agree to hold GRF Releasees absolutely harmless, and indemnify GRF Releasees, from all claims, demands, injuries, damages, actions, suits, or causes of action to persons or property, arising out of or in any way connected with my or others use of the facilities, equipment, premises, including those arising out of any active or passive negligent act or omission of GRF Releasees, except that which arises out of the gross negligence or willful misconduct of GRF Releasees, arising out of this Garden Centers Handyman Release Agreement and License (“Release”).

I agree that I am solely responsible for loss or damage to my property in addition to property of others in my care or otherwise entrusted to me.

I agree that this Release is intended to be as broad and inclusive as permitted by the laws of the State of California, and that if any portion is ruled invalid, the balance shall continue in full legal force and effect.

I HAVE READ AND VOLUNTARILY SIGN THIS Release, which shall remain in effect for one year and agree that no oral agreements, representations, statements or inducements apart from this written agreement have been made.

Liability Insurance. **Contractor**/Handyman agrees to carry liability insurance protecting GRF Releasees from any claim for property damage and personal injury in an amount of not less than One Million Dollars (\$1,000,000). Handyman must maintain on file with the Garden Center Manager current proof of insurance which shall name the GRF Releasees and all of either entity’s officers, directors, employees and agents of GRF Releasees as additional insured under any policies obtained in compliance with this Release. Failure to maintain strict adherence to this requirement shall be a default under this Release and shall result in immediate termination of this Release and preclude Handyman from entering the Garden Centers to perform work.

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I HAVE READ THIS AGREEMENT AND UNDERSTAND THAT IT LIMITS THE LIABILITY OF GRF RELEASEES AND WAIVES ANY CLAIM FOR ANY INJURY I MAY SUSTAIN, OR LOSS OF, OR DAMAGE TO, MY PROPERTY IN CONNECTION WITH MY USE OF THE FACILITIES OR EQUIPMENT.

Signature _____
Print Name _____

Date _____
Phone _____

Address

Email _____

****It is illegal for an unlicensed person to perform contracting work on any project valued at \$500 or more in combined labor and material costs. Besides being illegal, unlicensed contractors lack accountability and have a high rate of involvement in construction scams. They also are unfair competition for licensed contractors who operate with bonds, insurance and other responsible business practices.***

CONTRACT CHANGE ORDERS ON CAPITAL PROJECTS

BACKGROUND

When unforeseen circumstances occur on capital projects, Change Orders are required. These Change Orders can be the result of additions or deletions to the project, revisions to the project, and omissions or errors in the original project plans and/or specifications.

PURPOSE

The purpose of this Policy is to provide staff necessary latitude in the timely execution of Capital Project Change Orders while, at the same time maintaining accountability for expenditures associated with such Orders.

POLICY

The following Policy has been adopted by GRF, Golden Rain Foundation of Laguna Woods, United Laguna Woods Mutual, and Third Laguna Hills Mutual for the processing of Project Change Orders:

1. Approval of all Change Orders is contingent upon funds being budgeted and available for the specific project. Where funds are not available, a Supplemental Appropriation must first be approved by the Board of Directors.
2. No Change Order can be processed without the written approval of the Division Director responsible for the project or his/her designee.
3. Division Director approval is required for any Change Order up to 10% (or as specified) of the original contract price, or up to \$25,000, whichever is greater. However, the sum of all Change Orders must not exceed 10% of the original contract amount. (see No. 6 below).
4. Committee approval is required for any Change Order up to 10% (or as specified) of the original contract price, over \$25,000 and up to \$100,000 of the original contract price. However, the sum of all Change Orders must not exceed 10% of the original contract amount (see No. 6 below).
5. Board approval is required for any Change Order over 10% (or as specified) of the original contract price or over \$100,000, whichever is greater. A request for approval of this Change Order will appear under the New Business item on the agenda.
6. Board shall review for approval all Change Orders, regardless of amount, when the sum of all Change Orders on the project exceeds 10% of the original award bid. All requests submitted to the Board for approval above 10% of original bid shall include findings that the proposed additions to the scope of the work are needed in the best interest of the Community, or that rebidding is unlikely to result in a lower unit price. Requests for approval of such Change Orders must include the following information: amount budgeted for the capital project, amount expended thus far, status of project, and previously approved Change Orders. In addition, the

staff member responsible for the day-to-day oversight of the project, or his/her designee, shall be present at the Board meeting at which the request for Change Order approval is considered. A request for approval of this Change Order will appear under the New Business item on the Board agenda.

