

**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF UNITED LAGUNA WOODS MUTUAL  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**February 12, 2013**

The Regular Meeting of the Board of Directors of United Laguna Woods Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Tuesday, February 12, 2013 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Roger Turner, Catherine Brians, Jack Bassler, Mary Stone, Barbara B. Howard, Charlie Hammer, Phil Doran, Pat English, Erna Ferris, John Dalis, Jerren Auble

Directors Absent: None

Staff Present: Jerry Storage, Patty Kurzet; Executive Session only: Cris Robinson, Luis Rosas

Others Present: Sandra Gottlieb of Swedelson & Gottlieb

**CALL TO ORDER**

Roger Turner, 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 John Dalis led the Pledge of Allegiance to the Flag.

**ACKNOWLEDGEMENT OF PRESS**

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

**APPROVAL OF AGENDA**

Without objection, the Board approved the agenda as submitted.

**CHAIR'S REMARKS**

President Turner thanked the residents who have submitted their letters to the Board concerning the 6-month lease restriction; requested that the audience not text the Board members during the meeting; and commented on the Board's code of ethics.

**UNITED MUTUAL MEMBER COMMENTS AND PUBLIC FORUM**

United Mutual Members were given the opportunity to speak and the Directors briefly responded to the comments.

**APPROVAL OF MINUTES**

Director Brians moved to approve the minutes of the Regular Meeting of January 8, 2013. Director Stone seconded the motion and discussion ensued. The motion carried by a vote of 9-0-1 (Director Howard abstained).

### **UNFINISHED BUSINESS**

The Board considered a proposed resolution adopting tree removal guidelines, which was postponed from the previous month to conform to the 30-day notification requirement. Director Brians moved to approve the resolution. Director Stone seconded the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

#### **RESOLUTION 01-13-17**

**WHEREAS**, the Board of Directors recognizes that many policies and services have been implemented by way of practice over the years but not formally documented;

**NOW THEREFORE BE IT RESOLVED**, February 12, 2013, that the Board of Directors hereby adopts the following tree removal guidelines:

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

**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.

The Board considered a proposed resolution adopting a Heat Source Replacement Policy, which was postponed from the previous month to conform to the 30-day notification requirement. Director Brians moved to approve the resolution. Director Auble seconded the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

#### **RESOLUTION 01-13-18**

**WHEREAS**, there is no documented policy currently in place that outlines the procedure for replacement of a heat source within a manor when the

original heat source system fails;

**NOW THEREFORE BE IT RESOLVED**, February 12, 2013, that the Board of Directors of this Corporation hereby adopts a Heat Source Replacement Policy, as attached to the official minutes of this meeting, that defines the conditions under which the Mutual will undertake a heat source replacement, the standard type of heat source to be installed, and the maintenance responsibility for the replacement of such; and

**RESOLVED FURTHER**, that a reserve component for heat source replacement shall be established beginning with the 2014 Reserve Expenditures Plan; 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 Hammer read the proposed changes to the Mutual's committee appointments. Director Brians moved to approve the resolution. Director Auble seconded the motion and discussion ensued.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

**RESOLUTION 01-13-19**

**RESOLVED**, February 12, 2013, that the following persons are hereby appointed to serve the Corporation in the following capacities:

