

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

September 13, 2016

The Regular Meeting of the Board of Directors of United Laguna Woods Mutual, a California Non-Profit Mutual Benefit Corporation, was held on Tuesday, September 13, 2016 at 9:30 AM at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Lenny Ross, Juanita Skillman, Jack Bassler, Ming-Lee Chang, Don Tibbetts, Jan LaBarge, Barbara Copley, Janey Dorrell, Pat English, Eva Lydick, Steve Leonard

Directors Absent: None

Staff Present: Open Session: Brad Hudson, Lori Moss, Kim Taylor, Betty Parker, Francis Rangel, and Pamela Bashline
Executive Session: Brad Hudson, Lori Moss, Kim Taylor, Pamela Bashline, Francis Rangel, and Blessilda Fernandez

Others Present: Jeffrey Beaumont Esq. of Beaumont Gitlin Tashjian

(1) CALL TO ORDER

Lenny Ross, 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 AM.

(2) PLEDGE OF ALLEGIANCE

Director Jack Bassler led the Pledge of Allegiance to the Flag.

(3) 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.

(4) APPROVAL OF AGENDA

Director LaBarge moved to approve the agenda as written. Director Chang seconded the motion. By a vote of 9-0-0 the motion carried.

(5-9) APPOINTMENT TO UNITED BOARD TO FILL VACANCY (TERM ENDING 2018)

The following applicants provided a brief summary of their qualifications: Steve Leonard and Cynthia Statsmann.

Director Skillman moved to commence balloting, Director LaBarge seconded the motion. Without objection the motion carried and ballots were distributed to the Directors.

Director Copley moved to cease balloting, Director English seconded the motion. Without objection the motion carried and the ballots were counted.

By way of a secret vote of 8-2 Steve Leonard was appointed to fill the vacancy, term ending 2018.

Director Steve Leonard was seated with the rest of the Board.

(10) UNITED MUTUAL MEMBER COMMENTS AND PUBLIC FORUM

United Mutual Members were given the opportunity to speak to items within the jurisdiction of the Board of Directors.

- Maxine McIntosh (68-C) commented on the size of the agenda and provided an overview of the agenda items. Ms. McIntosh thanked the Board for their hard work and the hard work of the United Committees.
- Marion Levine (438-D) spoke on behalf of the Foundation of Laguna Woods, gave a brief overview of what the Foundation does for residents in the Community and asked for donations on behalf of the Foundation.
- Dick Rader (270-D) commented on the Board not passing the common area draft resolution presented last month, and stated that the United community should vote on the matter, and a town hall should be scheduled for the United community after the new Directors are seated.
- Pamela Grundke (2214-B) commented on the hard work of Director Barbara Copley and thanked her for all her hard work and wished her well. Ms. Grundke spoke to supporting candidates during the elections.

(11) RESPONSE TO MEMBER COMMENTS

United Mutual Directors briefly responded to Member Comments.

(12) REPORT OF THE CHAIR

President Lenny Ross thanked Eva Lydick, Ming Lee Chang and Barbara Copley for all their work on the Board. President Ross welcomed the newest Board Director, Steve Leonard, who took the place of Tom Sirkel. President Ross announced that last month the Board passed the resolution limiting subleasing in United Mutual. President Ross commented on the energy efficient practices currently being implemented in United Mutual, specifically solar energy, and energy efficient machines in the laundry rooms. President Ross stated that the Board is deadlocked regarding the land use issue and is committed to working through the issue and that the 2017 budget has been completed and will formally be approved later in the meeting.

(13) REPORT OF CEO

Ms. Lori Moss, Community Manager, announced the newest staff member: Brian Gruner, Recreation and Special Events Director.

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

Ms. Moss commented on the upcoming RFID rollout, she updated the Board on the new website construction currently underway, website content is currently being refreshed along

with the community videos. Ms. Moss announced the upcoming Performing Arts Center events; The Pacific Symphony Quartet is performing this Sunday, an Elvis impersonator is scheduled for early November and the GRF CAC voted to start showing monthly movies at Clubhouse 3. The movies will be a theme to coincide with holidays in the month.

The next Town Hall meeting is scheduled for October 27, 2016, and is going to be all about bugs. Ms. Moss introduced Brett Crane, who is in the Alterations Department and will be staffing the new Third Mutual Alterations Control Committee. The new committee will discuss and consider Manor Alterations/Variations only. Ms. Moss answered questions from the Board and residents.

(14) Update from VMS Director – Director Anthony Liberatore

Director Anthony Liberatore, of Village Management Services, Inc. provided an overview of each section of the Strategic Plan: *Provide Exemplary Customer Service, Facilitate Efficient Operations, Provide a Safe Community, Provide Transparent Communications and be an Employer of Choice*, and provided an overview of each section.