7. In addition to the above approvals, Board approval of Contract Change Orders will be required when the scope of the project is materially changed. Requests for approval of such Change Orders must include the following information: amount budgeted for the project, amount expended thus far, status of project, and previously approved Changed Orders. In addition, the staff member responsible for the day-to-day oversight of the project, or his/her designee, shall present a comprehensive report at the Board meeting in which the request for Change Order approval is considered. A request for approval of this Change Order will appear under the New Business item on the agenda.
8. The Board shall be kept informed by the Division Director under whose oversight the project is being executed of all Change Orders, regardless of size, through periodic status reports. These reports shall be presented informally, and may be presented as "Receive and File" consent items at the Board meeting.
9. At the completion of all contracts exceeding \$100,000 in final cost, the Division Director shall submit a final report to the Board detailing the contract amount and all approved Change Orders.
10. In the event that during the course of a construction contract an emergency exists in which there is immediate danger to the health and/or safety of the Community, the Community Manager and CEO are authorized to take immediate and appropriate action which is necessary to eliminate that danger, regardless of cost. If, in the event this Change Order exceeds the normal approval limits as specified in this Policy, staff will provide all backup information to the Board at the next available meeting.

LAGUNA WOODS VILLAGE
CONTRACT CHANGE ORDER

CONTRACT CHANGE ORDER NO. _____ **SUPPL NO.** _____ **REV.** _____
PROJECT _____ SHEET _____ OF _____ SHEET
CONTRACT NO. _____ SPECIFICATION NO. _____
To _____ Contractor

Contractor is directed to make the described changes from the plans and specifications, and to the existing Contract, dated (date), and do the following described work not included in the plans and specifications on the present Contract.

Note: This change order is not effective until all approvals are met in accordance with the Contract Change Order on Capital Projects Policy.

Description of work to be done, estimate of quantities, and prices to be paid. Segregate between additional work at contract price, agreed and force account. Unless otherwise stated, rates for rental of equipment cover only such time as equipment is actually used and allowance will be made for idle time.

Change Requested by:

General Description and Reason for Change:

All other terms and conditions remain the same.

TOTAL COST INCREASE/DECREASE NOT TO EXCEED: _____

Original Contract Sum: \$ _____

Net change by previously approved Change Orders \$ _____

Contract Amount prior to this Change Order: \$ _____

Current Change Order Amount: \$ _____

Total Contract Sum to date including this change \$ _____ ._____

Accumulated Percentage change from all Change Orders % _____

By reason of this order the time of completion will be adjusted as follows: Days

Submitted by : _____ Date: _____

Approval Recommended: _____ Date: _____

Approved: _____ Date: _____

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment therefor the prices shown above.

Accepted, Date _____ Contractor _____

By _____ Title _____

If the Contractor did not sign acceptance of this order, his attention is directed to the requirements of the specifications as to proceeding with the ordered work and filing a written protest within the time therein specified.

DELEGATION OF ACTIONS AND COMMITMENTS

I. INTRODUCTION

One of the core principles of the laws governing corporations, both for-profit and non-profit, is that the ultimate responsibility for the business and operations of the corporation and thus the ultimate authority to take action rests with the corporation's Board of Directors. The board then has the right to determine under what circumstances to delegate specific actions and commitments to committees, committee chairs, ~~to~~ management, ~~to~~ other agents, professionals or contractors.

The Board of Directors has created a Delegation of Actions and Commitments Matrix that can be used to guide current and future Board members in the responsible delegation of duties and responsibilities. The intent is to develop a document that can be adopted by each of the three boards and can be used to clearly define the responsibilities and authority of the boards and those responsibilities they may wish to delegate.

The goal of the matrix and this accompanying memorandum is to identify more clearly those who have the principal responsibility for performing certain actions or duties and those who are expected to render services and assistance in an advisory capacity to add value and expertise to foster better actions and decisions by the principal decision-maker(s).

II. AUTHORITY

In order for an individual or an organization to accomplish a task, they need a certain amount of authority to carry out the assigned activity. However, implicit in the delegation of authority is that the responsibility for the outcome of the activity remains with the individual or organization that delegated the authority.

