

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

**September 20, 2016**

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, September 20, 2016 at 9:30 AM, at 24351 El Toro Road, Laguna Woods, California.

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

Directors Absent: Ray Gros (Executive Session Only)

Staff Present: Open Session: Brad Hudson, Lori Moss, Ernesto Munoz, Dan Hoxie, Brian Gruner and Kim Taylor  
Executive Session: Brad Hudson, Lori Moss, Tim Moy, Kim Taylor, Pamela Bashline, Jacob Huanosto

Others Present: VMS Director Donna Dwaileebe and Denver Andrews Jr. Esq., Law Offices of Denver R. Andrews, Jr.

**CALL TO ORDER**

Jim Matson, President of the Corporation, chaired and opened the meeting, and stated that it was a Regular Meeting held pursuant to notice duly given. A quorum was established, and the meeting was called to order at 9:30 A.M.

**PLEDGE OF ALLEGIANCE**

Director Ray Gros led the Membership in the Pledge of Allegiance.

**ACKNOWLEDGEMENT OF MEDIA**

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

**APPROVAL OF AGENDA**

Without objection the agenda was approved as written.

**CHAIR'S REMARKS**

President Matson thanked the outgoing Directors We-Ming Tao, Rosemarie diLorenzo Dickins, Bert Moldow, and Ray Gros, and touched on their accomplishments throughout their terms. President Matson thanked the remaining Directors, commented on the unity of the Board, working together and thanked Brad Hudson for all his work and hiring competent employees. President Matson announced that the 2017 budget process is complete and the Board will be voting on the Third Mutual 2017 Business Plan later in the meeting.

**APPROVAL OF THE MINUTES**

Director diLorenzo Dickins moved to approve the regular Open Board meeting minutes of August 16, 2016, with the Scriveners error noted on 6a page 1 should read "Solar Optimum" and the minutes of September 6, 2016, as written. Director Moldow seconded the motion. By a vote of 10-0-0 the motion carried.

**CONSENT CALENDAR**

Without objection, the Board approved the Consent Calendar as written, and the Board took the following actions:

Maintenance and Construction Committee Recommendations:

3441-A Deny request to retain paver stone driveway

Maintenance and Construction Common Area - Variance Request Resolutions:

**RESOLUTION 03-16-87**

**Common Area - Variance Request**

**WHEREAS**, Frank and Nancy Liu of 3201-A Via Buena Vista, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

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

**NOW THEREFORE BE IT RESOLVED**, on September 20, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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

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

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

**RESOLUTION 03-16-88**

### **Common Area - Variance Request**

**WHEREAS**, Marc and Nancy Sokolik of 3265-C San Amadeo, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

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

**NOW THEREFORE BE IT RESOLVED**, on September 20, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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

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

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

### **RESOLUTION 03-16-89**

### **Common Area - Variance Request**

**WHEREAS**, Susan Kramer 3393-A Punta Alta, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

**WHEREAS**, Third Laguna Hills Mutual Board of Directors (the Board) has considered the request utilizing the Common Area Use Policy as approved by

the Board via Resolution 03-15-155 as revised in accordance with California Civil Code § 4600 on October 20, 2015;

**NOW THEREFORE BE IT RESOLVED**, on September 20, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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

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

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

### **RESOLUTION 03-16-90**

#### **Common Area - Variance Request**

**WHEREAS**, Heike Hendler 5321-B Bahia Blanca West, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

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

**NOW THEREFORE BE IT RESOLVED**, on September 20, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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

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

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

### **RESOLUTION 03-16-91**

#### **Common Area - Variance Request**

**WHEREAS**, Helen Hasselschwert 5476-A Paseo Del Lago East, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

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

**NOW THEREFORE BE IT RESOLVED**, on September 20, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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

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

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

**RESOLUTION 03-16-92**

**Common Area - Variance Request**

**WHEREAS**, Jeanne Sakamoto 5565-B Via Portora, Third Laguna Hills Mutual, submitted a request for a variance to construct an alteration on Common Area as defined in the Declaration of Covenants, Conditions and Restrictions (CC&Rs); and

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

**NOW THEREFORE BE IT RESOLVED**, on September 20, 2016, the Board of Directors hereby approves the request for a variance to grant exclusive use of the subject common area to the requesting member due to the finding that the proposed alteration meets the following criteria:

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

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

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

Landscape Committee Recommendations:

None

Finance Committee Recommendations:

**RESOLUTION 03-16-93**

**Recording of a Lien**

**WHEREAS**, Member ID 933-210-81 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, September 20, 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 933-210-81; 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.

**RESOLUTION 03-16-94**

**Recording of a Lien**

**WHEREAS**, Member ID 931-580-84 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

**WHEREAS**, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

**NOW THEREFORE BE IT RESOLVED**, September 20, 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-580-84; 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.

**UPDATE FROM VMS – DIRECTOR DONNA DWAILEEBE**

President Matson introduced Director Donna Dwaileebe, Village Management Services, Inc. (VMS). Director Dwaileebe provided an update on the RFID Rollout stating that the

rollout started yesterday and is progressing smoothly. RFID stickers will be put on approximately 16,000 vehicles as a pilot program. Limited staff will be available on Saturdays. Gate 5 construction continues, Gate 2 construction began last week and Gate 14 will begin when Gate 2 construction is complete. Director Dwaileebe stated that the Community Center Fitness construction will begin at the Community Center building in the next two weeks, the Granicus Program will be implemented in the next 90 days and the new website and marketing materials are well underway with various pieces being unveiled over the next weeks and months. The Employee Recognition Program was held last week, and there was a tremendous staff turnout. The program is held quarterly. Director Dwaileebe answered questions from the Board.

### **REPORT OF THE CEO – BRAD HUDSON**

Mr. Brad Hudson, CEO/General Manager, provided statistics on the RFID Rollout. Mr. Hudson stated that the wait is less than 5 minutes; he spoke to the Granicus Program being implemented in the next few months. Mr. Hudson introduced Brian Gruner, Recreation and Special Events Director.

Mr. Gruner addressed the Board and residents, provided a brief overview of his background, stated the he is happy to be a part of Staff, and spoke to his commitment in providing a great Recreation Department for the Community.

Mr. Hudson commented on the eBlast sent out last Friday. The topic, Crime, was selected in an effort to minimize petty crime. Mr. Hudson announced Saturday services in Broadband and standby trade services. Mr. Hudson announced upcoming events at the Performing Arts Center; The Pacific Symphony Quartet is performing this Sunday, and an Elvis impersonator is scheduled for early November. Mr. Hudson answered questions from the Board.

Ms. Lori Moss, Community Manager, announced Good Samaritan commendations for Members Ms. Jing Ma, Mr. James Wu and Ms. Lynn Kunysz who were introduced, thanked and given recognition of heroism.

### **MEMBER COMMENTS**

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

- Marion Levine (438-D) 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 a spirit of moving ahead, asked the Board to moved ahead with reconciliation with the other Boards.
- Ed Tao (2306-B) thanked the entire Board for working together to reduce Mutual assessments, increasing reserves during a trying time and proposed that the Board construct a white paper authoritative report and stated that hurtful rumors need to be curtailed.

- Franklin Smith (5369-3D) commented on transparency and democracy. Mr. Smith commented on a Third Mutual candidate who feels he is being discriminated against.

### **DIRECTORS' RESPONSES TO MEMBER COMMENTS**

Directors Carpenter, Moldow, Frankel, Baum, Moldow, Tao, diLorenzo Dickins and President Matson briefly responded to Member Comments.

### **UNFINISHED BUSINESS**

Director Burt Baum, Secretary of the Corporation, read a proposed policy approving revisions to Contractors hours, to be adopted Community wide and to rescind resolution 03-11-49, which was postponed 30 days to comply with Civil Code §4360. Director Baum moved to approve the resolution. Director Gros seconded the motion. Discussion ensued. Without objection the Board approved the following amendments as noted in the policy below:

The new policy will apply to all vendors performing work in the Village, whether contracted by VMS or directly by residents. The working hours for contractors will be as follows:

- 7:00a.m. to 5:00p.m. – Monday through Friday with contractors performing ~~work that does not require excessive noise~~ **quiet work** between 7:00a.m. and 8:00a.m.
- 9:00a.m. to 3:00p.m. – Saturdays
- No work on Sundays and VMS Observed Holidays

\*All Contractors will be required to apply ~~apply~~ **obtain** for a Vendors Work ~~Worker Gate Access Permit~~ **Worker Gate Access Permit** to perform work in the Village. This will allow all the Mutuals to better manage and supervise work performed within the Village.