Director Liberatore provided a brief overview of the City of Laguna Woods Building and Planning Services Fee Study and thanked staff for their hard work on the documents. Director Liberatore answered questions from the Board.

(15) APPROVAL OF MINUTES

Director Skillman moved to approve the regular open session minutes of August 9, 2016, and the Special Open Session minutes of August 16, 2016, as written. Director Tibbetts seconded the motion. By a vote of 9-0-1 (Director English abstained) the motion carried.

(16) CONSENT CALENDAR

Director Lydick moved to approve the Consent Calendar as written. Director Dorrell seconded the motion. By a vote of 10-0-0 the motion carried.

16a Maintenance and Construction Committee Recommendations:

RESOLUTION 01-16-91

Variance Request

RESOLVED, September 13, 2016, that the variance request of Tony and Lynda Kato, to install a master bedroom window addition at Manor 88-G, is hereby denied; and

RESOLVED FURTHER, the denial is due to the finding that the proposed alteration would create a negative visual imbalance with the manor and surrounding area, as the proposed window addition fails to match the current size of the window; 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 01-16-92

Variance Request

RESOLVED, September 13, 2016, that the variance request of Celso and Rebecca Castillo, to convert patio enclosure to a room addition at manor 354-B, is hereby approved; and

RESOLVED FURTHER, all costs and maintenance of the alteration, present and future, are the responsibility of the Mutual Member(s) at 354-B; and

RESOLVED FURTHER, all required Mutual and City of Laguna Woods permits must be obtained and the appropriate City of Laguna Woods permit number(s) must be submitted to the Resident Services Department office located in the Laguna Woods Community Center; and

RESOLVED FURTHER, detailed site specific plans, wet-stamped and signed by a California licensed architect or engineer, must be submitted to the Resident Services Department office located in the Laguna Woods Village Community Center prior to issuance of a permit. These plans must detail the required structural modifications necessary to ensure that the structural integrity of the building is maintained upon completion of the window additions; and

RESOLVED FURTHER, the windows must be installed in accordance with United Laguna Woods Mutual Standard Section 31: Window and Window Attachments; and

RESOLVED FURTHER, prior to work commencing the Member remove the current patio alteration to allow staff to address and remediate dry rot on balcony 354-O Avenida Sevilla; 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.

16b Landscape Committee Recommendations:

- | | |
|--------|---|
| 2029-A | Approve request for tree/root removal during the March 2017 schedule |
| 2103-N | Deny request for tree removal |
| 643-B | Approve request for tree removal and replacement of tree, at Member's expense |
| 486-A | Approve request for landscape design change, with contingencies |

16c Finance Committee Recommendations:

RESOLUTION 01-16-93

Recording of a Lien

WHEREAS, Member ID 947-391-22 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, September 13, 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-391-22 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.

16d Media and Communications Committee Recommendation

Approved the Mission, Vision, Values Statements and Tagline

Mission

Our mission is to ensure that Laguna Woods Village residents receive unparalleled opportunities to enjoy the utmost in active living.

Vision

Our vision is to lead the community with innovative ideas and services developed for our active 55+ residents. We are dedicated to improving and enhancing all that we offer to enrich our residents' lives.

Core Values

Our Core Values include: mutual respect, safety, integrity and friendliness shared with our diverse community.

Tagline

Where New Adventures Begin.

COMMITTEE REPORTS

(17) Finance Report

Director Pat English reported from the Finance Committee, gave a United Mutual financial update, and commented on the Resale Activities Report.

17a Entertain Motion to Approve the 2017 Business Plan

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution approving the 2017 Business Plan:

RESOLUTION 01-16-94

**UNITED LAGUNA WOODS MUTUAL
2017 BUSINESS PLAN RESOLUTION**

RESOLVED, September 13, 2016, that the Business Plan of this Corporation for the year 2017 is hereby adopted and approved; and

RESOLVED FURTHER, that pursuant to said Business Plan, the Board of Directors of this Corporation hereby estimates that the net sum of \$37,748,096 is required by the Corporation to meet the United Laguna Woods Mutual operating expenses and reserve contributions for the year 2017. In addition, the sum of \$14,691,429 is required by the Corporation to meet the Golden Rain Foundation and the Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2017. Therefore, a total of \$52,439,525 is required to be collected from and paid by the members of the Corporation as monthly assessments; and

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby approves expenditures from reserves in the sum of \$13,594,084, of which \$11,640,398 is planned from the Reserve Fund and \$1,953,686 from the Contingency Fund; and

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

RESOLVED FURTHER, that the Board of Directors of this Corporation hereby determines and establishes monthly assessments of the Corporation as shown on each member's breakdown of monthly assessments for the year 2017 and as filed in the records of the Corporation, said assessments to be due and payable by the members of this Corporation on the first day of each month for the year 2017; and

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

Director Skillman moved to approve the resolution as written. Director English seconded the motion. Discussion ensued.