When the governing Board of a homeowners' association delegates responsibility and authority to others, it becomes vital to maintain control through the timely reporting of data and information and monitoring the progress or outcome of the delegated responsibilities or functions. This is typically accomplished through timely financial reports that can be evaluated in the context of budgeted/projected income and expenditures for a given fiscal period, and the receipt of progress reports that address work status and milestones achieved during the specified period, such as a calendar month, quarter or fiscal year.

III. DELEGATION MATRIX

The Matrix that accompanies this Memorandum presents four categories of functions that are part of the day-to-day responsibilities of Laguna Woods Village Corporations, namely the formation of contracts, the conduct of Board, Committee and member meetings, financial matters, and manner in which legal services are solicited and utilized by the

corporations. Then, in the columns opposite these four substantive areas of corporate action, the Matrix presents a description of the appropriate role and responsibilities of the Association's Board of Directors; Board Committee Chairs; Board Committees; and the management agent. The matrix is set forth at the end of this memorandum.

Regardless of any delegation indicated, the Board always has the option to become directly involved in any and every process and item in the Matrix.

IV. PURPOSE OF THIS MEMORANDUM

The principal purpose of this Memorandum is to provide explanatory text that clarifies and further elaborates on each of the action items in the Matrix.

A. Contracts

1. Request for Analysis-Determination of Objectives (Project Request Form) The decision to commission a subject report request primarily resides with the Board of Directors; however, a committee chair with committee approval may also request a subject report from the managing agent. There may be situations where a committee will request reports from other professional organizations. Certain contracts are processed based upon board-approved service levels and appropriations, and are not a result of a subject report.

2. Analysis Review

Division Director having jurisdiction over this activity will cause an analysis to be prepared for the project and preparation of the subject report.

3. Approval of Appropriation by Resolution of Board

Approval of project funding through Budget adoption. With board approval, a consultant may be engaged to develop preliminary cost estimates for budgeting purposes.

4. GRF Capital Improvements Greater than \$500,000

This activity is reserved for All Corporate Members with the Board of Directors. The preparation shall be by the managing agent.

5. Scope of Work/Specifications

The managing agent has the responsibility to create the scope of work/specification and the Committee may elect to review before it is advertised for bids, or requests for proposals are issued.

6. Preparing the Request for Proposal (RFP)/Bid Solicitation with Scope of Work/Specifications

managing agent will prepare the RFP or Bid Solicitation expected

7. Consultant/Bidder list Preparation

The bidders list will be created by the Managing Agent

8. Consultant Interviews / Pre-Bid meeting

The Managing Agent has the responsibility to organize and manage consultant interviews and/or pre-bid meetings. The Committee may elect to participate in the interviews/meetings.

9. Bid Opening

Board does not have to participate in this activity; Bid openings will be conducted by the Managing Agent.

10. Bid Review (Price and Cost Analysis)

The Managing agent will prepare the Price and Cost Analysis which will be presented to the Board upon recommendation for contract award.

11. Contract Award – \$25,000 to \$100,000

staff's recommendation to award a contract to the vendor best fulfilling the requirements of the RFP/Bid solicitation. ***The Board will have final approval of the contract award within the Governing Documents.***

12. Contract Award - - Amounts Greater than \$100,000

The appropriate committee will review and recommend approval for contract award to the Board for the vendor best fulfilling the requirements of the RFP/Bid Solicitation. The Board will have final approval of the contract award within the Governing Documents.

13. Change Orders

Process per the Board-adopted Contract Change Order Policy.

1614. Administration of Contract and/or Work

Managing Agent performs this activity with reporting, when requested, to the appropriate committee of progress and discussion of any issues which may have a substantial impact on cost or completion date for the project. For activities requiring expenditures exceeding the budget, the Board will proceed to approve a resolution for supplemental funding and approval of the change order.

1715. Project Acceptance

The Division Director overseeing projects in excess of \$100,000 in value will present to the Board a comprehensive report at project completion. The report will outline the project progression and timeline; the final accounting of the contract amounts, including all change orders issued for the project. Staff will recommend the project be accepted by the appropriate Board. Once the Board accepts the project as complete, all retention, bonds, and other moneys due will be released.

B. Agendas and Minutes – Board and Committee Meetings

1. Determine Format and Level of Reporting of Board and Committee Minutes This activity is performed by the Board with guidance from their legal counsel and the managing agent. Whenever consultants have been used, they must be identified.