***\*When Parking Permit is implemented.***

Members Franklin Smith (5369-3D) and Joan Milliman (969-3E) commented on the motion.

By a vote of 10-0-0 the motion carried and the policy was approved as amended.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to the Financial Qualifications, which was postponed 30 days to comply with Civil Code §4360. Director Baum moved to approve the resolution. Director Tao seconded the motion. Discussion ensued.

By a vote of 9-0-1 (Director Moldow abstained) the motion carried and the Board approved the following resolution:

### **RESOLUTION 03-16-95**

### **FINANCIAL REQUIREMENTS POLICY**

**WHEREAS**, it is in the best interest of the Corporation to protect and preserve the financial integrity of the Corporation;

**NOW THEREFORE BE IT RESOLVED**, September 20, 2016, that the minimum financial requirements for membership are adopted per the Third Laguna Hills Mutual Financial Requirements Policy (attached):

**RESOLVED FURTHER**, that ~~the managing agent~~ **our Management Company** is hereby directed to disseminate this information to the realty community serving Laguna Woods Village, Laguna Woods; and

**RESOLVED FURTHER**, that this policy shall be put into effect ~~August 16,~~ **October 1**, 2016; and

**RESOLVED FURTHER**, that ~~the managing agent~~ **our Management Company** is hereby directed to return to the Board in two years with recommendations for retaining or changing the requirements; and

**RESOLVED FURTHER**, that Resolution 03-12-139, adopted November 20, 2012, is hereby superseded and canceled.

Ms. Lori Moss updated the Board on the Contractors list Task Force. The Task Force met and recommended that staff write to all of the contractors on the list and inform them that the document is being updated. Part of the update will be to require those on the existing list to submit two referrals of current Laguna Woods Residents. The contractors will be given 30 days to submit the referrals or will be dropped from the list. To be added as a new Contractor. Contractors will also be made aware of the new gate system and the requirement to purchase a worker gate access permit.

#### **NEW BUSINESS**

No New Business came before the Board.

#### **COMMITTEE REPORTS**

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

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving the 2017 Business Plan. Director Baum moved to approve the resolution. Director Tao seconded the motion. Discussion ensued.

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

#### **RESOLUTION 03-16-96**

#### **THIRD LAGUNA HILLS MUTUAL**

## **2017 BUSINESS PLAN RESOLUTION**

**RESOLVED**, September 20, 2016, that the Business Plan of this Corporation for the year 2017 is hereby adopted and approved; and

**RESOLVED FURTHER**, that pursuant to said business plan, the Board of Directors of this Corporation hereby estimates that the net sum of \$31,806,216 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions for the year 2017. In addition, the sum of \$14,177,938 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2017. Therefore, a total of \$45,984,154 is required to be collected from and paid by members of the Corporation as monthly assessments; and

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby approves expenditures from reserves in the sum of \$11,190,387 of which \$9,170,909 is planned from the Replacement Fund, \$319,566 from the Elevator Replacement Fund, \$86,491 from the Laundry Replacement Fund, \$1,543,360 from the Disaster Fund, and \$70,061 from the Garden Villa Recreation Room Fund; and

**RESOLVED FURTHER**, that all sums paid into the Replacement Reserves shall be used for capital expenditures only and shall be credited on the books of account of the Corporation to Paid-In Surplus as a capital contribution; and

**RESOLVED FURTHER**, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2017 and as filed in the records of the Corporation, said assessments to be due and payable by the members of this Corporation on the first day of each month for the year 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 Burt Baum, Secretary of the Corporation, read a proposed resolution approving the 2017 Replacement Reserves. Director Baum moved to approve the resolution. Director Tao seconded the motion. Discussion ensued.

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

### **RESOLUTION 03-16-97**

#### **THIRD LAGUNA HILLS MUTUAL 2017 REPLACEMENT RESERVES RESOLUTION**

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

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

**NOW THEREFORE BE IT RESOLVED**, September 20, 2016, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding Plans (attached) with the objective of maintaining replacement reserve balances at or above established thresholds totaling \$7,940,000, while meeting its obligations to repair and/or replace major components; 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 Tao moved to approve the Board subscribing to the HOA Member Services, in the HOA Organization, with Bert Moldow being the subscriber. Director diLorenzo Dickins seconded the motion. Discussion ensued. By a vote of 10-0-0 the motion carried.

Director Tao moved to rescind Resolution 03-14-117 "Approved Supplemental Appropriation of \$1,500 for Printing Costs for Third Board Newsletter." Director Walsh seconded the motion. Discussion ensued. By a vote of 10-0-0 the motion carried.

Director Tao moved to rescind Resolution 03-15-102 "Approved Supplemental Appropriation of \$5,000 for JCI to Perform a Study to Identify Potential Energy Savings within Third Mutual." Director Baum seconded the motion. Discussion ensued. By a vote of 10-0-0 the motion carried.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving additional funds for Solar Energy. Director Baum moved to approve the resolution. Director Tao seconded the motion. Discussion ensued.

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

**RESOLUTION 03-16-98**

**Authorize Expenditure for Solar Project**

**WHEREAS**, the Third Laguna Hills Mutual works diligently to identify savings throughout the Mutual for its residents; and

**WHEREAS**, the Board of Directors have been investigating solar options as a means to reduce the cost of electrical power; and

**NOW THEREFORE BE IT RESOLVED**, September 20, 2016, the Board of Directors of this Corporation hereby authorizes a purchase agreement with Solar Optimum not to exceed \$2.4 million, to be funded from the Unappropriated Expenditures Fund, for the purpose of implementing a solar project to provide the Mutual with lower cost electricity; and

**RESOLVED FURTHER**, the Board hereby places a spending limit of \$240,000 on the 2016 reserve expenditures plan for Replacement Fund – Energy Systems (budgeted at \$540,000) to help offset the solar project costs; and

**RESOLVED FURTHER**, that Resolution 03-16-85 adopted August 16, 2016 is hereby superseded and canceled; and

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

Director James Tung reported from the Landscape Committee.

Director James Tung reported from the Water Committee.

Director Bert Moldow reported from the Maintenance and Construction Committee.

Director Baum moved to rescind Resolution 03-15-161 - Exterior Paint Program Trim Cycle and Color Selection Procedure and Returning to a Ten Year Full Paint Cycle, as Referenced in Resolution 03-12-97 and commence a full paint cycle at CDS 375 beginning October 1, 2016. Director Moldow seconded the motion. Discussion ensued. By a vote of 10-0-0 the motion carried.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving the addition of White High Hiding as an entry door and garage door color to all color options and add Color Option #12 to the approved schemes. Director Baum moved to approve the resolution. Director Moldow seconded the motion. Discussion ensued.

