

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

March 10, 2015

The Regular Meeting of the Board of Directors of United Laguna Woods Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Tuesday, March 10, 2015 at 9:00 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Pat English, Jack Bassler, Ming-Lee Chang, Ken Hammer, Don Tibbetts, Anthony Liberatore, Jan LaBarge, Lenny Ross, Juanita Skillman, Tony Dauer

Directors Absent: Eva Lydick

Staff Present: Jerry Storage, Kim Taylor
(Executive Session: Jerry Storage, Cris Robinson, Kim Taylor, Pamela Bashline, Blessilda Fernandez, Cynthia Grace)

Others Present: Bryan Healey, Assistant Fire Marshall
Jeff Beaumont Esq. of Beaumont Gitlin Tashjian (Closed Session)

CALL TO ORDER

Pat English, 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 9:00 AM.

PLEDGE OF ALLEGIANCE

Director Tony Dauer led the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF MEDIA

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

Director Skillman moved to add to the agenda, as Agenda Item 10g "Entertain Motion to Approve the Standard Operating Procedure for the Unplugging of Electric Vehicles from Common Area Electricity Sources." Director Dauer seconded the motion. By a vote of 9-0-0 the motion carried.

Without objection, the agenda was approved as amended.

Mr. Bryan Healey, Assistant Fire Marshall, Orange County Fire Authority provided a presentation on the California Fire Code regarding Outdoor Cooking and answered questions from the Board and Members in the audience.

Maryann Cullen (41-N) spoke to the smoke from BBQs around her manor.

Barbara Copley (410-D) spoke to fires in the Community.

Karen Napack (698-B) spoke to her opposition of the California Fire Code regarding Outdoor Cooking.

Lester Cantin (424-B) spoke to his opposition of enforcing the California Fire Code regarding Outdoor Cooking.

Lionel Simons (55-R) spoke to his opposition of enforcing the California Fire Code regarding Outdoor Cooking and insurance.

Pamela Grundke (2214-B) spoke to BBQs in the Community and realtors providing misinformation.

Maxine McIntosh (68-C) spoke to BBQs in the Community and thanked the Fire Marshall for coming to speak to the Community.

Marjorie Howard (328-N) spoke to her plans on using her BBQ safely.

UNITED MUTUAL MEMBER COMMENTS AND PUBLIC FORUM

United Mutual Members were given the opportunity to speak to items.

- Maxine McIntosh (68-C) commented on the Board meeting starting at 9:00 AM.
- Marion Levine (438-D) spoke to the work of the Foundation of Laguna Woods Village and asked for donations.
- Bill Lofholm (359-A) commented on his dissatisfaction with the compliance process in the Community.
- Frank LaSeur (630-A) commented on his request for a fence.
- Ann Beier (929-N) commented on her issues regarding a patio cover.
- Robert Powell (356-A) commented on the problem that member Bill Lofholm and a neighbor are having.
- Son of Virginia Langdon (362-C) spoke to issues regarding a neighbor.
- Son of Janet Carter (360-A) spoke to issues regarding a neighbor.
- Michele LaSeur (630-A) thanked the Board and spoke to landscape issues around her building.
- Marcia Lofholm (359-A) commented on the complaints of her neighbor.
- Killeen Anderson (57-R) spoke to the Board on having an ombudsman for conflict resolution and offered her services.
- Pamela Grundke (2214-B) spoke to her dissatisfaction with staff response and thanked the board for their service.
- Lionel Simons (55-R) thanked the Board for their work and spoke to having a conflict resolution committee.
- Michael Landry (693-B) thanked the Board for the work that they have done, spoke to the neighbor issue from previous speakers and suggested that they contact Social Services.

RESPONSE TO MEMBER COMMENTS

The United Mutual Directors and Jerry Storage briefly responded to Member Comments.

CHAIR'S REMARKS

President English commented on the GRF Bylaw change that was passed by the Corporate Members in 2014, the need to have a united Governance structure, and spoke to protecting the Trust.

APPROVAL OF MINUTES

Director Hammer moved to approve the Regular Open Meeting minutes of February 10, 2015, as written. Director Ross seconded the motion. By a vote of 9-0-0 the motion carried.

Director Hammer moved to approve the Special Open Meeting minutes of February 18, 2015, as written. Director Ross seconded the motion. By a vote of 9-0-0 the motion carried.

UNFINISHED BUSINESS

The Secretary of the Corporation, Director LaBarge, read a proposed resolution approving revisions to the United Membership Elections Standard Operating Procedure, which was postponed in January to comply with Civil Code §4360. Director Hammer moved to approve the resolution. Director Skillman seconded the motion, and discussion ensued.

Director LaBarge moved to table the United Membership Elections Standard Operating Procedure. Director Dauer seconded the motion. Discussion ensued.

Members Barbara Copley (410-D), Maxine McIntosh (68-C), and Dick Rader (270-D) commented on the motion.

By a vote 2-7-0 (Directors LaBarge and Chang in favor) the amendment failed.

By a vote of 7-2-0 (Directors LaBarge and Chang opposed) the original motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-15-33

United Membership Elections Standard Operating Procedure

WHEREAS, Civil Code was completely revised in 2014, and the United Laguna Woods Mutual Board of Directors desires to update its election procedures to comport with current Civil Code;

NOW, THEREFORE, BE IT RESOLVED, on March 10, 2015, that the Board of Directors of this Corporation hereby adopts the revised United Membership Elections Standard Operating Procedure as attached to the official Minutes of the meeting; and

RESOLVED FURTHER, that Resolution 01-13-90 adopted May 14, 2013 is hereby superseded and cancelled; and

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

The Secretary of the Corporation, Director LaBarge, read a proposed resolution approving revisions to Record Date for voting resolution. Director Skillman moved to approve the resolution. Director Dauer seconded the motion, and discussion ensued.

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

UNITED LAGUNA WOODS MUTUAL

RESOLUTION 01-15-34

Record Date for Voting Resolution

WHEREAS, the Board of Directors (the "Board") of United Laguna Hills Mutual ("United") is required by law and by the duly enacted By-Laws of United ("By-Laws") to provide the members/shareholders (each, a "Member") notice of meetings of the Members and to distribute written ballots and/or secret ballots, as applicable, to the Members in order for the Members to vote on certain issues; and

WHEREAS, the Board is required to observe a record date, upon which the persons who are Members of United as of said record date, and whose membership/voting privileges are not suspended as of said record date, are entitled to receive notice of the meeting of the Members, written ballot, and/or a secret ballot, as applicable; and

WHEREAS, with respect to notice of Member meetings, Article V, Section 4(a) of the By-Laws requires that all notices of meetings of Members be sent not less than twelve (12) nor more than fifteen (15) days before the date of the meeting, except for special meetings called by Members; and

WHEREAS, with respect to notice of Member meetings, Article V, Section 10(b) of the By-Laws provides that the record date for determining which Members are entitled to receive notice of a meeting of the Members is fifteen (15) days before the date of the meeting, or thirty (30) days before the date of the meeting if the meeting is a special meeting called by the Members; and

WHEREAS, with respect to eligibility for voting at Member meetings, Article V, Section 10(c) of the By-Laws provides that the record date for determining which Members are entitled to vote at a meeting of the Members is fifteen (15) days before the date of that meeting; and

WHEREAS, with respect to eligibility for voting without a meeting, Article V, Section 10(d) of the By-Laws provides that the record date for determining which Members are entitled to vote by ballot without a meeting is twenty (20) days before the day on which the first written ballot is mailed or solicited; and