**Finance Committee**

Mary Stone - Chair

John Dalis - Vice Chair

Barbara B. Howard

Pat English

*Advisors: Diane Casey, Florence Kleinfeld, Lou Skogen*

**Governing Documents Review Ad Hoc Committee**

Barbara B. Howard, Chair

Mary Stone

Pat English

**Phil Doran**

*Advisors: Dobbins Lo, Bevan Strom*

**Joint GRF Bylaw Committee**

Inactive at this time

**Joint Long Range Planning Committee**

Inactive at this time

**Joint Signage Ad Hoc Committee with GRF and Third Mutual**

Inactive at this time

**Landscape Committee**

Charlie Hammer – Chair

Catherine Brians – Vice Chair

Erna Ferris

Jerren Auble

Advisors: ~~Barbara Copley~~, Cynthia Chyba

**Maintenance and Construction Committee**

Catherine Brians, Chair

Charlie Hammer, Vice Chair

Phil Doran

Advisors: Lynn Hamm, ~~Barbara Copley~~, Judy Gaither

**New Resident Orientation**

Per Rotation List

**Paint Colors Sub-Committee**

Catherine Brians, Chair

John Dalis

Jerren Auble

Advisors: ~~Barbara Copley~~ Lynn Hamm, **Judy Gaither**

**Standards Sub-Committee**

Catherine Brians, Chair

Pat English

Advisor: Judy Gaither, **Louis Supple**

**Traffic Hearing (quarterly)**

John Dalis, Chair

Catherine Brians

Jerren Auble

**Walkway Lighting Subcommittee**

Charles Hammer, Chair

Mary Stone

Jack Bassler

Advisors: Doug Rook and Collette Siegman

**Laguna Canyon Foundation**

Erna Ferris

**RESOLVED FURTHER**, that Resolution 01-12-208, adopted December 11, 2012, is hereby superseded and canceled.

President Turner provided a brief background on the following resolution intended to ratify qualifiers for subleasing manors.

Director Stone moved to postpone to next month the “resolution ratifying qualifiers for subleasing manors” and “the motion to rescind and otherwise delete Resolution U-84-84 in its entirety and any related policy that restricts the period of time that a co-op can be rented” until the second opinion that the majority of the Board asked for is received. Director Brians seconded the motion and discussion ensued.

Members were given the opportunity to address the Board on their concern with the motion to postpone.

Ms. Gottlieb advised that the Board will expose itself to liability if the Board does not review the second opinion prior to making a final decision which will place the Board in a defensible position should a lawsuit be brought against the Board.

President Turner announced that the second opinion has been received.

Director Hammer called for a roll call vote. By the following roll call vote of 4-5-1, the motion to postpone failed:

Directors voting in favor: Brians, Hammer, Stone, Dalis  
Directors voting in opposition: Ferris, Auble, Doran, Bassler, English  
Director abstaining: Howard

Ms. Gottlieb advised that the Board recess into executive session to review the second opinion.

Meeting recessed into Executive Session at 10:40 A.M. and reconvened back into open session at 12:14 P.M.

Director Brians moved to abandon the January 8, 2013 motion made by Director Phil Doran to rescind Resolution U-84-84; (2) Remove the six-month sublease term limit under Resolution U-84-84, as well as remove all other resolutions of the United Board of Directors which establish time limits on the sublease of manors; and (3) Ratify those sublease qualifiers that were in effect immediately prior to Director Doran’s motion, under the foregoing resolution. Director Stone seconded the motion.

Director Hammer read the following proposed resolution:

**RESOLUTION 01-13-XX**

**WHEREAS**, under United’s governing documents (which include, without

limitation, United's Bylaws, Occupancy Agreement, operating rules and Board resolutions), United members have the right to sublease their manors (also referred to as "dwelling units" or "units" in certain of United's governing documents), subject to certain sublease qualifiers which are intended to help maintain and promote the unique age restricted and stock cooperative nature of United's common interest development (collectively, the "Qualifiers" and each, a "Qualifier"); and

**WHEREAS**, Resolution U-84-84, adopted by United on June 26, 1984, includes a Qualifier limiting subleases of manors to a maximum aggregate term of six months in any twelve month period (the "Sublease Term Limit"); and

**WHEREAS**, the prior and current Boards of Directors have investigated and evaluated the impact and effects of the Sublease Term Limit and consulted with United management personnel and legal counsel regarding same; and

**WHEREAS**, on January 8, 2013, a motion to rescind the Sublease Term Limit (the "Rescission") was made and approved by the Board of Directors; and

**WHEREAS**, United's legal counsel advised the Board after the motion for the Rescission was made, but prior to the vote of the Board approving the Rescission, that the Rescission would have the unintended consequence, under Section 7 of United's Occupancy Agreement, of effectively prohibiting the subleasing of manors, except with prior Board approval, meaning that the Rescission would limit the ability of members to sublease their manors more so than when the Sublease Term Limit was in effect; and