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

**RESOLUTION 03-16-99**

**Exterior Paint Color Combination Options  
for Single and Two-story Buildings**

RESOLVED, September 20, 2016, that the Board of Directors of this Corporation hereby approves the following paint color combination options as recommended by the Exterior Paint Colors Ad Hoc Committee:

**OPTION ONE**

- Body
- Trim/Fascia
- Popouts/Entry Door/Accent Walls
- Entry Door Option
- Entry Door/**Garage Door Option**

Lexington Park  
White High Hiding  
Khaki Green  
Krimson Lake  
**White High Hiding**

**OPTION TWO – (Deleted - Not Available)**

**OPTION THREE**

- Body
- Trim/Fascia
- Popouts/Entry Door/Accent Walls
- Entry Door Option
- Entry Door/**Garage Door Option**

Basic Khaki  
White High Hiding  
Woodruff  
Chocolate Kiss  
**White High Hiding**

**OPTION FOUR**

- Body
- Trim/Fascia
- Popouts/Entry Door/Accent Walls
- Entry Door Option
- Entry Door/**Garage Door Option**

Shadow Box  
White High Hiding  
Taupewood  
Grapevine  
**White High Hiding**

**OPTION FIVE**

- Body
- Trim/Fascia
- Popouts/Entry Door/Accent Walls
- Entry Door Option
- Entry Door/**Garage Door Option**

Barrister White  
Onionskin Tan  
Brazil Nut  
Pedulum  
**White High Hiding**

**OPTION SIX**

- Body
- Trim/Fascia
- Popouts/Entry Door/Accent Walls
- Entry Door Option
- Entry Door/**Garage Door Option**

Contemporary White  
Wrightstone  
Obelisk  
Krimson Lake  
**White High Hiding**

**OPTION SEVEN**

- Body
- Trim/Fascia
- Popouts/Entry Door/Accent Walls
- Entry Door Option
- Entry Door/**Garage Door Option**

Basic Khaki  
Antique Photographs  
Brownington Court  
Tarragon Glory  
**White High Hiding**

**OPTION EIGHT – (Deleted - Not Available)**

**OPTION NINE**

- Body
- Trim/Fascia

Legend Tan  
Turret Brown

- Popouts/Entry Door/Accent Walls Brushwood
- Entry Door Option Chocolate Kiss
- Entry Door/**Garage Door Option** **White High Hiding**

**OPTION TEN**

- Body White High Hiding
- Trim/Fascia Night Sky
- Popouts/Entry Door/Accent Walls White High Hiding
- Entry Door Option Krimson Lake
- Entry Door/**Garage Door Option** **White High Hiding**

**OPTION ELEVEN**

- Body White High Hiding
- Trim/Fascia Shadow Box
- Popouts/Entry Door/Accent Walls Taupewood
- Entry Door Option Gapevine Wreath
- Entry Door/**Garage Door Option** **White High Hiding**

**OPTION TWELVE**

- *Body* *White High Hiding*
- *Trim/Fascia* *Moth Gray*
- *Popouts/Entry Door/Accent Walls* *Smokey Slate*
- *Entry Door Option* *Krimson Lake*
- *Entry Door/Garage Door Option* ***White High Hiding***

RESOLVED FURTHER, that such color combination options shall be the only paint colors approved for use on the Mutual's building exteriors, during the execution of the Mutual's Exterior Paint Program; and

RESOLVED FURTHER, that Members residing at each building shall select by majority vote, the Color Group Option for their building from the Board approved Color Options, and

RESOLVED FURTHER, that Resolution 03-15-12, adopted January 20, 2015 is hereby superseded and cancelled; and

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

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to Mutual Alteration Standard Section 41 Solar Panels, 1 Story Buildings:

**RESOLUTION 03-16-xx**

**Alteration Standard Section 41 Solar Panels, 1 Story Buildings**

**WHEREAS**, the Board of Directors of this Corporation adopted Resolution M3-96-28 on May 21, 1996, which approved the Third Laguna Hills Mutual Standards; and

**WHEREAS**, the Maintenance & Construction Committee of this Corporation recognizes the need to amend a portion of the Mutual Alteration Standards with regard to Section 41 Solar Panels, 1 Story Buildings;

**NOW THEREFORE BE IT RESOLVED**, November 15, 2016, that Mutual Alteration Standard Section 41 Solar Panels, 1 Story Buildings is hereby amended as attached to the official minutes of this meeting; and

**RESOLVED FURTHER**, that Resolution 03-16-42, adopted April 19, 2016 is hereby superseded and cancelled; and

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

Director Moldow moved to approve postponement of the resolution for no less than 30 days to comply with Civil Code §4360. Director Walsh seconded the motion. Discussion ensued.

By a vote of 10-0-0 the motion carried and the Board postponed the revisions to the November meeting to comply with Civil Code §4360.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving revisions to Mutual Alteration Standard Section 45 Solar Panels, 2 Story Buildings:

**RESOLUTION 03-16-xx**

**Alteration Standard Section 45 Solar Panels, 2 Story Buildings**

**WHEREAS**, the Board of Directors of this Corporation adopted Resolution M3-96-28 on May 21, 1996, which approved the Third Laguna Hills Mutual Standards; and

**WHEREAS**, the Maintenance & Construction Committee of this Corporation recognizes the need to amend a portion of the Mutual Alteration Standards with regard to Section 45 Solar Panels, 2 Story Buildings;

**NOW THEREFORE BE IT RESOLVED**, November 15, 2016, that Mutual Alteration Standard Section 45 Solar Panels, 2 Story Buildings is hereby amended as attached to the official minutes of this meeting; and

**RESOLVED FURTHER**, that Resolution 03-16-43, adopted April 19, 2016 is hereby superseded and cancelled; and

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

Discussion ensued. Without objection, the Board returned the proposed revisions back to the Maintenance and Construction Committee to further discuss placement of solar panels.

Director Bill Walsh reported from the Energy Committee.

Director Ray Gros reported from Resident Problem Resolution Services.

Director Ray Gros reported from the Laguna Woods Village Traffic Hearings.

Director Rosemarie diLorenzo Dickins reported from the Communications Committee.

Director Rosemarie diLorenzo Dickins provided an update on the Residency Policy and Compliance Committee.

Director Ray Gros reported on the Laguna Canyon Foundation.

Director Bunny Carpenter reported from the Purchasing Task Force.

Ernesto Munoz, PE, General Services Director, gave a presentation of the Delegation of Actions and Commitments Matrix revisions.

Director Burt Baum, Secretary of the Corporation, read a proposed resolution approving Delegation of Actions and Commitments Matrix. Director Moldow moved to approve the resolution. Director diLorenzo Dickins seconded the motion. Discussion ensued.

By a vote of 9-0-1 (Director Baum abstained) the motion carried and the Board approved the following resolution:

### **RESOLUTION 03-16-100**

#### **Third Mutual Board Operation Procedures – Contracts**

**WHEREAS**, in order to ~~avoid confusion~~ *clarify* ~~as to~~ the role and responsibilities of the Board and the ~~managing agent~~ **Management Company**, a Third Mutual Board Operation Procedures - Contracts was created to clearly define the responsibilities and authority of the Board and the responsibilities the Board may wish to delegate; and

**NOW THEREFORE BE IT RESOLVED**, September 20, 2016, that the Board of Directors of this Corporation hereby approves the attached

document entitled "Third Mutual Board Operation Procedures - Contracts" which identifies the responsibilities and duties of the Board, Committees, and the ~~managing agent~~ **Management Company**; and

**RESOLVED FURTHER**, that Resolution 03-15-09, adopted January 20, 2015 is hereby superseded and cancelled; and

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

Without objection, the Board approved the Contract Change Order Policy, the Contract Change order form and the Purchasing Policy as attached to the official minutes of this meeting.

#### **GRF COMMITTEE HIGHLIGHTS**

The Directors provided brief overviews of GRF Committee highlights.

#### **DIRECTORS' COMMENTS**

The Directors made their final comments.

#### **ADDITIONAL MEMBER COMMENTS**

No additional Member Comments were made.

The Board recessed for lunch at 1:05 PM and reconvened into Executive Session at 1:30 PM.

#### **ADJOURNMENT**

With no further business before the Board of Directors, the meeting was adjourned at 4:35 PM.

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

During the August 16, 2016, Regular Executive Session Board Meeting, the Board approved the minutes of the July 19, 2016, – Regular Executive Session, the July 26, 2016, – Special Executive Hearing Committee Session, the August 1, 2016, – Special Executive Session, the August 4, 2016, – Special Executive Session and the August 9, 2016, – Special Executive Session; the Board approved four (4) Hearing requests; approved two (2) Delinquent Assessment Write-offs; heard four (4) Disciplinary Hearings and imposed \$800 in Fines for Violations of the Mutual's Rules and Regulations; discussed other Member Disciplinary matters; discussed Occupancy matters; discussed Delinquency matters; discussed Personnel matters; discussed and considered Contractual matters; and discussed Litigation matters.

During the August 23, 2016, Special Executive Hearing Committee Board meeting the Board held five (5) member Disciplinary Hearings; and held three (3) Common Area Damage Reimbursement Hearings.

During the September 1, 2016, the September 6, 2016, and the September 19, 2016, Special Executive Session Board meetings, the Board discussed and considered Contractual matters.