WHEREAS, with respect to voting suspensions, Article V, Section 8 of the By-Laws provides that no Member shall be eligible to vote who is shown on the books of account of United to be more than thirty (30) days delinquent in payment of any regular or special assessments and who has been given notice thereof and the opportunity for a hearing concerning the delinquency and loss of voting rights;

WHEREAS, Corporations Code §7511 provides that written notice of a meeting of Members must be given not less than ten (10) [or, if the notice is provided by mail that is not first-class, certified, or registered mail, not less than twenty (20)] nor more than ninety (90) days before the date of the meeting to each Member who is a Member as of the applicable record date, which is inconsistent with the meeting notice requirements set forth in the By-Laws; and

WHEREAS, Civil Code §5100 et seq. requires that certain matters be voted on by the Members by secret ballot, and sets forth the procedure that is required for a secret ballot vote, which includes distributing the secret ballots to all Members no less than thirty (30) days prior to the meeting of the Members or Board at which the secret ballots will be counted, several provisions of which are inconsistent with the voting procedures set forth in the By-Laws; and

WHEREAS, the Board has determined that in practice, it is impossible or impracticable to comply with all requirements of the Corporations Code and Civil Code (collectively, the "Code"), while at the same time complying with all requirements of the By-laws; and

WHEREAS, the Board has been advised by United's legal counsel that United is obligated to comply with the Code, even when doing so is in conflict with the By-Laws and/or United's other governing documents; and

WHEREAS, the Board has determined that it is necessary to decide upon a policy that sets forth record dates that are in compliance with the Code, and in the Board's judgment, conform to the By-Laws as closely as possible.

NOW THEREFORE BE IT RESOLVED, on March 10, 2015, that the following policy pertaining to record dates is to take effect immediately upon adoption by the Board:

**UNITED LAGUNA WOODS
MUTUAL**

RECORD DATE POLICY

A. Record Date for Notice

1. Notice of a meeting of the Members shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting, with the following qualification:
 - a. If the notice is given by mail that is not first-class, registered, or certified mail, in which case the notice shall be given no less than twenty (20) nor more than ninety (90) days before the date of the meeting.
2. Notice of a meeting of the Members shall be distributed to all persons who are Members as of fifteen (15) days prior to the day that the notice of the meeting is mailed (the "Record Date for Notice").

B. Record Date for Secret Ballots

1. Secret ballots shall be distributed to the Members not less than thirty (30) days before the ballots are due, which will typically be the date of the meeting (Member or Board) at which they will be tabulated.
2. Secret ballots shall be distributed to all persons who are Members as of fifteen (15) days prior to the day that the secret ballots are mailed (the "Record Date for Secret Ballots").
3. Any Member whose voting privileges are suspended as of the Record Date for Secret Ballots will not be given a secret ballot and will not be permitted to vote on the item(s) of business addressed under the particular secret ballot.

C. Record Date for Written Ballots

1. Written ballots (that are *not* secret ballots) shall be given to the members twenty (20) days prior to the date that they are due.
2. Any written ballots shall be distributed to all persons who are Members as of fifteen (15) days prior to the day that the written ballots are mailed (the "Record Date for Written Ballots").
3. Any Member whose voting privileges are suspended as of the Record Date for Written Ballots will not be given a written ballot and will not be permitted to vote on the item(s) of business addressed under the particular written ballot.

In Summary:

- The original mailings must be:
 - o For meeting notices, 10-90 days before the meeting;
 - o For secret ballots, at least 30 days before the ballots are due;
 - o For written ballots, 20 days before the date they are due.
- The record dates for the mailings of notice of meetings, written ballots, and secret ballots shall be fifteen (15) days before the mailing.
 - o If a Member's voting rights are suspended as of said record dates, the Member shall be given notice of the meeting, but shall not be given secret ballots or written ballots.

	Original Mailing	Original Record Date	Owners whose voting rights are suspended as of original record date...		
Member Meeting Notice	10-90 days before the meeting [or 20-90 days pursuant to exception; see above]	Fifteen (15) days before mailing	Still receive notice of the meeting		
Secret Ballot	At least 30 days before the ballot due date	Fifteen (15) days before mailing	Do not receive secret ballot; are not permitted to vote.		
Written Ballot	20 days before the ballot due date	Fifteen (15) days before mailing	Do not receive written ballot; are not permitted to vote.		

RESOLVED FURTHER, that Resolution 01-11-45 adopted March 8, 2011 is hereby superseded and cancelled; and

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

The Secretary of the Corporation, Director LaBarge, read the following proposed resolution approving revisions to Resolution U-89-94 "Children Purchasing a Dwelling Unit for a Parent" (Resolution 01-13-50 Removing 6 Month Sub-Lease Term, etc. remains in full force and effect):

Resolution 01-15-XX

**Rescind Allowing Children to Purchase a Dwelling Unit for a Parent in
Resolution U-89-94**

WHEREAS, the Board of Directors of this Corporation has reaffirmed its policy which requires the dwelling units of the Corporation to be ~~owner~~ **shareholder** occupied with the following exception:

1. approved **sub**-lessees; and
2. ~~children purchasing a dwelling unit for a parent; and~~

WHEREAS, said policy limits the occupancy of ~~non-owners~~ **non-shareholders** to co-occupancy with a bona fide ~~owner~~ **shareholder** or ~~co-owner~~ **co-shareholder** of record or approved **sub**-lessee; and

WHEREAS, Resolution 01-13-50, which removed the 6-month sub-leasing restriction remains in full force and effect; and

WHEREAS, the Board of Directors of this Corporation recognizes the large number of escrow and realty offices involved in the resale of cooperative dwelling units;

NOW THEREFORE BE IT RESOLVED, April 14, 2015 that the Board of Directors of this Corporation hereby authorizes its managing agent to ~~mail a written notice to said escrow and realty offices~~ disseminate the changes to this policy to the realty community serving Laguna Woods Village ~~this policy~~; and

RESOLVED FURTHER, that Resolution U-89-94 adopted December 19, 1989 is hereby superseded and cancelled; and

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

Director Hammer moved to approve the resolution. Director Chang seconded the motion, and discussion ensued.

Director Skillman moved to amend the resolution to say **sub**-leases under number 1 and in the second Whereas, and to change throughout the resolution the word 'owner' to 'shareholder.' Director LaBarge seconded the motion. By a vote of 7-1-1 (Director LaBarge opposed, Director Chang abstained) the amendment carried.

By a vote of 7-1-1 (Director LaBarge opposed, Director Chang abstained) the resolution carried as amended and was postponed to the April meeting to comply with Civil Code §4360, to satisfy the 30-day notification requirement.

The Secretary of the Corporation, Director LaBarge, read proposed resolution approving revisions to the GRF Committee Appointments. Director Hammer moved to approve the resolution. Director Skillman seconded the motion and discussion ensued.

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

RESOLUTION 01-15-35

Golden Rain Foundation Committee Appointments

RESOLVED, March 10, 2015, that, in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, adopted September 29, 2014, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Administrative Process and Procedures Ad-Hoc Committee

Pat English
Jack Bassler

Business Planning

Pat English
~~Don Tibbetts~~
Lenny Ross

Clubhouse 2 Renovation Ad Hoc Committee

Jack Bassler
Ken Hammer

Community Activities

Jan LaBarge
Ken Hammer

Energy Committee

Eva Lydick
Jack Bassler

Finance

~~Don Tibbetts~~
Lenny Ross
Pat English

Financial Reporting Study Group

Pat English
Lenny Ross

Landscape Committee

Eva Lydick
Jan LaBarge

Maintenance & Construction

Jack Bassler
Don Tibbetts

Media and Communications Committee

Jan LaBarge
Juanita Skillman

Mobility and Vehicles Committee

Ming Lee Chang
Tony Dauer

Security and Community Access

Tony Dauer
Anthony Liberatore

RESOLVED FURTHER, that Resolution 01-14-143, adopted November 13, 2014, is hereby superseded and cancelled.