**WHEREAS**, on February 12, 2013, a motion (the "New Motion") was made to (1) abandon the Rescission, (2) remove the Sublease Term Limit and all other resolutions of the United Board of Directors which establish time limits on the sublease of manors and (3) ratify those Qualifiers that were in effect immediately prior to the Rescission (the "Pre-Existing Qualifiers"); and

**WHEREAS**, the New Motion was approved by the Board on April 9, 2013, and the subleasing of manors shall continue to be permitted on an ongoing basis subject to the Pre-Existing Qualifiers; and

**WHEREAS**, all of the Pre-Existing Qualifiers were effective prior to January 1, 2012, meaning that all existing United members are subject to the Pre-Existing Qualifiers and that no United members are excluded from compliance with the Pre-Existing Qualifiers under California Civil Code Section 1360.2; and

**WHEREAS**, the Pre-Existing Qualifiers included in United's governing documents are, without limitation, attached hereto and incorporated herein, in their entirety, by reference as Exhibit A; and

**WHEREAS**, from time to time Qualifiers (including but not limited to the Pre-Existing Qualifiers) may be adopted, amended and/or repealed by United, and United members shall be subject to such Qualifiers, provided, however, such changes in Qualifiers may, depending on the nature of the change and the provisions of California Civil Code Section 1360.2 (and any successor statute thereto), only be applicable to future members of United and not existing members; and

**NOW, THEREFORE, BE IT RESOLVED**, on April 9, 2013, United's Board of Directors has determined that United shall (1) abandon the Rescission, (2) remove the Sublease Term Limit and all other resolutions of the United Board of Directors which establish time limits, but not time minimums, on the sublease of manors and (3) ratify the Pre-Existing Qualifiers as attached to the minutes of this meeting and this Resolution as Exhibit A; and

**RESOLVED FURTHER**, that Resolution U-84-84 adopted June 26, 1984 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.

Director Hammer amended the motion to send the resolution out to the Community for a membership vote. Director Brians seconded the motion and discussion ensued.

Members were given the opportunity to address the Board on the amendment.

Director Brians called for a roll call vote on the amendment. By the following roll call vote of 4-6-0, the amendment failed:

Directors voting in favor: Hammer, Dalis, Brians, Stone

Directors voting in opposition: English, Howard, Bassler, Doran, Auble, Ferris,

Director Brians called for a roll call vote on the original motion. By the following roll call vote of 8-1-1, the original motion carried:

Directors voting in favor: Brians, Stone, Ferris, English, Howard, Bassler, Doran, Auble

Directors voting in opposition: Dalis

Director abstaining: Hammer

Without objection, the Board postponed the motion to conform to the 30-day notification requirement.

Director Doran moved to rescind and delete his motion made on January 8, 2013 “to rescind and otherwise delete Resolution U-84-84 in its entirety and any related policy that restricts the period of time that a co-op can be rented”. Director Stone seconded the motion and discussion ensued. The motion carried unanimously.

The Board recessed at 1:13 P.M. for lunch and reconvened back into Open Session at 1:50 P.M.

Without objection, the Board agreed to postpone the discussion on procedures for preparing agendas and minutes to the March meeting.

### **NEW BUSINESS**

Director Stone moved to approve a CAI Membership renewal for one year in the amount of \$705. Director Dalis seconded the motion and discussion ensued. By a vote of 4-3-3 (Directors Hammer, Brians, Stone, Dalis voted in favor; Directors English, Bassler, and Doran opposed; and Directors Auble, Ferris; and Howard abstained), the motion carried.

Director Dalis moved to approve an ECHO Membership renewal for one year in the amount of \$495. Director Bassler seconded the motion and discussion ensued. The motion carried by a vote of 9-1-0 (Director Brians opposed), the motion carried.

Director Hammer read a proposed resolution appointing members to the Candidate Information Committee. Director Stone moved to approve the resolution. Director Brians seconded the motion and discussion ensued.