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Burt Baum, Secretary  
Third Laguna Hills Mutual

## **THIRD LAGUNA HILLS MUTUAL FINANCIAL QUALIFICATIONS POLICY**

Adopted by Resolution 03-16-95  
September 20, 2016

Prospective buyers of/ transferees of title to manors in Third Laguna Hills Mutual are required to meet minimum financial requirements for membership as set forth below. All income and net worth claimed must be verified by presenting documentation acceptable to the Third Mutual Board of Directors.

All applicants shall submit the most recent year's Federal income tax return, signed and dated, including Schedules A, B and E if applicable, in addition to other verification documents. If income is derived from an owned business, the appropriate business tax schedules and a profit and loss statement is also required.

Letters of net worth and income verification will be accepted only from bankers with first-hand knowledge of the applicant's finances. Letters from employers, CPA's, enrolled agents, investment counselors or attorneys are not acceptable.

Where there is more than one buyer / transferee, income and net worth can be calculated collectively.

Guarantor's assurances cannot be transferred. A buyer will be required to obtain a new guarantor's qualification, if needed.

Membership applicants to Third Laguna Hills Mutual are required to submit a completed Financial Statement / Credit Information form; with satisfactory verification of identity, income and net worth.

### **NET WORTH REQUIREMENT**

The following requirement shall apply to Third Laguna Hills Mutual

The prospective buyer of/transferee of title to a manor shall submit satisfactory verification of net worth equal to the purchase price of the manor plus \$125,000.

When computing net worth, acceptable assets will be those that are considered to be liquid, marketable or income producing. Examples of acceptable assets include:

- Equity in residential property
- Savings accounts in banks and credit unions
- Cash value life insurance
- Certificates of deposit, money market accounts
- IRA, SEP, 401(k) and Keogh accounts
- US, state or municipal government bonds - valued at current market prices
- American traded investments, (NYSE, Amex, OTC, NASDAQ, etc.) valued at current market prices

- Mortgages and promissory notes, provided that interest is reported on the buyer's / transferee's tax return
- Equity in income real estate

Excluded from consideration are the following:

- Mobile Homes
- Recreational vehicles, boats and trailers
- Vacant land
- Automobiles
- Artwork, jewelry, furs and collections such as coins, dolls, stamps and other similar items
- Term life insurance
- Annuity funds, which cannot be withdrawn in lump sum
- Anticipated bequests or inheritances
- Promissory Notes whose income is not reported on the buyer's tax return

## **INCOME REQUIREMENTS**

The following requirement shall apply to Third Laguna Hills Mutual

Prospective members must provide satisfactory verification of income of at least the sum total of the annual mortgage payment on the manor plus \$45,000 per year at the time of purchase.

1. Acceptable verifications include:

- The most recent Federal Tax returns
- W - 2 Forms or paycheck stubs
- Bank, credit union or investment account statements
- Letters from bankers
- Notices of annuities and Social Security payments
- Credit Report

2. Unacceptable income verifications include:

- Letters from employers, accountants, bookkeepers and attorneys
- Income not reported on Federal income tax returns

Retirement account assets (401K, ERISA, and IRA) will be considered as a source of annual revenue by multiplying these assets by 80 percent and dividing by 300 months (25 years.) Requirement will be met by the greater of this calculation or mandatory annual distributions from the retirement accounts.

## **GUARANTORS**

The Mutual will permit the buyer / transferee who does not meet the financial requirements to have a Guarantor. The guarantor in Third Mutual shall provide satisfactory verification of annual income

of at least the sum total of the annual mortgage payment on the manor plus \$80,000, and provide satisfactory verification of net worth equal to the purchase price of the manor plus \$200,000. The prospective transferee shall submit satisfactory verification of at least \$125,000 of net worth.

### **Income Requirement – Third Mutual Multiple Units**

The buyer / transferee must provide verification of income equal to the basic requirement (the sum total of the annual mortgage payment on the manor plus \$45,000) plus the sum total of the annual mortgage payment on the 2<sup>nd</sup> manor plus \$22,500. Additional manors will require income computed in the same way, mortgage payment plus \$22,500 calculated as follows: (1 unit) \$45,000 plus annual Mortgage payments (2 units) \$67,500 plus both annual mortgage payments (3 units) \$90,000 plus three annual mortgage payments.

### **Net Worth Requirement – Third Mutual Multiple Units**

The buyer / transferee must provide verification of net worth equal to the total purchase prices, plus \$125,000 per unit. For example: Purchase price manor (1) \$100,000; purchase price manor (2) \$100,000 plus \$125,000 per unit equals a net worth requirement of \$450,000. Prospective transferees shall demonstrate \$125,000 net worth for each additional manor acquired.

## Third Laguna Hills Mutual

### Section 41 - Solar Panels, 1 Story Buildings

ADOPTED JANUARY 2008, RESOLUTION 03-08-09  
GENERAL REQUIREMENTS REVISED APRIL 2011, RESOLUTION 03-11-49  
REVISED OCTOBER 2014, RESOLUTION 03-14-107  
REVISED JANUARY 2016, RESOLUTION 03-16-08

#### 1.0 GENERAL REQUIREMENTS

- 1.1 **PERMITS AND FEES:** A Mutual Consent for Manor Alteration(s) is required for all alterations to the building. A City of Laguna Woods permit may be required. All fees for both Mutual Consents and City permits shall be paid for by the Member and/or his or her contractor. Member and/or his or her contractor must provide the Manor Alterations Department with City permit number(s) prior to beginning work.
- 1.2 **MEMBERS' RESPONSIBILITY:** The Member is solely responsible for the maintenance, repair, and/or removal of all alterations to the building.
- 1.3 **CODES AND REGULATIONS:** All work shall comply with all applicable local, state, and federal requirements including, but not limited to, the current edition of the National Electric Code (NEC), and all state, county and local building and safety regulations, statutes and ordinances.
- 1.4 **WORK HOURS:** No work shall commence prior to 7:00a.m. and no work shall be permitted after 6:00p.m. Monday through Friday. Work on Saturday shall be permitted from 9:00a.m – 2:00p.m. for work which results in construction-related noise (e.g. cutting tile, hammering, use of power tools). For work that does not result in excessive noise, such as painting and carpet installation, permitted hours are 7:00a.m. – 6:00p.m. No work whatsoever shall be permitted on Sunday.
- 1.5 **PLANS:** The Member applying for a permit shall provide to the Manor Alterations Department a detailed plan(s) for approval indicating all work to be done, i.e., size, location, description and specifications.
- 1.6 **DUMPSITES:** The premises shall be kept free of accumulation of waste materials and/or rubbish caused by construction work. The Member and/or his or her contractor is responsible for removal of debris and excess material and must leave work areas "**BROOM CLEAN**" daily. **USE OF COMMUNITY DUMPSITES FOR CONSTRUCTION RELATED DUMPING IS NOT PERMITTED.** Contractor's or Member's dumpsters, if required, must have location approved by the Manor Alterations Department.

- 1.7 **CONTRACTOR:** Installation must be performed by a contractor properly licensed in California for the work being performed.
- 1.8 **CONTRACTOR'S CONDUCT:** Member's contractor's, their personnel, and sub-contractors shall refrain at all times from using profanity, abusive or loud language, and must wear shirts at all times. Radio, MP3, CD or cassette players are not permitted on the project site. Contractor personnel will, at all times, extend and exhibit a courteous demeanor to residents.

## 2.0 **APPLICATIONS**

- 2.1. In this section, "Solar Panel" refers to roof mounted panels that use solar energy to either heat water directly (Solar Water Heating System), or to generate electricity using photo-voltaic cells (Solar Electric System).
- 2.2. This section refers only to single story dwellings and the roof section of the building that covers the footprint of the Manor for which the request is being submitted.
- 2.3. All costs and maintenance of the alteration, present and future, are the responsibility of the Mutual Member.
- 2.4. All costs associated with roof replacement above and beyond the typical cost for roof replacement that are due to the solar panel installation shall be borne by the Member(s).
- 2.5. Detailed, site-specific plans for all water and electrical lines for the solar panel installation, including penetrations, shall be submitted to the Manor Alterations Department for approval.
- 2.6. Should the proposed location of solar panels be in an area that is technically Common Area, e.g., the roof, then the applicant is required to execute and submit to Third Laguna Hills Mutual, prior to installation of a solar panels, the "Agreement Regarding Solar Panel Installation on Common Area Property" or similarly titled document.
- 2.7. Structural calculations for the existing roof structure, signed and wet-stamped by a California-licensed structural engineer are required to ensure the solar panel system does not compromise the existing roof structure and that the roof is adequate to accept attachments and to support all applied loadings, per the California Building Code and any other applicable laws or ordinances.
- 2.8. The mounting system must have a current Engineering Certification that certifies the system will be structurally adequate and satisfy building codes when installed per the instructions.