The Secretary of the Corporation, Director LaBarge, read proposed resolution approving Delegation of Commitments and Actions. Director Skillman moved to approve the resolution. Director Hammer seconded the motion and discussion ensued.

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

RESOLUTION 01-15-36

Delegation of Actions and Commitments

WHEREAS, in order to avoid confusion as to the role and responsibilities of the Board and the managing agent, a Delegation of Actions and Commitments Matrix 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, March 10, 2015, that the Board of Directors of this Corporation hereby approves the attached document entitled "Delegation of Actions and Commitments" which identifies the responsibilities and duties of the Board, committees, and the managing agent; and

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

Director Skillman moved to direct Staff to release all Land Use variances that are on hold and return them to the Maintenance and Construction Committee for action. Director Chang seconded the motion.

By a vote of 9-0-0 the motion carried.

The Secretary of the Corporation, Director LaBarge, read the following proposed resolution approving the Standard Operating Procedure for the Unplugging of Electric Vehicles from Common Area Electricity Sources:

Resolution 01-15-XX

Standard Operating Procedure for the Unplugging of Electric Vehicles, *Excluding Legally Registered Golf Carts*, from Common Area Electricity Sources

WHEREAS, it has come to the attention of the Board of Directors for United Laguna Woods Mutual ("Corporation") that ~~residents~~ **occupants and/or their guests** within the Community have been charging their electric vehicles by running extension cords through the property in order to plug their vehicles into common area electricity sources; and

WHEREAS, these ~~residents~~ **occupants and/or their guests** are utilizing common area electricity without paying or reimbursing the cost thereof and, accordingly, the Corporation is bearing this increased expense without the ability to track the usage; and

WHEREAS, the aforesaid cords, plugs and charging devices running through the property create a trip hazard and cause the property to otherwise be in an unsafe condition; and

WHEREAS, the safety risks associated with this conduct expose the Corporation to a risk of liability and expose any persons present on the property to risk of personal injury;

NOW, THEREFORE, BE IT RESOLVED, on April 14, 2015 the Board of Directors of this Corporation has determined that the practice of running extension cords, wires, plugs and/or other charging devices for electric vehicles in order to connect to the Corporation's electricity is not permitted due to the associated safety concerns; and

BE IT FURTHER RESOLVED, that the Corporation's managing agent is authorized to take action to enforce this Resolution by notifying the ~~residents~~ **occupants and/or their guests** in violation and to unplug any electric vehicles in violation after providing at least 24-hour notice.

BE IT FURTHER RESOLVED, that a \$50 fine will be assessed and a subsequent \$50 will be assessed each day a vehicle remains in violation.

BE IT FURTHER RESOLVED, that the officers, directors and agents of this Corporation are authorized to carry out the purpose of this Resolution.

Director LaBarge moved to approve the resolution. Director Dauer seconded the motion, and discussion ensued.

Director LaBarge moved to amend the resolution by replacing the word 'residents' with 'occupants and/or their guests' throughout the resolution. Director Bassler seconded the motion. By a vote of 9-0-0 the amendment carried.

Director Skillman moved to add to the resolution "BE IT FURTHER RESOLVED, that a \$50 fine will be assessed and a subsequent \$50 will be assessed each day a vehicle remains in violation." Director LaBarge seconded the amendment.

Members Pamela Grundke (2214-B), Barbara Copley (410-D), Killeen Anderson (57-R) commented on the motion.

By a vote of 9-0-0 the amendment carried.

By a vote of 9-0-0 the resolution carried as amended and was postponed to the April meeting to comply with Civil Code §4360, to satisfy the 30-day notification requirement.

NEW BUSINESS

No New Business came before the Board.

CONSENT CALENDAR

Director Hammer moved to approve the Consent Calendar as written. Director Bassler seconded the motion. By a vote of 8-0-0 (Director LaBarge was absent for the vote) the motion carried and the Board took the following actions:

Maintenance and Construction Committee Recommendations:

RESOLUTION 01-15-37

Variance Request

RESOLVED, March 10, 2015, that the request of Ms. Saroj Gupta to install an electric stairlift in the exterior stairwell of Manor 281-Q Avenida Carmel, is hereby approved; and

RESOLVED FURTHER, all of the costs and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at 281-Q; and

RESOLVED FURTHER, 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, 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, relocation or reconfiguration of the mailboxes, if required will be at the Mutual Member's expense; and

RESOLVED FURTHER, if the chair lift is removed, the stair treads and mailboxes are required to be restored to the pre-installation condition at the Mutual Member's expense; and

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

RESOLVED FURTHER, 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, 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); 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 01-15-38

Variance Request

RESOLVED, March 10, 2015, that the request of Mrs. Erika Sigband to retain an additional shower installed during a recent bathroom remodel at Manor 439-B Avenida Sevilla, is hereby approved; and

RESOLVED FURTHER, all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at 439-B; and

RESOLVED FURTHER, 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. The Mutual permit must be revised to depict the installation of the additional shower unit; and

RESOLVED FURTHER, 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. The Board advises the member that 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 purpose of this resolution.

RESOLUTION 01-15-39

Variance Request

RESOLVED, March 10, 2015, that the request of Mr. Wayne Jonas to reconfigure the entry walkway steps at Manor 2002-D Via Mariposa West, is hereby approved; and

RESOLVED FURTHER, all costs for installation, repair and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at 2002-D; and

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

RESOLVED FURTHER, the subject walkway and steps must be installed as per standard construction practices and must include safety stripes painted on the front edge of each tread; and

RESOLVED FURTHER, the proposed handrails for the new steps must be of the same design and color as the existing handrails; and

RESOLVED FURTHER, all landscape, irrigation and drainage modifications associated with the alteration, (if any) are to be completed by the Landscape Division at the expense of the Mutual Member(s) at 2002-D; 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.

Landscape Committee Recommendations:

None

Finance Committee Recommendations:

RESOLUTION 01-15-40

Recording of a Lien

WHEREAS, Member ID 947-408-68 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, March 10, 2015, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-408-68; 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 01-15-41

Recording of a Lien

WHEREAS, Member ID 947-381-65 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, March 10, 2015, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-381-65; 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

Mr. Jerry Storage updated the membership on the ongoing projects in United Mutual and GRF.

COMMITTEE REPORTS

FINANCE REPORT

Director Ross reported from the Finance Committee, gave the United Treasurer's Report, and commented on the Resale & Sub-Lease Activities.

Director Ross provided an overview of Third Party Occupancy charges as presented in the Board agenda packet. The Board discussed the document.

Director Tibbetts reported from the Maintenance and Construction Committee.

The Secretary of the Corporation, Director LaBarge, read a proposed resolution approving the request of 244-B to retain stacker stone on the shared exterior stucco wall in the patio. Director Hammer moved to approve the resolution. Director Bassler seconded the motion and discussion ensued.

By a vote of 2-7-0 (Director Ross and Bassler voted in favor) the motion failed and the Board denied the request.