By a vote of 9-0-1 (Director Howard abstained), the motion carried and the Board of Directors adopted the following resolution:

### **RESOLUTION 01-13-20**

**RESOLVED**, February 12, 2013, that the following persons are hereby appointed to serve on the Candidate Information Committee of this Corporation:

Barbara Copley  
Bevan Strom  
Polly Spahr  
Marilyn Bristol  
Lynn Hamm, advisor

**RESOLVED FURTHER**, that Resolution 01-12-31, adopted February 14, 2012 is hereby superseded and cancelled; and



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

### **GENERAL MANAGER'S REPORT**

Due to time constraints, Mr. Storage postponed his report to next month.

Due to time constraints, the report on legislative issues was postponed to next month.

### **CONSENT CALENDAR**

Without objection, the Consent Calendar was approved and the Board took the following actions.

### **Maintenance and Construction Committee Recommendations:**

#### **RESOLUTION 01-13-21**

**RESOLVED**, February 12, 2013, that the request of Mr. Esfand Amidi of 61-O Calle Cadiz to install a stairlift in the stairwell near his manor is hereby approved; and

**RESOLVED FURTHER**, that all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at 61-O; and

**RESOLVED FURTHER**, that the Member shall submit a physician's certification that the stairlift is required in order to accommodate a disability in order to afford the member equal opportunity to use and enjoy a dwelling as required by law; and

**RESOLVED FURTHER**, that all required Mutual and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods permits numbers must be submitted to the Mutual through the Permits and Inspections Office located in the Laguna Woods Village Community Center; and

**RESOLVED FURTHER**, that removal of the handrail (if required) and relocation or reconfiguration of the mailboxes will be at the Mutual Member's expense; and

**RESOLVED FURTHER**, that if the chair lift is removed, the stair treads, mailboxes and handrail are required to be restored to the pre-installation condition at the Mutual Members expense; and

**RESOLVED FURTHER**, that the Member(s) shall indemnify, defend and hold harmless GRF, the housing Mutuals, and their agent for loss arising out of the ownership, maintenance or use of the exterior chairlift; and

**RESOLVED FURTHER**, that the Member(s) shall provide proof of Homeowners' Liability Insurance, Personal Liability Insurance, or Personal Umbrella Liability Insurance, with limits per person or combined single limit of not less than \$500,000 per occurrence; and

**RESOLVED FURTHER**, that the stairlift shall be removed, and the conditions restored to original, upon resale or transfer of the manor. All such costs would be borne by the Mutual member(s).

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

**RESOLUTION 01-13-22**

**RESOLVED**, February 12, 2013, that the request of Mr. Lance Canty of 84-N Calle Aragon for the Mutual to provide replacement flooring in the bathrooms of his manor is hereby denied; and

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

**RESOLUTION 01-13-23**

**RESOLVED**, February 12, 2013, that the request of Ms. Therese Chamberlain of 118-B Via Estrada that the Board approve the replacement of the window in her guest bedroom at her manor is hereby approved; and

**RESOLVED FURTHER**, that the installation shall be a Mutual expense funded from the 2013 Reserve Plan for Window Replacements; and

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

**RESOLUTION 01-13-24**

**RESOLVED**, February 12, 2013, that the request of Mr. George Stempel of 679-C Via Alhambra to perform a bathroom remodel at his manor is hereby approved; and

**RESOLVED FURTHER**, that all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at 679-C; and

**RESOLVED FURTHER**, that all required Mutual and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods building permit number must be submitted to the Mutual through the Permits and Inspections Office located in the Laguna Woods Village Community Center; and

**RESOLVED FURTHER**, that the washer/dryer must be installed per ULWM Standard # 29-*Washer and Dryer Installations*; and

**RESOLVED FURTHER**, that the Board has, from time to time, received complaints of noise transference due to alterations within the interior of neighboring manors. For example, alterations to walls that allow noise to travel differently, alterations to plumbing that cause water noises within the shared walls, or alterations to floor coverings. Should the Board receive such a complaint concerning an alteration, the requesting member may be subject to member disciplinary proceedings and could be required to take additional noise mitigating measures, up to and including removing the alteration and restoring to original; and