- 2.9. Mounting systems must be installed with ten inch risers to allow the Mutual's Contractor to properly install the new PVC roof.
- 2.10. Light-weight tile roofing will be removed and replaced with a \_\_\_\_\_ landmark 40 Comp. Shingle. Tile roofing is to be put back to \_\_\_\_\_ aesthetically trim out the area around the Solar Panels.
- 2.11. Flat roof mounting shall not exceed more than a Thirty Degrees angle.
- 2.12. Flat roof mounting must leave a minimum of two feet between the panels and the parapet to permit access.
- 2.13. Water and electric lines must be set on blocking above the surface to facilitate re-roofing.
- 2.14. All roof tie-ins must be performed by a C-39 Licensed Contractor. The Member may hire a C-39 Licensed Contractor of their own choice to perform roof tie-ins for the installation of solar panels on all roof types except PVC Cool Roofs. For PVC Cool Roofs, Regardless of the roof type, all tie-ins must be performed by the Mutual's roofing contractor at the Member's expense.
- 2.15. Detailed plans of the installation of roof jacks should be submitted to the Permits and Inspections office for approval.
- 2.16. Lag screws must have adequate pullout strength and shear capacities.
- 2.17. ~~The Mutuals Roofing Contractor will perform all tie-ins on PVC roofs. All installations prior to a PVC roof will require a minimum of Eight inch risers for when a PVC roof is installed in the future.~~
- 2.18. Connections to the manor's electrical system must be coordinated with the local electric utility.
- 2.19. Solar Electric Panels, and their associated electrical components, must be UL approved, or comply with equivalent international standards.
- 2.20. A solar panel system may only serve a single manor.
- 2.21. Leasing of Solar Panels is permitted only under the following conditions:
  - a. Only pre-paid leases are permitted, and Member must provide the Mutual a copy of the pre-paid lease contract together with proof of payment

- before any work on the construction or installation of the solar panel system begins; and
- b. The pre-paid lease contract must be assignable by the Member.

### **3.0 OBLIGATIONS**

- 3.1** ~~The Mutual Member must sign and submit to Third Laguna Hills Mutual, c/o VMS, Inc, Community Services, the "Recordable Common Area Agreement" for the subject solar panel installation utilizing Common Area.~~
- 3.2** Member accepts responsibility and agrees to pay for repairs to common areas, including but not limited to roofing, framing, wiring and drywall caused, in whole or in part, by Member's solar panels or their installation, operation, maintenance or removal, and Member accepts all responsibility for damage to Member's Manor or other Manors or to personal property caused or contributed to by the installation, operation, maintenance or removal of the solar panels.
- 3.3** The Member is responsible for, and will bear all costs associated with removing, altering, covering or reinstalling the alteration as may be necessary or appropriate to allow the Mutual to conduct maintenance or repairs of common area. If the Mutual gives a minimum of thirty (30) days advance written notice of the need to remove, alter, cover or replace the solar panel and the Member does not accomplish this within five calendar days before the removal, alteration, or covering is necessary, then the Mutual will accomplish the removal, alteration or covering at the Member's cost, which will be billed as a Chargeable Service to the Member.
- 3.4** The Member is responsible for, and will bear all costs associated with, clean-up or repair of Mutual owned or controlled property made necessary by or resulting from the alteration.
- 3.5** All costs associated with roof replacement above and beyond the typical cost for roof replacement due to the solar panel installation shall be borne by the Member(s).
- 3.6** The roof area for possible solar panel installation is allocated only to the roof space directly above the subject Manor. It is Member's responsibility to ascertain and adapt to any roof interference by vents or other roof installations already in place.
- 3.7** Upon sale of Member's Manor, all obligations herein shall apply to all subsequent owners of the Manor.

- 3.8** If Member discontinues use of the solar panels, Member will remove the panels, all associated parts, connections and wiring associated with the solar panels after giving notice to the Mutual through the Permit and
- 3.9** Regardless of the roof type, the restoration of the roof must be performed by the Mutual's roofing contractor at the Member's expense.
- 3.10.** Member must present to the Mutual a vendor/installer agreement that requires vendor to hold harmless and indemnify the Mutual for any and all claims, damages, costs and expenses, including attorney fees related to or arising from the installation, use, maintenance, repair or removal of the solar panel system.

## Third Laguna Hills Mutual

### Section 45 - Solar Panels, 2 Story Buildings with Flat Roofs

ADOPTED OCTOBER 2014, RESOLUTION 03-14-108  
REVISED JANUARY 2016, RESOLUTION 03-16-09

#### 1.0 GENERAL REQUIREMENTS

- 1.1 **PERMITS AND FEES:** A Mutual Consent for Manor Alteration(s) is required for all alterations to the building. A City of Laguna Woods permit may be required. All fees for both Mutual Consents and City permits shall be paid for by the Member and/or his or her contractor. Member and/or his or her contractor must provide the Manor Alterations Department with City permit number(s) prior to beginning work.
- 1.2 **MEMBERS' RESPONSIBILITY:** The Member is solely responsible for the maintenance, repair, and/or removal of all alterations to the building.
- 1.3 **CODES AND REGULATIONS:** All work shall comply with all applicable local, state, and federal requirements including, but not limited to, the current edition of the National Electric Code (NEC), and all state, county and local building and safety regulations, statutes and ordinances.
- 1.4 **WORK HOURS:** No work shall commence prior to 7:00a.m. and no work shall be permitted after 6:00p.m. Monday through Friday. Work on Saturday shall be permitted from 9:00a.m – 2:00p.m. for work which results in construction-related noise (e.g. cutting tile, hammering, and use of power tools). For work that does not result in excessive noise, such as painting and carpet installation, permitted hours are 7:00a.m. – 6:00p.m. No work whatsoever shall be permitted on Sunday.
- 1.5 **PLANS:** The Member applying for a Consent shall provide to the Manor Alterations Department a detailed plan(s) for approval indicating all work to be done, i.e., size, location, description and specifications.
- 1.6 **DUMPSITES:** The premises shall be kept free of accumulation of waste materials and/or rubbish caused by construction work. The Member and/or his or her contractor are responsible for removal of debris and excess material and must leave work areas "**BROOM CLEAN**" daily. **USE OF COMMUNITY DUMPSITES FOR CONSTRUCTION RELATED DUMPING IS NOT PERMITTED.** Contractor's or Member's dumpsters, if required, must have location approved by the Manor Alterations Department.

- 1.7 **CONTRACTOR:** Installation must be performed by a contractor properly licensed in California for the work being performed.
- 1.8 **CONTRACTOR'S CONDUCT:** Member's contractor's, their personnel, and sub-contractors shall refrain at all times from using profanity, abusive or loud language, and must wear shirts at all times. Radio, MP3, CD or cassette players are not permitted on the project site. Contractor personnel will, at all times, extend and exhibit a courteous demeanor to residents.