RESOLUTION 01-15-XX

Variance Request

RESOLVED, March 10, 2015, that the request of Mr. Stephen Gonzalez to retain stacker stone on the shared exterior stucco wall in the patio of Manor 244-B Calle Aragon, is hereby approved; and

RESOLVED FURTHER, all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at Manor 244-B; and

RESOLVED FURTHER, a required Mutual permit must be obtained from the Permits and Inspections office; and

RESOLVED FURTHER, the Member must remove the bottom 5 inches of stacker stone and restore the weep screen in a manner suitable to allow its intended function as approved by the Permits and Inspections office; and

RESOLVED FURTHER, the Member is hereby noticed that the Mutual may need to perform repairs and maintenance to the patio walls, and that any damage that could result to the alteration stacker stone would be the responsibility of the Member, and not the Mutual; and

RESOLVED FURTHER, the Member is hereby noticed the Member will be held responsible for all costs associated with the repair and maintenance of the wall, including the interior components of the wall inclusive of the drywall in the adjacent manor 244-C, in the case the wall suffers damage due to non-maintenance of the wall; and

RESOLVED FURTHER, the Member shall be noticed for a Hearing due to the rules violation of performing alterations without approval; 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 Liberatore reported from the Walkway Lighting Sub-Committee.

Director Liberatore reported from the Water Conservation Ad Hoc Committee.

In Director Lydick's absence, Director Hammer reported from the Landscape Committee.

Director Skillman reported from the Governing Documents Review Ad Hoc Committee and the joint meeting of the Governing Documents Committee and the Maintenance and Construction Committee.

Director Hammer reported from the Parking Committee.

Director Ross read a report on disciplinary cases.

GRF COMMITTEE HIGHLIGHTS

The Directors provided GRF Committee Highlights.

DIRECTORS' FORUM

The Directors provided final comments.

MEETING RECESS

The Regular Open Session Meeting recessed at 12:25 PM. and reconvened into the Regular Executive Session at 1:00 PM.

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

During the February 10, 2015 Regular Executive Session meeting the Board reviewed and approved the minutes of the Regular Executive Session of January 13, 2015, the Special Executive Session of January 27, 29, and February 4, 2015. The Board heard three disciplinary hearings and imposed \$950 in fines for violations of the Mutual's rules and regulations; discussed and considered numerous member disciplinary matters; discussed and considered Membership and Occupancy matters; discussed the status of electrical upgrade work; and discussed supporting an anonymous complaint 800 number for residents use.

During the February 9, 2015 Special Executive All Boards meeting the Board discussed and considered contractual matters.

During the February 18, 2015 Special Executive meeting the Board discussed and considered Personnel matters.

During the February 23, 2015 Special Executive meeting the Board discussed and considered Member/Occupancy matters.

During the February 24, 2015 Special Executive All Boards meeting the Board discussed and considered contractual matters.

During the February 26, 2015 Special Executive Committee meeting the Board discussed and considered Member disciplinary matters.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 4:15 P.M.

Jan LaBarge, Secretary

**UNITED MEMBERSHIP ELECTIONS
STANDARD OPERATING PROCEDURE
Adopted May 14, 2013 RESOLUTION 01-13-90
Revised March 10, 2015 RESOLUTION 01-15-33**

1. **Definitions**

- a. "Corporation" shall refer to the United Laguna Hills Mutual Corporation.
- b. "Election Records" shall include tabulated ballots, voided ballots, voided Pre-addressed Return Envelopes, Eligible Voter List(s), tally sheets, returned ballot packages, ballots received after the election deadline, and any other used and unused ballots.
- b. "Secretary" shall mean an elected member of the Board of Directors who has been elected as a Corporate officer as Secretary.
- c. "Authorized Agent" shall refer to a Staff member appointed by the Board of Directors.
- d. "Inspector(s) of Elections" shall refer to an independent third party appointed by the Board of Directors to perform duties and acts to facilitate voting and elections as set forth herein.
- e. "SOP" shall mean and refer to this policy, known as the United Membership Elections Standard Operating Procedure.
- f. "Submit" shall refer to delivery of a document to the Authorized Agent at the Corporate address: **24351 El Toro Road, Laguna Woods, California.**
- g. "Qualified Member" shall mean a member qualified to nominate himself or herself as a candidate for the Board of Directors as set forth herein.

2. **Nominating Committee** – The law is clear in that a Member must be able to nominate himself or herself for election to the Board. (California Civil Code § 5105(a)(3).) Accordingly, United does not utilize a Nominating Committee to limit candidates to run for a position on the Board; that practice has been superseded by state statute. That said, the Board reserves the right to establish committees as permitted by law and pursuant to the governing documents to assist with nominations and/or director candidacy. Therefore, the provisions regarding nominating procedures set forth in this SOP shall control over the nomination procedures set forth in the Bylaws, which may be contrary to relevant law. (See, Bylaws, Article VIII.)

3. **Nomination Process**

- a. ***Qualifications.*** Only "Qualified Members" are eligible for candidacy to the Board. All candidates seeking to run in any Election of Directors shall meet the following criteria in order to be considered a Qualified Member for purposes of this SOP:

- i. Shall be Members of record as defined under Article II, Section 4(h) of the United Laguna Woods Mutual Bylaws
 - ii. Shall not be shown on the books of account of the Corporation to be more than thirty (30) days delinquent in payment of any sums due to the Corporation under his or her Occupancy Agreement or otherwise, and who has been given notice thereof and the opportunity for a hearing concerning the delinquency (Bylaws: Art. VI Sec. 2(b)).
 - iii. Shall not be an employee of the Corporation (Bylaws: Art. VI, Sec. 2(b)).
 - iv. The Candidate shall be obligated to be a current member of United and to reside in his/her unit as their primary residence while a candidate for the Board and during their term as a Director, if elected.
 - v. Further, the Board may disqualify any Director where the Director or the Director's spouse has a conflict of interest with the Corporation, financial or otherwise, which engages in business transactions with the Corporation, if such Director does not immediately disclose such relationship to the Board of Directors upon its occurrence pursuant to United's Bylaws (Bylaws: Art. VI, Sec. 2(c)), and applicable provisions of the Davis-Stirling Act.
- b. Any Member may nominate any Qualified Member as a candidate, including himself or herself, by submitting a written application and candidate statement to the Secretary or Authorized Agent of the Corporation that states his or her intention to run for the Board of Directors at least sixty (60) days prior to the annual meeting of the Members at which the election will be held. (Bylaws: Art. VI, Sec. 2, California Civil Code § 5105(a)(3).). Nominations for the Board shall close sixty (60) days before the date of the annual election. No nominations for the Board can be made after the closing date.
****EXCEPTION:** Should California Civil Code Section 5105 be amended at any time in such a way that nomination by petition as provided for in California Corporations Code Section 7521 (b) is allowed, the previous statement shall be replaced by the following: "Any Member who satisfies the qualification of directors (Bylaws: Art. VI, Sec. 2) may nominate himself or herself by submitting a petition signed by Members representing one hundred (100) current memberships to the Secretary of the Corporation at least sixty (60) days before the annual meeting."
- c. Any committee established by the Board to assist the candidates running for the Board shall submit a final report of all candidates to the Board upon the close of nominations.
- d. Each candidate shall submit to the Secretary or Authorized Agent a statement of background and qualifications not to exceed two hundred fifty (250) words in length not less than sixty (60) days prior to the annual meeting.
 - i. The following are guidelines for the preparation of the statement of candidate's background and qualifications:

1. The statement may include: Education, Business Background, Civic & Social, and community activities;
 2. "Activities" may include organized events, clubs, hobbies or any unique activity;
 3. Date and place of birth shall be considered optional information;
 4. Statement of personal philosophy on community affairs (optional).
- e. Each candidate for a Director position is responsible to directly forward their candidate statement, electronically, to the Inspector of Election or Secretary of the Corporation and is solely responsible to ensure the accuracy of the information and transmission of the candidate's statement. Once the candidate's statement is submitted, as set forth herein, it is irrevocable and cannot be changed or modified. **United is not responsible for the content of any candidacy statement**; however, any statement and its contents shall comply with the requirements set forth in the prepared General Advertising Guidelines of the Golden Rain Foundation (GRF) Media Use Policy ("Media Use Policy". The Inspector of Election or the Secretary or Authorized Agent shall cause such candidates' statements consistent with the Media Use Policy to be mailed to the members, or distributed by other methods of transmittal authorized by law, along with the ballots.
- f. Any candidate or spouse of a candidate who has a direct or indirect financial interest in any business organization or who is a director, officer or employee of any business, or agency of any county, state or federal government (other than a charitable organization), incorporated or otherwise, which engages in business transactions with the Corporation, shall disclose such relationship to the Board of Directors at the time of their self-nomination.
- i. Failing to disclose such relationship, termination or cessation of membership in United, or failure to reside full-time in the candidate's Manor, shall, when ascertained, immediately disqualify the candidate, or if ascertained after the candidate is elected as a Director to the Board of Directors of the Corporation, shall immediately disqualify the Director from further service on the Board thereby creating a vacancy to be filled by the Board of Directors as provided in Section 4(e) of Article VI (Bylaws, Art. VIII Sec. 3(d)).
- g. Candidates must disclose the fact that they have significant outside, time-consuming commitments such as: (a) full time or significant employment responsibilities; (b) full time or significant time commitments to care for others; or (c) extensive travel plans which could impact the time available to conduct Board Business (Bylaws, Art. VIII Sec. 3(e)).
- h. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected as directors and shall take office immediately following their election. Any tie vote shall be broken by lot, which may include any method of randomly deciding the issue as agreed by the candidates or adopted by the Board, including without limitation drawing names

or straws, or use of a coin, die or other object, or a lottery, or any other random selection process.

4. **Eligibility to Vote**

- a. Only persons approved for Membership by the Board of Directors and to whom a membership certificate has been issued (or the Member's successor trustee) shall be entitled to vote (see Bylaws, Art. II Sec. 4(h)-(i)).
- b. No Member shall be eligible to vote who is shown on the books of account of the Corporation to be more than thirty (30) days delinquent in payment of any Carrying Charges or Special Assessments due to the Corporation under his or her Occupancy Agreement or otherwise, and who has been given notice thereof and the opportunity for a hearing concerning the delinquency and loss of voting rights (Bylaws: Art. V Sec. 8(a)(i)).
- c. Single Memberships in which two or more Members have a joint or undivided interest shall have only one (1) vote (Bylaws: Art. V Sec. 8(a)(ii)).
- d. Record Date:
 - i. The record date for determining those Members entitled to receive Notice of a meeting of the Members shall be fifteen (15) days prior to the day that the notice of the meeting is mailed (the "Record Date for Notice");
 - ii. The record date for determining those Members entitled to vote by secret ballot shall be fifteen (15) days prior to the day that the secret ballots are mailed (the "Record Date for Secret Ballots");
 - iii. The record date for determining the Members entitled to vote by ballot on corporate action **without a meeting** shall be twenty (20) days before the day on which the first written ballot is mailed or solicited (Bylaws: Art. V Sec. 10(d)).
- e. Unless a vote is being taken in connection with an annual meeting of the Members, the Inspector(s) of Election shall tabulate the ballots for the vote to approve assessments, amendments to governing documents and/or granting the exclusive use of common area to a member shall be tabulated at a duly noticed (regular or special) meeting of the Board of Directors. The Board of Directors shall determine the date, time and place of said Board meeting.

5. **Candidate Equal Access to Corporation Media**

- a. All candidates for a Director position shall have equal access to Corporation media for the purpose of campaigning for an election pursuant to and consistent with the requirements set forth in the Golden Rain Foundation (GRF) Media Use Policy and applicable law. For purposes of this paragraph, "Corporation media" means the Corporation's cable channel. No candidate may utilize Corporation media for the thirty (30) day period following the date the first election ballot material is sent to the membership for the election of the Board of Directors through the election date, even if for a period longer than thirty (30) days.
- b. In each election for the Board of Directors, the Corporation shall hold a forum ("Meet the Candidates") for the nominees within a Golden Rain Foundation

(GRF) facility prior to the date that the ballot materials are sent to the Membership. Meet the Candidates will be for the purpose of allowing the Membership to meet and ask questions of all nominees. All nominees standing for election shall be invited to attend the forum and should appear in person.

- c. Golden Rain Foundation (GRF) meeting rooms shall be available to candidates free of charge for campaign purposes (California Civil Code Section § 5105(a)(2).).
- d. Any time a ballot measure is required to be sent to the Membership for approval which is unrelated to the election of directors, such as amending the Bylaws or the Occupancy Agreement, the Corporation may hold a town hall meeting – rather than a formal membership meeting – which is an informal gathering of members in which members can express their points of view. Further, if Corporation media is used in connection with such ballot measures, any Member advocating a point of view shall be permitted use of Corporation media, provided the Member's purposes reasonably relate to the ballot measure. The Corporation shall not edit any such communications made by Members, but may include a statement specifying that the Member, and not the association, is responsible for that content.

6. **Appointment of Inspectors of Election**

- a. The Board of Directors shall appoint one (1) or three (3) Inspectors of Election. An Inspector of Election shall, at the Board's discretion, be a member of the Corporation as defined under Section 1.b of this SOP, an independent third party that specializes in the administration of elections with whom the Board executes a contract, or a combination of the two (see California Civil Code Section § 5110(b).).
- b. An Inspector of Election shall not be a member of the United Laguna Woods Mutual, (California Civil Code § 5110(b).).
- c. Inspectors of Election shall not be employees of the managing agent; however, employees of the managing agent may assist the Inspector(s) of Election with their duties except for the counting and tabulation of the votes.
- d. Inspectors of Election who are members of the Corporation must be prepared to commit to a substantial workload during preparation of the ballots for mailing and between the time the returned ballots are received and the time when they are counted and tabulated at an open meeting.
- e. If the Board contracts with an independent third party as an Inspector of Election pursuant to Section 6.a of this SOP, the provisions for verifying voter eligibility and for formatting of election materials contained in Section 7 of this SOP may be adapted to meet the requirements of an electronic processing system used by the contractor.
- f. An Inspector or Inspectors may appoint and oversee additional persons to verify signatures and assist as the Inspector or Inspectors deem appropriate.

7. **Duties of Inspectors of Election**

- a. Determine the number of memberships entitled to vote and the voting power of each membership. (California Civil Code § 5110(c)(1).)
 - i. Eligible Voter List:

Pursuant to Section 4 of this SOP, the Inspectors will create or cause to be created an Eligible Voter List that identifies all Members who are eligible to vote. This list will be used to mail ballots only to those Members entitled to vote by ballot on corporate action without a meeting as of the Record Date specified herein.
- b. Determine when the polls shall close. (California Civil Code § 5110(c)(6).)
 - i. The Inspectors of Election shall determine the date that ballots must be received in accordance with California Civil Code § 5115(a.), which states “Ballots...shall be mailed not less than 30 days prior to the deadline for voting.” The deadline shall be incorporated into the voter instructions and adopted by the Board of Directors in the form of a resolution.
- c. Oversee the Mailing of the Ballot Package
 - i. Obtain certification from the preparer of the ballot packages that all necessary items were enclosed in each Ballot Package Mailing Envelope and that the envelopes were properly addressed to all members on the Eligible Voter list.
 - ii. Ensure that Ballot Package Mailing Envelopes are sent by first class mail to ensure that all members receive ballots in a timely manner.
 - iii. Obtain a statement from the post office indicating the number of ballot packages mailed.
- d. Receive ballots. (California Civil Code § 5110(c)(3).)
 - i. Secret Ballot Return Instructions – If authorized by the California Legislature, the Corporation may utilize electronic “Secret Ballots.” Such procedure will be consistent with what is required in the California Civil Code. For paper Secret Ballots, the following shall apply:
 1. The Secret Ballot itself is not signed by the voter, but is inserted into the Secret Ballot Envelope, which is sealed. The Secret Ballot Envelope shall not have any identifiable markings and is then inserted into the Pre-Addressed Return Envelope, which is also sealed. In the upper left hand corner of the Pre-Addressed Return Envelope, the voter shall both print and sign his or her name, address, and the unit number that entitles him or her to vote (California Civil Code § 5115(a)(1).).
 2. The Pre-Addressed Return Envelope is addressed to the Inspector or Inspectors of Election, who will tally the votes. The envelope may be mailed or delivered by hand to a location specified by the Inspector or Inspectors of Election. The member

may request a receipt for delivery (California Civil Code § 5115(a)(2)).

a. Return by Mail

- i. The Pre-Addressed Return Envelope shall be returned on or before the deadline date by mail to the address of the Inspector of Election c/o Ballot Collector as set forth in the voting or ballot return instructions or on the secret ballot.
- ii. A second post office box may be used for Secret Ballot packages returned as undeliverable.
- iii. Members who desire a receipt for delivery of a mailed Secret Ballot shall mail the Secret Ballot by Certified Delivery – Return Receipt Requested at the Member’s expense.

b. Return by Hand Delivery

- i. Secret Ballots returned by hand shall be deposited by the Member into a locked and secure ballot box located in the lobby of the **Community Center, 24351 El Toro Road, Laguna Woods.**
- ii. At the request of the voting Member, the management staff shall provide a receipt for the hand delivered Secret Ballot.
- iii. Inspectors shall retrieve Pre-Addressed Envelopes from the locked ballot box daily and date stamp them.
- iv. Secret Ballots may also be hand delivered to the Inspector of Elections at the meeting to tabulate the ballots prior to the close of polls.

3. All Pre-addressed Return Envelopes received shall remain sealed until they are opened and tabulated in public. The Corporation shall reserve a secure room at the **Community Center (24351 El Toro Road, Laguna Woods)** for use by the Inspector(s) of Election. Notwithstanding, the Inspector(s) of Election may establish a physical boundary or buffer around them during the tabulation of ballots.

- ii. Ballot Return Instructions – The Ballot Return Instructions will be the same as the Secret Ballot Instructions, detailed herein above, with the exception that the Ballot will be inserted into the Pre-Addressed Return Envelope only inasmuch as non-Secret Ballots do not require the use of a double envelope system so the Secret Ballot Envelope will not be utilized.

e. Determine the authenticity, validity, and effect of proxies, if any.

- f. Verify voter eligibility.
 - i. Count and record the number of Pre-addressed Return Envelopes received from the post office.
 - ii. Count and record the number of Pre-addressed Return Envelopes received by hand delivery.
 - iii. Place the Pre-addressed Return Envelopes in order by address, which corresponds with the Eligible Voter List. This process may be automated (i.e., barcodes).
 - iv. Void (but do not open) any Pre-addressed Return Envelopes, which does not contain information that identifies the member as an eligible voter (see Section 7.d.i.1 above).
 - v. Void (but do not open) any Pre-addressed Return Envelope that is a duplicate vote.
 1. Revocation. No written ballot may be revoked after deposit in the mails or delivery to the Corporation. (Bylaws, Art. V Sec. 9(e))
 2. If a voter returns two Pre-addressed Return Envelopes, the Inspectors of Election shall determine which ballot to count. If it can be determined which is the first Pre-addressed Return Envelope sent or received, then it shall be deemed the original ballot, which shall be counted and the other Pre-addressed Return Envelope should be voided.
 - vi. Resolve any challenged ballots. If possible, this should be done before any Pre-Addressed Return Envelope is opened and counting begins.
 - vii. Explain the reason for each voter eligibility decision made.
 - viii. The sealed ballots at all times shall be in the custody of the Inspector or Inspectors of Election or at a location designated by the Inspector or Inspectors of Election until after the tabulation of the vote, at which time the Inspector of Election can maintain custody of the Election Record pursuant to statute, or transfer custody shall be transferred to the Corporation (California Civil Code § 5125(a).).
- g. Count and tabulate the votes.
 - i. All votes shall be counted and tabulated by the Inspector or Inspectors of Election in public at a properly noticed open meeting of the Board of Directors (Civil Code § 5120(a).).
 - ii. At a properly noticed open meeting of the Board of Directors, the seals of the Secret Ballot Envelopes shall be broken, and the Inspector(s) of Election shall prepare the ballots for tabulation, which may include electronic tabulation scanning. A third-party election services contractor who is not an inspector of election may be deputized by the Inspectors of Election to assist with the preparation and scanning of the ballots.

- iii. A ballot shall be voided if it contains information identifying the voter (California Civil Code § 5115(a)).
- h. Determine the result of the election
 - i. Once the ballots are scanned and tabulated, the Inspector(s) of Election shall certify the election by signing an official form. The tabulated results of the election shall be promptly reported to the Board and shall be recorded in the minutes of the next meeting of the Board and shall be available for review by members of the Corporation.
 - ii. Within fifteen days of the election, the Board of Directors shall publicize the results of the election.
 - iii. Tabulated ballots shall be packed and sealed, and the Inspectors of Election shall initial the seal to ensure that there is no tampering with the tabulated ballots.
 - iv. The custody of the tabulated ballots and other Election Records as listed in Section 1.a of this SOP shall remain in the custody of the Inspector(s) of Election for not less than one (1) year after the tabulation of ballots, or until the time allowed by Civil Code Section 5145 for challenging the election has otherwise expired. Upon written request, ballots shall be made available for inspection and review by Members or their authorized representatives. Any recount shall be conducted in a manner that shall preserve the confidentiality of the vote.
 - v. After the tabulation of ballots, the Board of Directors or its management agent shall return to the post office to pick up any ballots received after the deadline. These ballots shall not be opened and shall be marked "Void – received after deadline".
 - vi. All written ballots and other Election Records as defined in Section 1.a of this SOP shall be filed with the Secretary of the Corporation and maintained in the corporate records at a secure location for a minimum period of one (1) year (see Bylaws, Art. V Sec. 9(f)).

8. **Election Mailing Materials**

- a. The Corporation shall conduct its election consistent with its Bylaws and state statutes (see Bylaws, Art. V Sec. 9(b)). The official election materials are to be prepared by the Inspector(s) of Election.
- b. As prescribed by law, secret ballot procedures shall be used when voting on the following issues: assessments; election and removal of directors; amendments to the Governing Documents; and the grant of exclusive use of Common Area property.
 - i. A "secret ballot" is a ballot which does not identify the voter by name, address, lot, unit or parcel number. The term "secret ballot" does not include a ballot for purposes of voting on any matter other than assessments, election or removal of directors, amendments to the Governing Documents or the grant of exclusive use of Common Area

property. All secret ballots, including for election of directors, must conform to the requirements of applicable law. Any Bylaws provision inconsistent with the law shall be void.