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

**RESOLUTION 01-13-25**

**RESOLVED**, February 12, 2013, that the request of Mr. and Mrs. Lynn Vine of 790-P Via Los Altos to install a satellite dish on the roof of their manor is hereby approved; and

**RESOLVED FURTHER**, that all costs for installation, repair, and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at 790-P; and

**RESOLVED FURTHER**, that a required Mutual permit for the satellite dish must be obtained through the Permits and Inspections Office located in the Laguna Woods Village Community Center; and

**RESOLVED FURTHER**, that the satellite dish must be mounted on a non-penetrating stand, held down by at least four cinder blocks, on the roof over the subject manor away from the edge of the building so as not to be visible; and

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

**RESOLUTION 01-13-26**

**RESOLVED**, February 12, 2013, that the request of Ms. Maria Kurata of 835-B Ronda Sevilla to install a satellite dish on the roof of her manor is hereby denied; and

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

**RESOLUTION 01-13-27**

**RESOLVED**, February 12, 2013, that the request of Mr. William Wilson, III of 876-N Avenida Sevilla to install a satellite dish on the roof of his manor is hereby approved; and

**RESOLVED FURTHER**, that all costs for installation, repair, and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at 876-N; and

**RESOLVED FURTHER**, that a required Mutual permit for the satellite dish must be obtained through the Permits and Inspections Office located in the Laguna Woods Village Community Center; and

**RESOLVED FURTHER**, that the satellite dish must be mounted on a non-penetrating stand, held down by at least four cinder blocks, on the roof over the subject manor away from the edge of the building so as not to be visible; and

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

**Landscape Committee Recommendations:**

- 480-D Denial of **appeal** and uphold original decision to approve request for relandscaping at Mutual Member's expense
- 563-A Denial of **appeal** and uphold original decision to deny request for plant replacements
- 627-B Denial of **appeal** and uphold original decision to deny request for plant removals, but approve to install two plants at the Mutual's expense
- 643-B Denial of **appeal** and uphold original decision to deny request for tree removal
- 2007-D Approval of request for off-schedule tree trimming at the Mutual Member's expense

**Finance Committee Recommendations:**

**RESOLUTION 01-13-28**

**WHEREAS**, Member ID 947-399-20 is currently delinquent to United Laguna Woods 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**, February 12, 2013, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-399-20; 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 01-13-29**

**WHEREAS**, Member ID 947-415-54 is currently delinquent to United Laguna Woods 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**, February 12, 2013, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-415-54; 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 01-13-30**

**WHEREAS**, Member ID 947-423-47 is currently delinquent to United Laguna Woods 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**, February 12, 2013, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-423-47; 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.

## **COMMITTEE REPORTS and SERVICES**

### **FINANCE REPORT**

Director Mary Stone reported from the Finance Committee, gave the Treasurer's Report, Delinquency Report, and commented on the Resale & Lease Activities.

Director Brians reported from the Maintenance and Construction Committee.

Director Stone moved that the Board agree to not install pavers per Resolution 01-12-128 and agree that such appropriated amount will remain unspent. Director Brians seconded the motion and discussion ensued. The motion carried unanimously.

Director Brians reported from the United Paint Color Selection Sub-Committee.

Director Hammer reported from the Walkway Lighting Sub-Committee.

Director Hammer reported from the Landscape Committee.

Director Howard reported from the Governing Documents Review Ad Hoc Committee.

Director Auble provided a summary of the number of disciplinary cases that have come before the Board.

### **GRF HIGHLIGHTS**

- No highlights were given.

### **DIRECTORS' FORUM**

- The Directors provided final comments.

### **MEETING RECESS**

The Regular Open Session Meeting recessed at 2:28 P.M. and reconvened into the Regular Executive Session at 2:30 P.M.

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

During its January 8, 2013 Regular Executive Session Meeting, the Board reviewed and approved the minutes of the Regular Executive Session of December 11, 2012. The Board approved one write-off in the total amount of \$80. The Board heard five disciplinary hearings and imposed fines totaling \$650 for violations of the Mutual's rules

and regulations; and discussed litigation, contractual, and other member disciplinary matters.