2. Production of Draft Agendas

This activity is performed by the managing agent after review with the board.

3. Approval of the Board Agenda

This item is performed by the Board. A draft agenda will be prepared by the managing agent and reviewed by the presiding officer prior to distribution. The final agenda must be approved by the Board at the beginning of the board meeting.

4. Approval of the Committee Agenda

This item is performed by the committee chair. A draft agenda will be prepared by the managing agent and reviewed by the presiding officer prior to distribution.

5. Production of Draft Minutes (Board and Committee)

This item is performed by the managing agent, unless the minutes pertain to an executive session regarding management where, with the advice of legal counsel, management should be excluded from the need to know what transpired in the executive session. In this situation, the Board Secretary will prepare the minutes of the session for the Board members and at copy will be provided for the Corporate Records maintained by the managing agent for the corporation.

6. Approval of the Board Meeting Minutes

The text of the minutes must be approved by the Board.

7. Approval of the Committee Meeting Minutes

The text of the minutes must be approved by the respective committee.

C. Financial Analysis and Reporting

1. Initiate Request for Analysis/Report—Determination of Objectives

The initiation of a report on a financial topic primarily resides with the Board of Directors; however, a committee may also request a financial topic report from either the managing agent or another professional organization.

2. Determine Structure of Board and Committee Financial Reports

The board or Finance Committee chair can initiate the structure of the financial reports that are prepared by the agent for either the board or finance committee. The finance committee has the option of participating in the design of the report.

3. Prepare Financial Topic and Performance Reports

The committee has the option to prepare the financial topic report and performance reports, which are often call "Balanced Scorecards". Unless otherwise directed by the Committee, this activity will be performed by either the managing agent or a selected professional organization with input from other community sources as the committee deems appropriate.

4. Review of Report and Acceptance of Recommendation

The committee chair and committee will perform a detailed review of the report and the committee will act on the report. If a resolution is required for implementation of a change in

operating practice or requires funding, the committee will forward a recommendation to the board for action.

5. Adoption of Recommendation

The Board approves the recommendation that has been forwarded by the finance committee and the managing agent implements the new or revised practices. If the recommendation is not approved, the subject will be returned to committee.

6. Establish Budget Goals and Objectives for Community and each Housing Mutual

The Business Planning Committee with input from the GRF Board will establish the Goals and Objectives for the overall budget. Each housing mutual board should establish the Goals and Objectives for their respective mutual. The preparation is the responsibility of the respective finance committee and will be reviewed and approved by each board.

7. Budget Preparation

The responsibility for a budget to be prepared, as required by law, resides with the Board who initiates the preparation process. In practice, the preparation process is delegated to the managing agent. Several successive versions of the budget are prepared as a result of reviews by appropriate committees. A final version is presented to the Board for review and approval in August.

8. Budget Approval

The final version of the budget is reviewed and approved by the Board at the September Board meeting by way of resolution.

9. Develop and Report Financial Rolling Forecast

Starting in the 5th month of the fiscal year, a rolling forecast Income Statement, that projects the year end expenses in each reported line item, is to be prepared by the managing agent for review by the finance committee. This enables the finance committee chair to report to the board any anticipated expense variances that could impact the financial health of the community.

10. Reserve Studies

The responsibility for a reserve analysis to be performed resides with the Board who initiates the process as part of the budgeting process when legally required. The Reserve Analysis is reviewed and approved by the Finance Committee prior to being submitted to the Board for a resolution approving the key criteria and elements of the document.

11. Select Resident Members for the Select Audit Task Force

The Finance Committee Chair for GRF and each housing mutual initiate the search for financially qualified representatives for their corporation who will be selected by their finance committee and their board to serve on the community's Select Audit Task Force. The task force has the responsibility to have the RFP prepared for conducting the annual audit of the books of the four Laguna Woods Village corporations. The task force will review and recommend to their respective board the Accounting firm selected to perform the annual

Audit. The managing agent will prepare the RFP in accordance with the instructions from the Select Audit Task Force.

12. Annual Audits – Review and Approval

The Select Audit Task Force will conduct the preliminary audit review. Once the preliminary review has been completed, an open meeting of the corporations is held where the firm performing the audit presents its findings and answers questions from the Select Audit Task Force and the membership in attendance. The joint Select Audit Task Force then presents the Audit Report for approval by the boards of the four Laguna Woods Village Corporations.