- ii. All secret ballots shall provide a reasonable time within which to return the ballot to the Corporation, which may be set at the discretion of the Board unless otherwise required by law. The time for the return of secret ballots may be extended for reasonable intervals at the discretion of the Board.
- iii. Any action requiring Member approval, other than those requiring a secret ballot, may be submitted for vote by written ballot without calling a meeting of the Members. The written ballot shall describe the proposed action(s), provide an opportunity to specify approval or disapproval of each proposal, and provide a reasonable time within which to return the ballot to the Corporation as set forth in Article V, Section 9 of the Bylaws.
 1. The determination to conduct a vote by written ballot shall be made by the Board or by members having 10% of the eligible voting power signing a written request and delivering same to any Corporation officer.
 2. The officer shall thereupon distribute a written ballot to every Member eligible to vote on the matter. A written ballot may not be revoked.
 3. All solicitations shall indicate the number of responses needed to meet the quorum requirement and the percentage of approvals needed to approve each proposal. The solicitation must specify the time by which the ballot must be received in order to be counted.
 4. Written ballots and solicitations shall be distributed in the same manner as notice of Member meetings. Approval by written ballot shall be valid only when the number of eligible ballots received meets the quorum required at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Upon tabulation of the ballots, the Board shall promptly notify the Members of the outcome of the vote or failure to meet quorum.
- c. Should state statute allow for electronic voting for those votes which previously required paper Secret Ballots, as referenced herein and in the state statute, then the Corporation may utilize such electronic system consistent with those Rules and Regulations, so long as the electronic voting is consistent with the terms of the applicable and statutory requirements.

9. **Secret Ballots: Removal of Directors by the Membership**

- a. The Members may remove directors by a vote of the majority of the eligible voting power of the Corporation, in accordance with the following procedures:
 - i. A petition must be presented, in person, to the President or Secretary of the Corporation, bearing the signatures of Members in good standing who represent at least five percent (5%) of the eligible voting power of the Corporation. The petition must state the reason(s) justifying the director's removal; the signature and address or Unit number of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and fulfill all other legal requirements.
 - ii. Within twenty (20) days after receipt of such petition, the President, Secretary, or Board shall either call a special meeting or distribute secret ballots to the Members to vote upon the requested recall. Such meeting or vote by secret ballot shall be conducted not less than thirty-five (35) nor more than ninety (90) days after the petition is presented.
 - iii. The director(s) whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing or both. Any written rebuttal shall be mailed by the Corporation or otherwise provided to all Members, together with the recall ballot.
 - iv. If the quorum requirement for a valid membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.
 - v. In the event the recall vote is successful, any vacancy must be filled by a vote of the Members following the nomination and election procedures set forth in this SOP, except that nominations to fill a vacancy shall close thirty (30) days before the date of special meeting to elect a director(s) to fill a vacancy(ies). Notice of the special meeting and secret ballots to elect directors to fill any vacancy created by the removal of one or more directors must be sent to Members not less than thirty (30) days before the deadline for voting. The successor director shall serve for the unexpired term of his or her predecessor.

10. **Secret Ballots: Amendments to Governing Documents.**

- a. Votes to amend the Bylaws, Occupancy Agreement or any other governing documents of the Corporation ("Governing Documents") shall be done by secret ballot pursuant to the SOP. Secret ballots enclosing the text of the proposed amendment must be delivered to every Member not less than thirty (30) days prior to the deadline for voting.

11. **Secret Ballots: Grant of Exclusive Use of Common Area.**

- a. The affirmative vote of at least sixty-seven percent (67%) of Members secret ballot pursuant to the procedures set forth herein is required before the Board

may grant exclusive use of any portion of the Common Area to a Member, unless the grant of exclusive use of Common Area meets an exception provided by Civil Code Section 4600(b), or any superseding statute, which includes, but is not limited to any grant of exclusive use that is for any of the following reasons:

- i. To eliminate or correct engineering errors in documents recorded with the county recorder or on file with a public agency or utility company;
 - ii. To eliminate or correct encroachments due to errors in construction of any improvements;
 - iii. To permit changes in the plan of development submitted to the Real Estate Commissioner in circumstances where the changes are the result of topography, obstruction, hardship, aesthetic considerations, or environmental conditions;
 - iv. To fulfill the requirement of a public agency;
 - v. To transfer the burden of management and maintenance of any Common Area that is generally inaccessible and not of general use to the membership at large;
 - vi. To accommodate a disability;
 - vii. To install and use an electric vehicle charging station in a garage or a designated parking space that meets the requirements of Civil Code Section 4745, where the installation or use of the charging station requires reasonable access through, or across, the common area for utility lines or meters;
 - viii. To install and use an electric vehicle charging station through a license granted by an association under Civil Code Section 4745; or
 - ix. To comply with governing law.
- b. Any measure placed before the members requesting that the Board grant exclusive use of any portion of the Common Area shall specify whether the Corporation will receive any monetary consideration for the grant and whether the Corporation or the transferee will be responsible for providing any insurance coverage for exclusive use of the Common Area.

DELEGATION OF COMMITMENTS AND ACTIONS

I. INTRODUCTION

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

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

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

II. AUTHORITY

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

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

III. DELEGATION MATRIX

The Matrix that accompanies this Memorandum presents four categories of functions that are part of the day-to-day responsibilities of Laguna Woods Village Corporations, namely the formation of contracts, the conduct of Board, Committee and member meetings,

financial matters, and manner in which legal services are solicited and utilized by the corporations. Then, in the columns opposite these four substantive areas of corporate action, the Matrix presents a description of the appropriate role and responsibilities of:

the Association's Board of Directors; Board Committee Chairs; Board Committees; and the management agent. The matrix is set forth on Page 9 of this memorandum.

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

IV. PURPOSE OF THIS MEMORANDUM

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

A. Contracts

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

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

2. Subject Report (Tracking # Assigned)

The committee having jurisdiction over this activity has the option to prepare the subject report, unless otherwise directed by the Board of Directors when the project is assigned to the committee. However, the report preparation usually will be performed by the managing agent. If the agent is unable to perform the work, then with board approval, a consultant may be engaged to draft the report.

3. Draft of Specifications for a Contracted Activity

This activity, which is a statement of particulars, such as, type, scope, size, performance, terms, conditions, etc., will be performed by the managing agent.

4. Approval of Scope of Work/Specifications

The scope of work/specifications will be reviewed and approved by the appropriate committee. In circumstances where the expected value of the contract will be less than \$5,000 the managing agent has the authority to approve the scope of work/specification without committee review and approval. In circumstances where the expected value of the contract is greater than \$5,000, but less than \$25,000, the board committee has the authority to approve the scope of work/specification without full board review and approval. In circumstances where the expected value of the contract is greater than \$25,000, the authority to approve the scope of work/specification requires full board review and approval.

5. Approval of Appropriation by Resolution of Board

This activity is reserved for the Board of Directors. The approval follows the review of the subject report by the appropriate committees with their respective

recommendation submitted for action. The board will then review the subject report and the attendant recommendations and either approve the recommended action or return the subject report to committee for further consideration.

6. Preparing the RFP with Approved Scope of Work/Specifications

The managing agent will prepare the RFP and if the value of the contract is expected to be less than \$25,000 and is within the approved budget, staff has the authority to issue the RFP with the appropriate scope of work/specifications without review by the appropriate committee.

7. Approval of RFP with Approved Scope of Work/Specifications

The committee will approve all RFPs with expected values greater than \$25,000. For RFPs with expected values less than \$25,000, the managing agent will proceed to send the RFP to the selected vendors.

8. Creation of Initial Bidders List (Excluding Financial and Legal Contracts)

The bidders list will be created by the managing agent following approval of the RFP. The committee may recommend appropriate bidders be added to the list.

9. Approval/Modification of Final Bidders List

If the contract is expected to exceed \$25,000, the appropriate committee may choose to approve the bidders list.