During its January 11, 2013 Special Executive Session meeting, the Board discussed contractual issues.

During its January 22, 2013 Special Executive Session meeting, the Board discussed contractual, member discipline, and potential litigation matters.

During its February 6, 2013, the Board discussed and considered legal matters.

### **ADJOURNMENT**

With no further business before the Board of Directors, the meeting was adjourned at 4:33 P.M.

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Charles Hammer, Secretary

**United Laguna Woods Mutual**  
**Heat Source Replacement Policy**

I. Definitions

A. Original Heat Source

As related to this policy, an Original Heat Source is defined as a radiant heat system within the original manor ceiling, specifically excluding operational controls such as thermostat fixtures.

B. Replacement Heat Source

As related to this policy, a Replacement Heat Source is defined as an approved heat source installed by the Mutual in place of either the original radiant ceiling heat or a Mutual-installed replacement heat source.

C. Alteration Heat Source

Any replacement heat source installed by a Member (or any predecessor of the Member) is defined as an alteration for which the Member is solely responsible in accordance with the Mutual's alteration policies.

II. Replacement Responsibility Upon Failure of Heat Source System

A. Failure Due to Age or Damage for Which the Mutual is Responsible

1. The Mutual shall specify and provide a Replacement Heat Source for Original Heat Sources and Mutual-installed replacement heat sources at the expense of the Mutual, in accordance with Section III below.
2. A Member may choose to install a replacement heat source, rather than have the Mutual install a replacement heat source, and seek reimbursement from the Mutual for the associated costs of installation up to the amount equivalent to the standard cost that would have been incurred by the Mutual to install a Replacement Heat Source in accordance with Section III below, subject to the following conditions:
  - a The Mutual must have previously inspected and qualified the heat source for replacement. See Section IV, below, for inspection and qualification requirements.
  - b The Member must obtain all applicable Mutual and regulatory agency approvals and permits, and provide copies of final approval to the Mutual.



- c In accordance with Mutual alteration policies, the new heat source will be deemed to be an Alteration Heat Source for which the Member shall be solely responsible, including the performance and costs of maintenance, repair and replacement thereof.

B. Failure Due to Act(s) of the Member

1. The Mutual shall specify and provide a Replacement Heat Source for Original Heat Sources or Mutual-installed replacement heat sources at the expense of the Member.
2. The Member may install an Alteration Heat Source as a replacement heat source, rather than have the Mutual install a Replacement Heat Source, subject to the following conditions. See Section IV, below, for inspection and qualification requirements.
  - a Prior to installing an Alteration Heat Source, the Member must obtain all applicable Mutual and regulatory agency approvals and permits, and provide copies of final approval to the Mutual.
  - b In accordance with Mutual alteration policies, the new heat source will be deemed to be an Alteration Heat Source for which the Member shall be solely responsible, including the performance and costs of maintenance, repair and replacement thereof.

III. Standard Heat Source Replacement Units

- A. Replacement Heat Sources (and Alteration Heat Sources) must comply with all applicable current laws, ordinances, codes and regulations as confirmed by the City of Laguna Woods.
1. Due to size and heating requirements, the standard Replacement Heat Sources for a bedroom shall be a wall heater.
  2. Due to size and heating requirements, the standard Replacement Heat Sources for a living/dining area shall be a heat pump.

IV. Determination Of Heat Source Failure

A. Qualification for Replacement

1. Upon notification that a heat source is not functioning and/or cannot be repaired, the Mutual's agent shall inspect the heat source to determine a course of action. In the event a Member fails to cooperate to permit such an inspection, the Mutual shall not be responsible to replace an Original Heat Source or a Mutual-installed replacement heat source, even if the heat source

qualifies for replacement under Section II A or B above, unless and until the inspection occurs.

B. Determination of Responsibility for Replacement

1. The Mutual shall be responsible for determining the responsibility for replacement of a failed heat source, which determination shall be made in the Mutual's good faith discretion.