D. Requests for Legal Opinions/Guidance/Interpretation & Distribution of Same

1. Selection of Appropriate Legal Counsel

This responsibility resides with the Board to initiate and perform the selection process. The board may have their committee and management agent participate in the selection process. However, there is no obligation for the Board to consult with the managing agent if the purpose of the counsel is to evaluate the performance, acts or omissions of management.

2. Formulation of Legal Question

The formulation of a question requiring a legal opinion may occur from the Board, a committee chair and/or committee (if the question is within the committee's charter), or the managing agent.

3. Request Submitted to Law Firm to Answer Question

If a question arises within a Board committee, the Board president would submit the question as identified in writing by the committee to the corporation's counsel, unless the Board approves having the question submitted by the managing agent. The managing agent is delegated the authority to submit questions to corporate counsel regarding occupancy and membership issues, such as lien filings, or issues arising from lending organizations for member mortgages.

4. Opinion Tendered and Received

The legal opinions received will be directly submitted to the Board President for distribution to the full Board or committee, except for those opinions dealing with the resident occupancy issues initiated by the managing agent who will provide the opinion during the Board's monthly executive session.

5. Opinion Summarized with Appropriate Action Plans and Budgets

Oftentimes, it is more effective for the non-attorney Board members to have legal opinions summarized and this activity maybe delegated, by the committee or board that requested the opinion, to the managing agent. Legal counsel's opinion often includes a summary. The committee chair may prepare an abstract of the summary and opinion for presentation to the committee. Part of the summary will include an action plan developed by the committee chair and the managing agent. Any Board resolution necessary and appropriate to implement the opinion will be prepared by managing agent.

6. Implementation of the Opinion

The managing agent will implement the action plans within the established funds appropriated by the Board in the resolution.

IV. SUMMARY

The delegation of actions and commitments by a community association Board of Directors is fundamental to the effective management of a Community Service Organization. Every Board will approach the delegation of responsibility and commensurate authority somewhat differently; however, it is critical that the Board clearly establish how much authority it is willing to delegate to its committees, committee chairs and to the managing agent or CEO. Otherwise, conflicts arise or some activities will not be accomplished because clear objectives and corresponding authority was not defined.

Unfortunately, this can be a very challenging activity, but each Board needs to develop an orientation program for new Board members so that, upon election, each Board member understands the scope of his or her fiduciary responsibilities and duties that are incumbent upon being a Board member in a common interest development or any other non-profit mutual benefit corporation. The laws governing the duties and governance of community service organizations and common interest communities are different from the rules that apply to towns, cities, and municipalities; therefore, it is necessary to have an understanding of the differences between the two community organizational structures, and particularly, the duties of care, inquiry and loyalty, which are specifically defined in Corporations Code, Section 7231 and are critical to individual Board members and ensuring that the Board of Directors operates successfully.

PURCHASING POLICY

1. PURPOSE

The Purchasing Department's goal is to obtain the product or service that best meets the needs of the corporation at the best possible value and to protect the corporation from litigation resulting from these services.

2. CODE OF CONDUCT

No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Corporation shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements except for where the financial interest is not substantial or the gift is an unsolicited item of nominal value. Members of the

Corporation board of directors shall comply with all relevant fiduciary duties, including those governing conflicts of interest, when they vote upon matters related to procurement contracts in which they have a direct or indirect financial or personal interest. Officers, employees, directors, and agents of the Corporation shall be subject to disciplinary actions for violations of these standards.

3. FUNDS

Funding for all procurement is approved by the Corporation Board of Directors through the capital plan, a supplemental appropriation or the operating budgets of each department, prior to procurement of goods or services.

4. COMPETITIVE BIDDING PROCESS

The Purchasing Department carries out a bidding process whether the request is for an item, a service or a project. The following steps are taken:

- a. A Purchase Requisition (PR) and a detailed Scope of Work (SOW) are submitted by the requesting department. The Purchasing Department reviews the SOW and if it requires more detail, it is returned to the requesting department with questions and comments.

The Purchasing Department will incorporate the final SOW into a request for proposal (RFP) for professional services or bid solicitation for constructions services , together with brief information about the community, insurance requirements, a pre-bid meeting date and the deadline for submitting proposals/bids. The RFP/bid solicitation is normally sent to at least three (3) vendors/contractors to obtain bids, or may be widely advertised.