## 2.0 **APPLICATIONS**

- 2.1 In this section, "Solar Panel" refers to roof mounted panels that use solar energy to generate electricity using photo-voltaic cells (Solar Electric System).
- 2.2 This section refers to two story dwellings with shared flat roof space. The system shall be designed so the panel array does not encroach outside of the area allocated on the roof for each owner of a manor. Refer to Pages 6, 7, 8, 9 and 10 for roof allocation on the flat roofs of 6-, 8-, and 12-unit buildings. Assigned spaces that have had a previous alteration installed such as, but not limited to, skylights and solar tubes, not allowing a down stairs member to install solar panels in their space will be assigned a new space by staff.
- 2.4 Detailed, site-specific plans, including for all electrical lines for the solar panel installation, including penetrations, shall be submitted to the Manor Alterations Department for approval.
- 2.5 Detailed plans of the installation of roof jacks should be submitted to the Manor Alterations Department for approval, and installation of roof jacks, including hot mopping and flashing, is required to be completed during the original installation.
- 2.6 All roof tie-ins must be performed by a C-39 Licensed Contractor. The Member may hire a C-39 Licensed Contractor of their own choice to perform roof tie-ins for the installation of solar panels on all roof types except PVC Cool Roofs. For PVC Cool Roofs, For all installations, all tie-ins must be performed by the Mutual's roofing contractor at the Member's expense.
- 2.7 Mounting systems must be installed with ten inch risers to allow the Mutual's Contractor to properly install the new PVC roof.
- ~~2.6 For all installations, all tie-ins must be performed by the Mutual's roofing contractor at the Member's expense.~~
- 2.8 Electric lines must be set on blocking above the surface to facilitate re-roofing.

- 2.9** Structural calculations for the existing roof structure, signed and wet-stamped by a California-licensed structural engineer are required to ensure the solar panel system does not compromise the existing roof structure and that the roof is adequate to accept attachments and to support all applied loadings, per the California Building Code and any other applicable laws or ordinances.
- 2.10** The mounting system must have a current Engineering Certification that certifies the system will be structurally adequate and satisfy building codes when installed per the instructions.
- 2.11** The solar panel array must be located a minimum of 3 feet from the edge of the roof; and a minimum of 3 feet shall be maintained between rows of solar panels, and between any architectural features such as, but not limited to skylights, mechanical equipment, and vent pipes in order to enable proper access for maintenance.
- 2.12** The solar panel array cannot be installed over any existing Mutual component or Member alteration.
- 2.13** Flat roof mounting shall be set with the highest point flush with the top of the parapet wall so as to be hidden from the ground or surrounding properties.
- 2.14** Lag screws must have adequate pullout strength and shear capacities.
- 2.15** The waterproof integrity of the roof, including the selection and use of appropriate flashing and sealers, must be maintained.
- 2.16** Solar Electric Panels, and their associated electrical components, must be UL listed, or comply with equivalent international standards.
- 2.17** The use of solar micro-inverter or power optimizer technology is required due to the potential number of separate systems that could be installed on one building.
- 2.18** A solar panel system may only serve a single Manor.
- 2.19** Leasing of Solar Panels is permitted only under the following conditions:
  - a. Only pre-paid leases are permitted, and Member must provide the Mutual a copy of the pre-paid lease contract together with proof of payment before any work on the construction or installation of the solar panel system begins; and
  - b. The pre-paid lease contract must be assignable by the Member.

**2.20** Panels for water solar heating systems are not permitted.

### **3.0 OBLIGATIONS**

~~3.1 The Mutual Member must sign and submit to Third Laguna Hills Mutual, c/o VMS, Inc, Community Services, the "Recordable Common Area Agreement" for the subject solar panel installation utilizing Common Area.~~

**3.2** Member accepts responsibility and agrees to pay for repairs to common areas, including but not limited to roofing, framing, wiring and drywall caused, in whole or in part, by Member's solar panels or their installation, operation, maintenance or removal, and Member accepts all responsibility for damage to Member's Manor or other Manors or to personal property caused or contributed to by the installation, operation, maintenance or removal of the solar panels.

**3.3** The Member is responsible for, and will bear all costs associated with removing, altering, covering or reinstalling the alteration as may be necessary or appropriate to allow the Mutual to conduct maintenance or repairs of common area. If the Mutual gives a minimum of thirty (30) days advance written notice of the need to remove, alter, cover or replace the solar panel and the Member does not accomplish this within five calendar days before the removal, alteration, or covering is necessary, then the Mutual will accomplish the removal, alteration or covering at the Member's cost, which will be billed as a Chargeable Service to the Member.

**3.4** The Member is responsible for, and will bear all costs associated with, clean-up or repair of Mutual owned or controlled property made necessary by or resulting from the alteration.

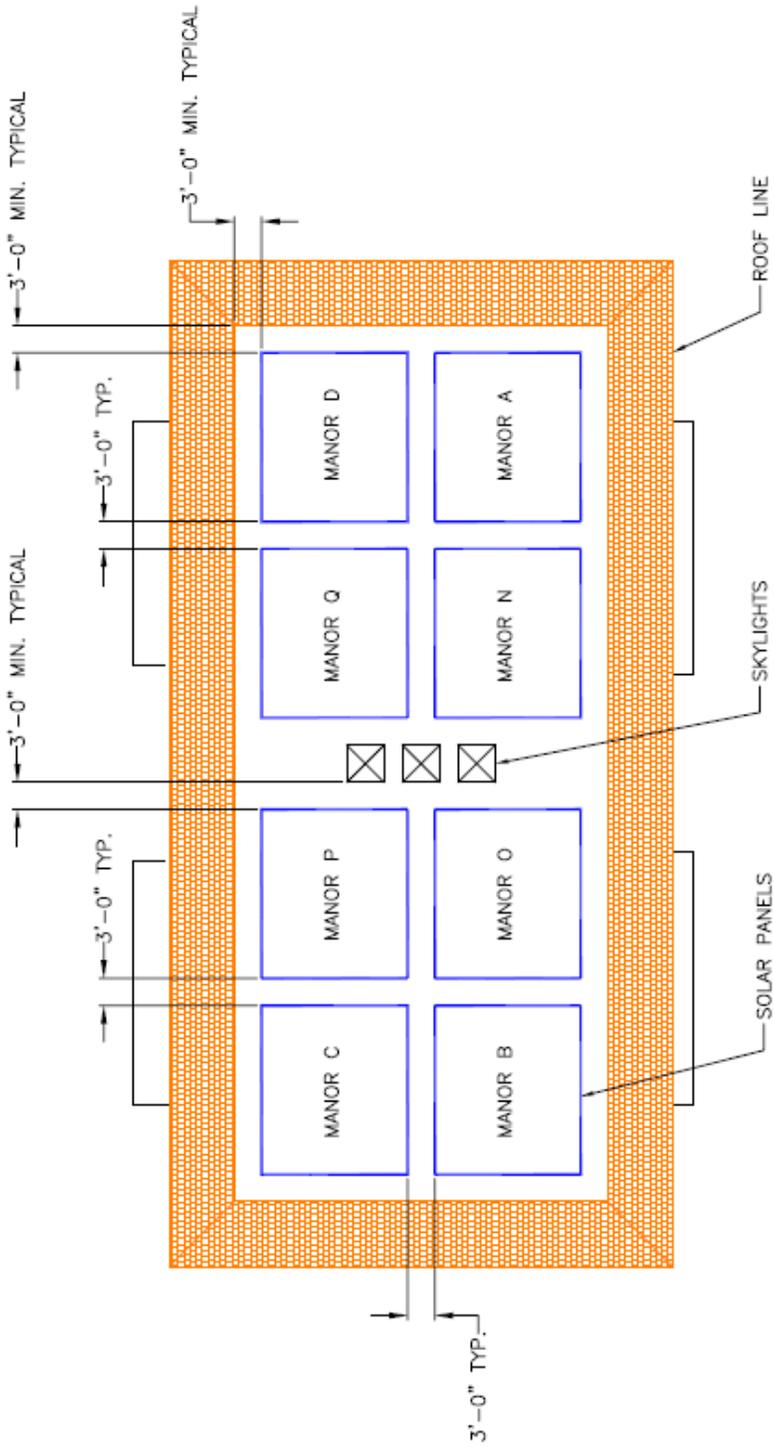
**3.5** All costs associated with roof replacement above and beyond the typical cost for roof replacement due to the solar panel installation shall be borne by the Member(s).

**3.6** The roof area for possible solar panel installation is allocated to Manors within a given building as in the attached diagrams. It is Member's responsibility to ascertain and adapt to any roof interference by vents or other roof installations already in place.