10. Delivery of Request for Proposal (RFP)

This activity is performed by the managing agent.

11. Pre-bid Meeting

The Pre-bid Meeting, if required, will be set up and conducted by the managing agent. The Board may request that appropriate committee representatives participate in the meeting.

12. Bid Opening

The Board does not have to participate in this activity; they may delegate the responsibility to an appropriate committee or, if the expected contract is less than \$25,000, delegate the responsibility to the managing agent.

13. Bid Analysis (Price and Cost Analysis)

The Board does not have to participate in Bid Analysis; they may delegate the responsibility to an appropriate committee who may elect to exercise control of the bid review and prepare a recommendation to the Board or, if the expected contract is less than \$5,000, delegate the responsibility to the managing agent.

14. Recommendation for Award of Contract and Approval of Chang Orders

The managing agent will prepare a memo with the recommendation of the vendor that best fulfills all aspects of the RFP and the required specifications of the work

to be performed. This activity may include a concurrent report by the committee involved in the RFP and Bidding process.

15. Approval to Award Contract

For contracts valued at less than \$5,000 and within the budget for the activity, the managing agent is delegated the authority to award the contract to the vendor best fulfilling the requirements of the RFP and the scope of work/specifications without committee review and board approval.

For contracts in excess of \$5,000 the appropriate committee will review and approve the award of contract. For activities requiring expenditures exceeding the budget, the appropriate committee will review and recommend approval of the contract to the Board. The Board will proceed to approve a resolution to award the contract to the recommended vendor.

16. 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 arising during the previous month with the vendor, such that there are no surprises for Board members regarding the contract work and activities. Change orders over \$5,000 must be submitted to the committee for review and approval.

B. Agendas and Minutes – Board and Committee Meetings

- 1. Determine Format and Level of Reporting of Board and Committee Minutes**
This activity is performed by the Board with guidance from their legal counsel and the managing agent. Whenever consultants have been used, they must be identified.
- 2. Production of Draft Agendas**
This activity is performed by the managing agent after review with the board.
- 3. Approval of the Board Agenda**
This item is performed by the Board. A draft agenda will be prepared by the managing agent and reviewed by the presiding officer prior to distribution. The final agenda must be approved by the Board at the beginning of the board meeting.
- 4. Approval of the Committee Agenda**
This item is performed by the committee chair. A draft agenda will be prepared by the managing agent and reviewed by the presiding officer prior to distribution.
- 5. Production of Draft Minutes (Board and Committee)**
This item is performed by the by the managing agent, unless the minutes pertain to an executive session regarding management where, with the advice of legal counsel, management should be excluded from the need to know what transpired

in the executive session. In this situation, the Board Secretary will prepare the minutes of the session for the Board members and a copy will be provided for the Corporate Records maintained by the managing agent for the corporation.

6. Approval of the Board Meeting Minutes

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

7. Approval of the Committee Meeting Minutes

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

C. Financial Analysis and Reporting

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

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

2. Determine Structure of Board and Committee Financial Reports

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

3. Prepare Financial Topic and Performance Reports

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

4. Review of Report and Acceptance of Recommendation

The committee chair and committee will perform a detailed review of the report and the committee will act on the report. If a resolution is required for implementation of a change in operating practice or requires funding, the committee will forward a recommendation to the board for action.

5. Adoption of Recommendation

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

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

The Business Planning Committee with input from the United Board will establish the Goals and Objectives for the overall budget. Each housing mutual board should establish the Goals and Objectives for their respective mutual. The

preparation is the responsibility of the respective finance committee and will be reviewed and approved by each board.

7. Budget Preparation

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

8. Budget Approval

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

9. Develop and Report Financial Rolling Forecast

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

10. Reserve Studies

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

11. Select Resident Members for the Select Audit Task Force

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

12. Annual Audits – Review and Approval

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

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

1. Selection of Appropriate Legal Counsel

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

2. Formulation of Legal Question

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

3. Request Submitted to Law Firm to Answer Question

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

4. Opinion Tendered and Received

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

5. Opinion Summarized with Appropriate Action Plans and Budgets

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

6. Implementation of the Opinion

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

IV. SUMMARY

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

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

Delegation of Actions and Commitments

Delegation of the Initiation, Authorization and Performance of Actions and Commitments that are Within the Responsibility Scope of the Organization NOTE: Refer to the Procedure Paragraph that Describes the Particular Action	Organization			
	Board of Directors	Board Committee Chair	Board Committee	Managing Agent

A. Contracts

1	Request for Analysis--Determination of Objectives (Project Request Form)	I	I ¹	I ¹	
2	Subject Report (Tracking Number)			O	P
3	Draft of Specifications for a Contracted Activity	O	O	O	P
4	Approval of Specifications		R	R,A	P,A
5	Approval of Appropriation by Resolution of Board	A			
6	Initiate a RFP with Approved Scope of Work/Specifications			I	P
7	Approval of RFP with Approved Scope of Work/Specifications		R	R,A	R,A
8	Creation of Initial Bidders List (Excludes Financial and Legal Contracts)			I	P
9	Approval/Modification of Final Bidders List			R,A	
10	Delivery of RFP				P
11	Pre-bid Meeting		O	O	P
12	Bid Opening		O	O	P
13	Bid Analysis (Price and Cost Analysis)		O	O	P
14	Recommendation of Award of Contract				P
15	Approval to Award Contract	R,A	R	R,A	R,A
16	Administration of Contract and/or Work		R	R	P

B. Agendas and Minutes--Board & Committee Meetings

1	Determine Format and Level of Reporting of Minutes	P			
2	Production of Draft Agendas				P
3	Approval of Board Agenda	A			
4	Approval of Committee Agenda		R,A	A	
5	Production of Draft Board and Committee Minutes				P
6	Approval of Board Meeting Minutes	A			
7	Approval of Committee Meeting Minutes			A	

C. Financial Analyses

1	Initiate Request for Analysis/Report--Determination of Objectives	I	I ¹	I ¹	
2	Determine Structure of Board and Committee Financial Reports	I	I	O	P
3	Prepare Financial Topic and Performance Reports (Scorecards for Board Members)		O	O	P
4	Review of Report and Acceptance of Recommendation		R	R,A	
5	Adoption of Recommendation	A			P
6	Establish Goals and Objectives for Community and each Housing Mutual	R,A	I	P	
7	Budget Preparation	I	O	O	P
8	Budget Approval	A	R	R	
9	Develop and Report Financial Rolling Forecast		R	R	P
10	Reserve Studies	A	R	R	P
11	Select Resident Members of Select Audit Committee from Each Mutual and for GRF	A	I	R,A	P
12	Annual Audits - Review and Approval	A		R	

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

1	Selection of Appropriate Legal Counsel *	I,P	O	O	
2	Formulation of Legal Question *	I	I ¹	I ¹	I
3	Request submitted to Law Firm to Answer Question	P	P		P
4	Opinion Tendered and Received	R	R		R
5	Opinion Summarized with Appropriate Action Plans and Budgets		O	O	P
6	Implementation of Opinion	A			P

* Note: There is no obligation to consult with the managing agent in selection of counsel if the purpose of the counsel is to evaluate the performance, acts or omissions of management.

Key

I = Initiate an activity, directive may come from either, but the directive is required

I¹ = Initiate activity within committee charter and with objective parameters
A = Authorize an activity that is within the Governing Documents. The Managing Agent is authorized to approve contracts of less than \$xx,xxx
O = The Committee or Board may choose to exercise participation at this level; if not, the Agent will perform the task
R = Review Reports and/or for Approval, where Necessary and Appropriate
P = Performed By