- b. When the proposal/bids are received, the Purchasing Department will evaluate them to ensure that each bidder meets the SOW and will recommend the best qualified bid and competitive proposal/bid. If a proposal is submitted late, the Purchasing & Supply Manager will determine if the proposal should be accepted or rejected.

Exceptions to carrying out the bidding process are when:

- The Board of Directors passes a resolution to single source the work.
- The item or project is under \$2,500, unless required by the Purchasing & Supply Manager.
- A specialized item or project is required and vendors/contractors are limited or the vendor/contractor has previously proven their expertise in this field. (Sole Source)
- Work is required immediately (e.g. a broken water main).
- A current material purchase agreement or annual service contract is expiring using a proven vendor/contractor and their pricing does not increase.

- A contractor is currently working under a service contract and the same work is required for a one time project.
- Having received no complaints from a contractor currently working if no price increase.
- Blanket purchase orders are used. Items are supplied without agreed prices on an emergency basis only.
- Change Order to an existing contract, as per the Board-adopted Contract Change Order Policy.

5. AWARD PROCESS

- a. After proposal/bids are received, opened, and analyzed by staff, a detailed Contract Award report will be prepared for the appropriate Committee or Board as outlined in the Board-adopted Delegation of Action and Commitments Matrix. The Contract Award report will be prepared by the Division overseeing the services to be contracted for, and shall include a comparison spreadsheet listing all the proposals/bidders; a description of the services to be contracted for; and staff's recommendations.

6. CONTRACTS

7. Following the competitive bidding process the parties enter into an agreement. The process and document differs between product and services:

- a. Supply item:

The Buyer uses the Purchase Requisition (PR) to create a Purchase Order (PO) and then forwards it to the vendor.

- b. Stock item:

A material purchase agreement is written and after execution the Warehouse Department creates purchase requisitions when the stock items are required. The requisitions are approved by the Purchasing & Supply Manager and the items ordered by the Buyers.

- c. Annual service:

A contract is written for the service and when executed a Purchase Order from the requisition is generated to enable payment through the accounting system.

d. Minor project (Less than \$1,000):

The Purchasing Department obtains approval of the contractor and value from the requesting division. The Contract Administrator adds conditions to the purchase requisition, prepares a Purchase Requisition and the Purchasing Department generates a Purchase Order after all requirements are met, and forwards it to the contractor.

e. Small Project (\$1,000 - \$25,000):

The Purchasing Department obtains approval of the contractor and value from the requesting division and a contract is written for the work. The contract SOW is copied from the RFP with any changes that occurred during the bidding process. The completed contract is signed by the contractor then by the VMSI CEO or designated Division Director.

f. Medium Project (\$25,000 - \$100,000):

The Purchasing Department obtains approval of the contractor and value from the appropriate Committee via the requesting division and a contract is written for the work. The contract SOW is copied from the RFP with any changes that occurred during the proposal/bidding process. The completed contract is signed by the contractor then by the ~~appropriate Committee Chair.~~ **and shall be signed by two Officers of the Board.**

g. Large Project (>\$100,000):

The Purchasing Department obtains approval of the contractor and value from the appropriate Board via the requesting division and a contract is written for the work. The contract SOW is copied from the RFP with any changes that occurred during the proposal / bidding process. The completed contract is signed by the contractor then by the ~~appropriate Board President or Board Treasurer and~~ VMSI CEO **and two Officers of the Board.**

h. Very Large and Special Projects (>\$500,000)

Additional process and specific procedures required for Very Large Projects with direct Board involvement not covered here.

i. Leasing;

Leasing agreement will be forwarded to the appropriate Board for signature. Examples are Copier Equipment, Golf Carts and other agreements that the leasing agent require on their forms.

j. The Purchasing Department will assist the requesting department to cancel a contract or produce written warnings to a contractor.

8. CHANGE ORDER TO CONTRACTS
 - a. Per the Board-adopted Change Order Policy.
9. AX PAYMENT PROCESSING
 - a. When an executed contract is completed, the Contract Administrators will process the PR and a PO will be generated for work approval and payment.

GRF Board Operation Procedures – Contracts

1.Request for Analysis-Determination of Objectives (Project Request Form)

The decision to commission an Analysis Request primarily resides with the Board of Directors however; a committee chair with committee approval may also request an analysis from the Managing Agent. There may be situations where a committee will request an analysis from other professional organizations and/or vendors. Certain contracts are processed based upon board-approved service levels and appropriations, and are not a result of an Analysis Review.