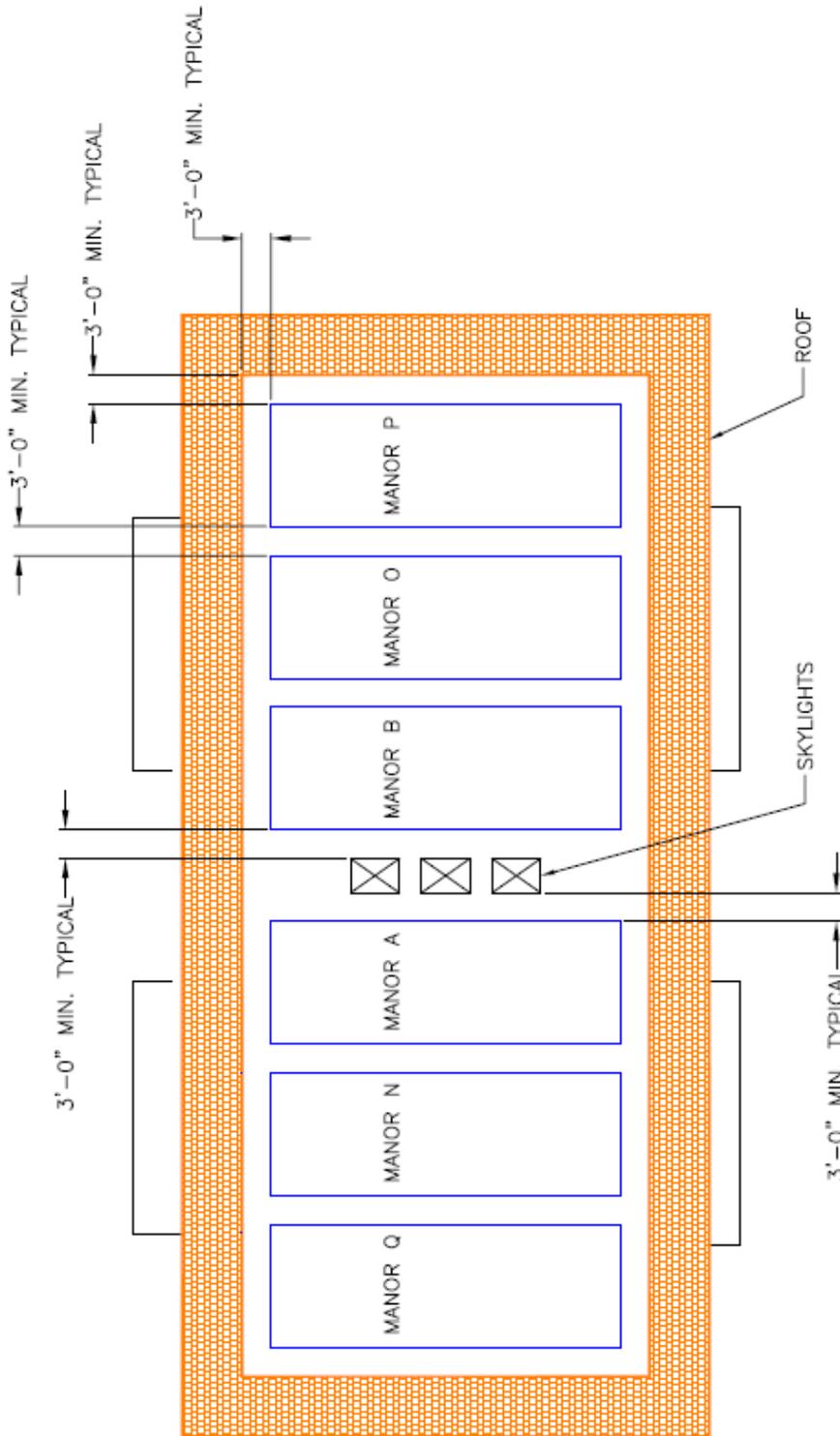
**3.7** Upon sale of Member's Manor, all obligations herein shall apply to all subsequent owners of the Manor.

**3.8** If Member discontinues use of the solar panels, Member will remove panels, all associated parts, connections and wiring associated with the solar panels after giving notice to the Mutual through the Permit and Inspections office.

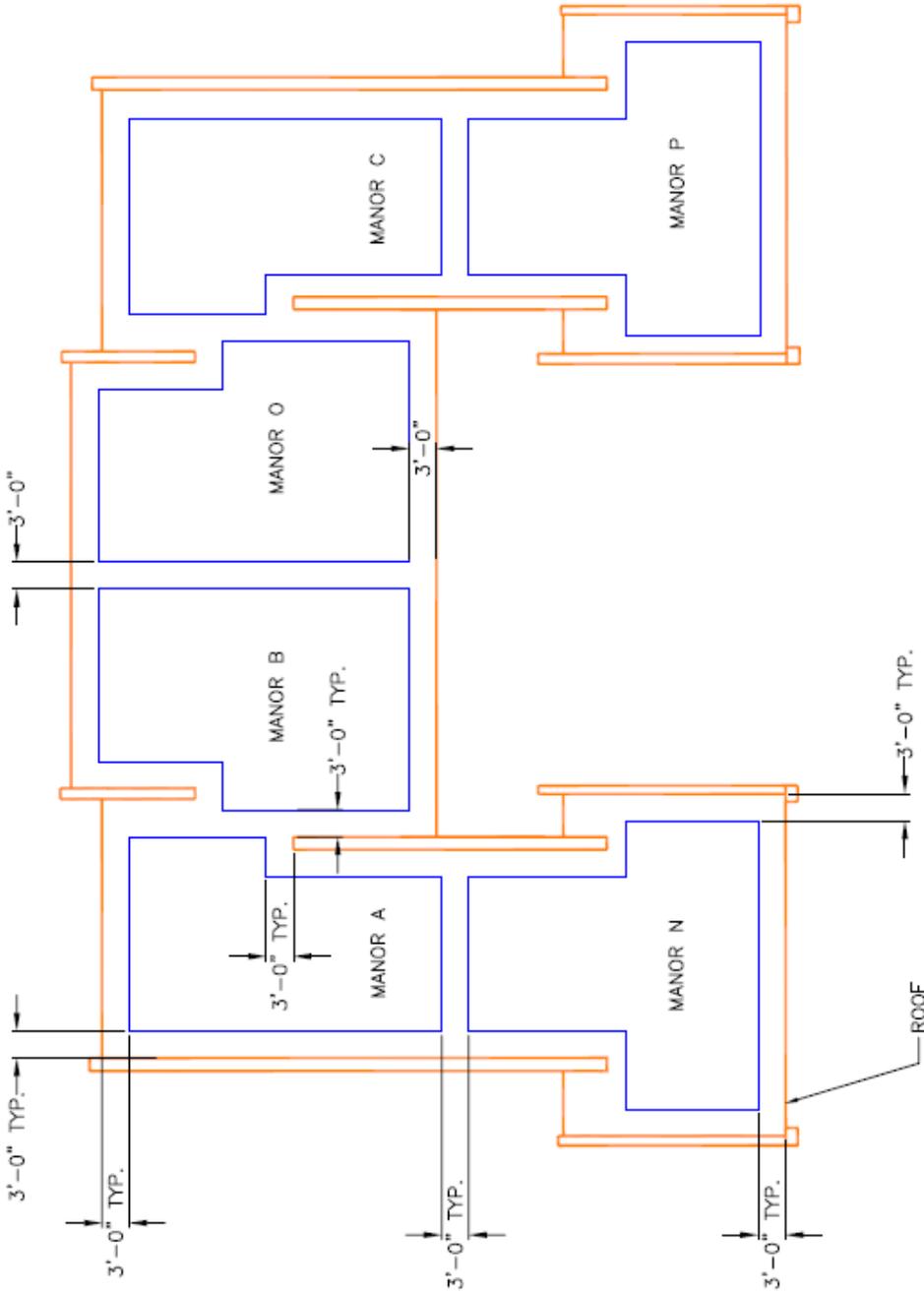
- 3.9** Regardless of the roof type, the restoration of the roof must be performed by the Mutual's roofing contractor at the Member's expense.
  
- 3.10** Member must present to the Mutual a vendor/installer agreement that requires vendor to hold harmless and indemnify the Mutual for any and all claims, damages, costs and expenses, including attorney fees related to or arising from the installation, use, maintenance, repair or removal of the solar panel system.