C. Determination of Standard Heat Source Replacement Unit

1. The Mutual shall be responsible for determining one or more appropriate standard Replacement Heat Sources that comply with Section III of this policy.
2. The Mutual will evaluate and determine on a case by case basis at the time of replacement the best suited Replacement Heat Source for the room requiring heat source replacement.

**EXHIBIT A**

**QUALIFIERS FOR SUBLEASING MANORS  
(Resolution 01-13-xx, Adopted xxx)**

1. A cap on the number of manors that may be subleased at any one time in United's development equal to twenty percent (20%) of the total manors (as set forth under United Resolution 01-10-222); and
2. A prohibition on subleases shorter in duration than thirty (30) days; and
3. A prohibition on any member owning more than one membership/manor in United, and/or being identified as the "member" under more than one Occupancy Agreement, at any one time, except as provided for and subject to certain conditions under United's Interim Dual Ownership Agreement (as provided in Resolutions U-02-164, 01-10-222 and 01-03-147), including but not limited to the requirements that (i) a member may not sublease a manor listed for sale during any permitted period of dual ownership, (ii) the member must reasonably proceed to sell the manor listed for sale within six (6) months from the member's signing of the Interim Dual Ownership Agreement, (iii) the Board is prohibited from approving any individual member's request for an Interim Dual Ownership Agreement more frequently than one (1) time in any two (2) year period and (iv) with respect to dual ownership, both trustees and beneficiaries under any trust having any ownership interest in a manor/membership shall be considered a member with respect to such manor/membership; and
4. The requirement that no member may sublease his/her manor if delinquent in carrying charges or assessments at the time of the proposed/intended sublease, except with Board approval and subject to an assignment of rents (as set forth in Resolutions U-91-73 and U-01-10); and
5. The requirement that all sublessees meet the age requirements for occupancy and residency as required and established under United's governing documents and California Civil Code Section 51.3 (and any successor statute); and
6. The requirement that members and/or sublessees provide to United, as set forth in United's governing documents and pursuant to yearly renewal requirement obligations, the following information with respect to each sublessee of the member's manor, on such form(s) as United may prescribe from time to time: full name; age and birth date; statistical information; identity verification; written agreement to comply with United's governing documents; telephone number; and other information and documentation required by United under its Application for Permit to Lease Premises and any related documents; and
7. The requirement that the member pay certain fees related to the sublease of the member's manor, including without limitation fees related to lease permits

processing; lease permits, lease permit extensions, lease permit renewals, secured deposits of third-party charges and application costs; and

8. The requirement that the member transfer his/her rights to use the common areas, facilities and amenities of United's development to the member's sublessee, and that the member and his/her sublessee comply with any and all prohibitions and/or restrictions established by Golden Rain Foundation ("GRF") with respect to the use of GRF's common amenities and facilities; and
9. The requirement that sublessees of a member's manor must, at all times, comply with all of the provisions of United's governing documents applicable to the residency, occupancy and use of manors and United's development; and
10. The right of United to levy fines and impose discipline against a member for the violation of United's governing documents by the member's sublessee, and/or, to the extent permitted by United's Bylaws and applicable laws, to impose discipline against the sublessee for such violation; and
11. A non-exclusive grant to United of the member's rights to enforce United's governing documents against the member's sublessee if the member fails to gain the sublessee's compliance, including but not limited to the ability of United to evict the sublessee under an unlawful detainer action; and
12. An assignment of rents in favor of United in the event the member is delinquent in the payment of their carrying charges and/or assessments, as provided in United's Occupancy Agreement, and the requirement that the sublessee pay his/her rent payments to United upon United's notice and demand of such assignment; and
13. The requirement that the member be financially liable to United for any damage within the member's manor or other portions of United's development caused by the sublessee; and
14. The requirement that the member be the responsible party to obtain any required approval from United for any and all proposed alterations, additions, improvements and modifications to the member's manor; and
15. The requirement that only a member of United named under an Occupancy Agreement has the right to sublease their entire manor.