2.Analysis Review

The Division Director having jurisdiction over this activity will cause an Analysis to be prepared for the project and preparation for the subject report.

3. Approval of Appropriation by Resolution of Board

Approval of project funding through Budget adoption. With Board approval, a consultant may be engaged to develop preliminary cost estimates for budgeting purposes.

3.1 GRF Capital Improvements Greater than \$500,000

This activity is reserved for All Corporate Members with the Board of Directors. The preparation shall be by the managing agent.

4.1 Scope of Work/Specifications

The managing agent has the responsibility to create the scope of work/specification and the Committee may elect to review it before it is advertised for bids, or requests for proposals are issued.

5.1 Request for Proposal (RFP)/Bid Solicitation with Scope of Work/Specifications

The Managing agent will prepare the RFP or Bid Solicitation

6.1 Consultant/Bidders List Preparation

The bidders list will be created by the managing agent.

7.1 Consultant Interviews / Pre-Bid meeting

The managing agent has the responsibility to organize and manage consultant interviews and/or pre-bid meetings. The Committee may elect to participate in the interviews/meetings.

7.2 Bid Opening

The Board does not have to participate in this activity; Bid openings will be conducted by the managing agent.

8. Bid Review (Price and Cost Analysis)

The Managing Agent will prepare the Price and Cost Analysis which will be presented to the Board upon recommendation for contract award.

10.1 Contract Award - \$25,000 to \$100,000

The appropriate committee will review staff's recommendation and approve to award the contract to the vendor best fulfilling the requirements of the RFP/Bid Solicitation.

10.2 Contract Award – Amounts Greater than \$100,000

The appropriate committee will review and recommend approval for contract award to the Board for the vendor best fulfilling the requirements of the RFP/Bid Solicitations. The Board will have final approval of the contract award within the Governing Documents.

11. Change Orders

Process per the Board-adopted Contract Change Order Policy

12. Administration of Contract and/or Work

The Managing Agent performs this activity with reporting, when requested, to the appropriate committee of progress and discussion of any issues which may have a substantial impact on cost or completion date for the project.

13. Project Acceptance

Division Directors overseeing projects in excess of \$100,000 in value will present to the Board a comprehensive report at project completion. The report will outline the project progression and timeline; the final accounting of the contract amounts, including all change orders issued for the project. Staff will recommend the project be accepted by the appropriate Board. Once the Board accepts the project as complete, all retention, bonds, and other moneys due will be released.

1	CONTRACTS - RESPONSIBILITY MATRIX				
2					
3		Organization			
4	Delegation of the Initiation, Authorization and Performance of Actions and Comments that are Within the Responsibility Scope of the Organization	Board of Directors	Committee Chair	VMS	All Corporate Members
5	1. Request for Analysis - Determination of Objectives- Project Request Form	I	I(1)		
6	2. Analysis Review			P	
7	3. Approval to fund Analysis	A			
8	3.1 GRF Capital Improvements Greater than \$500,000	A		P	A
9	4.1 Scope of Work /Specifications		O	P	
10	5.1 Request For Proposals (RFP)/Bid Solicitation-Preparation/Delivery			P	
11	6.1 Consultant/Bidders List- Preparation			P	
12	7.1 Consultant Interviews/Pre-Bid Meeting		O	P	
13	7.2 Bid Opening			P	
14	8. Bid Review & Price & Cost Analysis			P	
15	10.1 Contract Award- \$25,000 to \$100,000	A	P	P	
16	10.2 Contract Award- Approval Greater than \$100,000	A	O	P	
17	11. Change Orders- Per Adopted Contract Change Order Policy			P	
18	12. Administration of Contract and/or Work			P	
19	13. Project Acceptance (Projects over \$100,000)			P	
20	Key				
21	I= Initiate an Activity, directive may come from either, but the directive is requires				
22	I(1)= Initiate activity within Committee charter and with objective parameters				
23	A= Authorize an activity that is within the Governing Documents				
24	O= The Committee or Board may choose to exercise participation at this level; if not, the Agent will perform the task				
25	R= Review reports and/or for Approval, where necessary and appropriate				
26	P= Performed by managing agent				