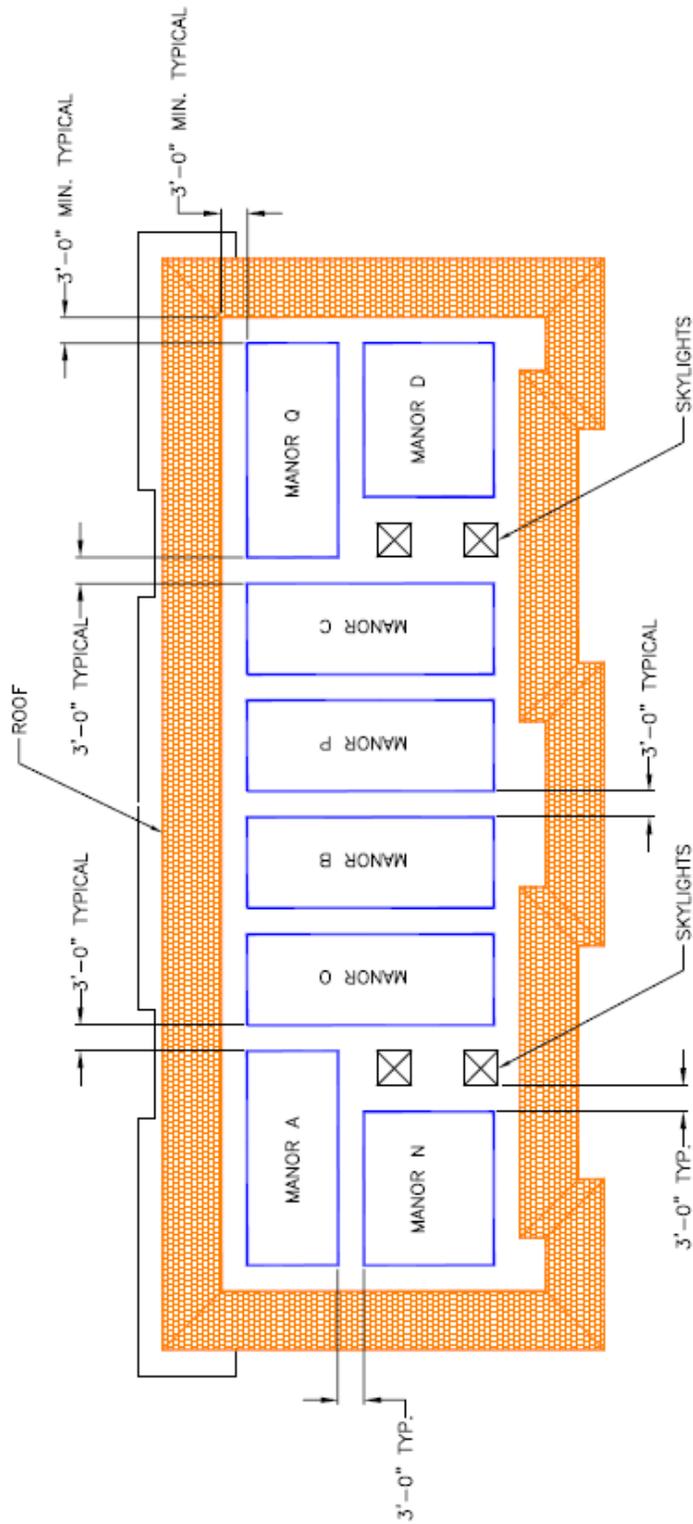
SOLAR PANEL ROOF DIVISIONS  
CASA CONTENTA (KK08)  
8 UNIT BUILDING



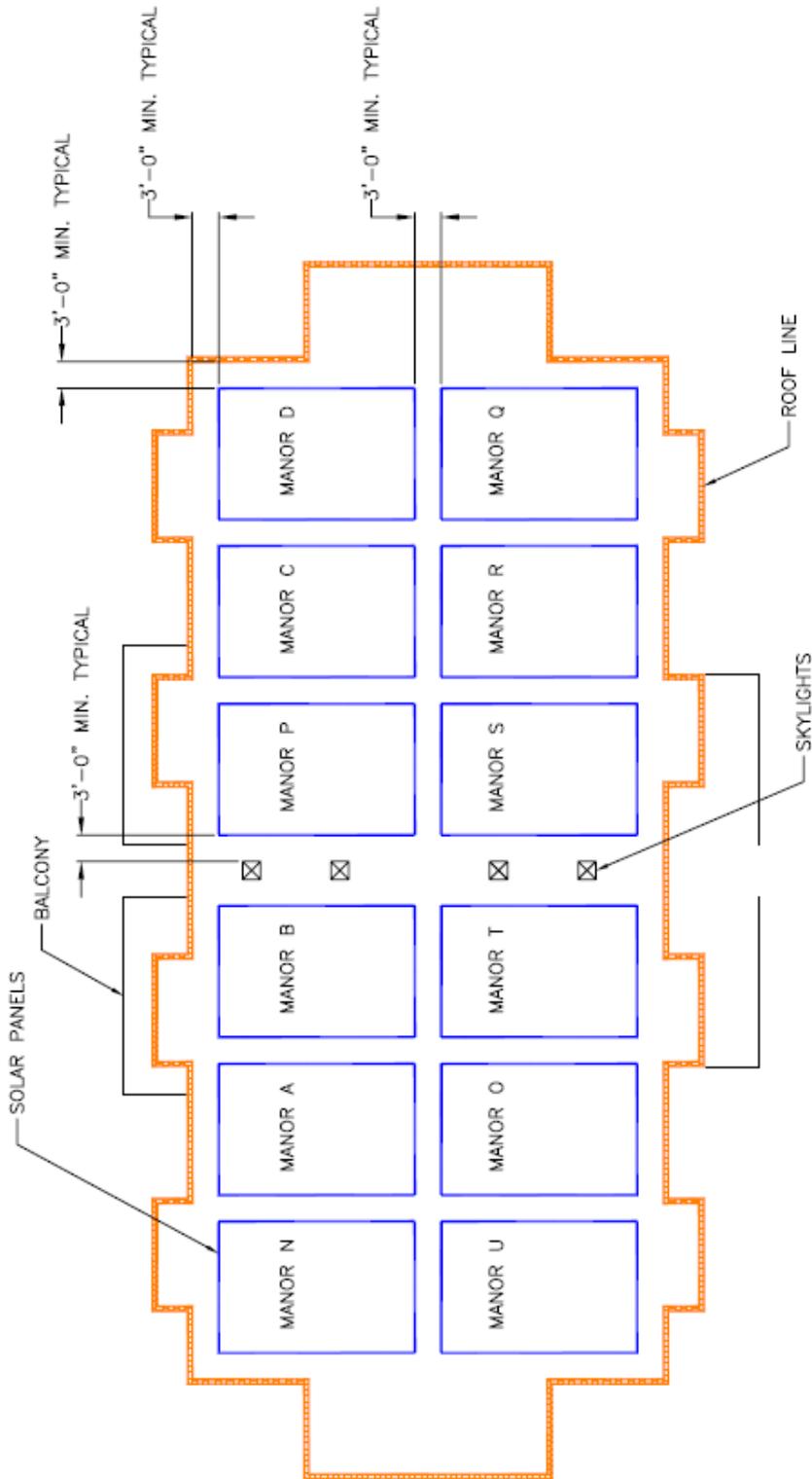
SOLAR PANEL ROOF DIVISIONS  
CASA LINDA / CASA VISTA (11-06)  
6 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS – THIRD  
CASA MILANO/CATALINA/LA QUINTA/VILLA LUGANO  
(LHX06) (LH06)  
6 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS  
CASTILLA / LA BRISA (HH08)  
8 UNIT BUILDING



SOLAR PANEL ROOF DIVISIONS  
MONTEREY/CORONADO (PQ-12)  
12 UNIT BUILDING

## **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 approve 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.

## **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.

- b. The Purchasing Department will incorporate the final SOW into a request for proposal (RFP) for professional services or bid solicitation for construction 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.
- c. 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.

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.

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.

### **Third Mutual 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	<b>CONTRACTS - RESPONSIBILITY MATRIX</b>				
2					
3		<b>Organization</b>			
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	
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	<b>Key</b>				
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				