Members Dick Rader (270-D), Mary Stone (356-C), Cynthia Statsmann (910-Q), Maxine McIntosh (68-C) and Roberta Berk (933-B) commented on the resolution.

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

17b Entertain Motion to Approve 2017 Reserves Fund

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution approving the 2017 Reserves Fund:

RESOLUTION 01-16-95

**UNITED LAGUNA WOODS MUTUAL
2017 RESERVE FUND RESOLUTION**

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

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

NOW THEREFORE BE IT RESOLVED, September 13, 2016, that the Board has developed and hereby adopts the Reserve 30-Year Funding Plan (attached) with the objective of maintaining reserve fund balances at or above a threshold of \$10,200,000, while meeting its obligations to repair and/or replace major components; and

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

Director Skillman moved to approve the resolution as written. Director English seconded the motion. Discussion ensued.

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

(18) Maintenance and Construction Committee

Director Tibbetts reported from the Maintenance and Construction Committee.

18a Entertain Motion to Approve Revisions to Contractor Hours, Resolution 01-16-08, to be Adopted Community Wide (initial notification – must postpone to November to conform to the 30 day notification requirement)

Secretary of the Board, Director Juanita Skillman, read the following draft revisions to Contractors Hours, to be adopted Community wide:

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

- 7:00a.m. to 5:00p.m. – Monday through Friday with contractors performing only quiet work between 7:00a.m. to 8:00a.m.
- 9:00a.m. to 3:00p.m. – Saturdays
- No work on Sundays and VMS Observed Holidays

All Contractors will be required to apply for a Vendors Work Permit to perform work in the Village. This will allow all the Mutuels to better manage and supervise work performed within the Village.

Director Skillman moved to approve the revisions to the Contractors hours as written above. Director Dorrell seconded the motion. Discussion ensued.

By a vote of 9-0-0 (Director English was absent for the vote) the motion carried and the resolution was postponed to the November meeting to satisfy the 30-day notification requirement, to comply with Civil Code §4360.

18b Discuss and Consider Adding a Total of 23 Kitchen and Bath Floor Vinyl Material Color Choices for Members and Approve Six New Color Selections to Keep in Stock for Replacement

Director Skillman moved to approve adding a total of 23 kitchen and bath floor vinyl material color choices for Members and approve six new color selections to keep in stock for replacement. Director Dorrell seconded the motion. Discussion ensued.

Member Mary Stone (356-C) commented on the motion.

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

(19) Energy Committee

Director Lydick reported from the Energy Committee.

(20) Landscape Committee

Director Lydick reported from the Landscape Committee.

(21) Governing Documents Review Committee

Director Skillman reported from the Governing Documents Review Committee.

(22) Laguna Woods Village Traffic Hearings

Director Skillman reported from the Laguna Woods Village Traffic Hearings.

(23) Report on Disciplinary Cases

Director Copley reported on the Disciplinary cases.

(24) UNFINISHED BUSINESS

24a Entertain Motion to Approve Revisions to the United Appliance Policy - (30-Day notification to comply with Civil Code §4360 has been satisfied)

Secretary of the Board, Director Juanita Skillman, read the following resolution approving revisions to the United Appliance Policy, which was postponed in August to satisfy the 30-day notification requirement, Civil Code §4360:

RESOLUTION 01-16-96

Appliance Policy

WHEREAS, the United Laguna Woods Mutual has a policy for the repair and replacement of specific major appliances maintained within the Mutual's dwelling units; and

WHEREAS, staff has investigated and analyzed the level of effort required to replace the various appliances and the impact this activity has on the overall performance of the corporation;

NOW THEREFORE BE IT RESOLVED, September 13, 2016, the Board of Directors of this Corporation hereby approves the revised Appliance Policy to shift non-standard appliances to the Member; and

RESOLVED FURTHER, that Resolution 01-03-43, adopted February 13, 2003, is hereby superseded and cancelled.

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 Skillman moved to approve the resolution as written. Director Tibbetts seconded the motion. Discussion ensued.

Members Roberta Berk (933-B), Dick Rader (270-D) and Cynthia Statsmann (910-Q) commented on the resolution.

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

24b Entertain Motion to Approve Revisions to the United Membership Elections Standard Operating Procedure, Effective Following the 2016 Election Cycle - (30-Day notification to comply with Civil Code §4360 has been satisfied)

Secretary of the Board, Director Juanita Skillman, read the following resolution approving revisions to the United Membership Elections Standard Operating Procedure, effective following the 2016 election cycle, which was postponed in August to satisfy the 30-day notification requirement, Civil Code §4360:

RESOLUTION 01-16-97

United Membership Elections Standard Operating Procedure

WHEREAS, 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 September 13, 2016, 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 01-15-33 adopted March 10, 2015, 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 Skillman moved to approve resolution as written. Director LaBarge seconded the motion. Discussion ensued.

Members Dick Rader (270-D), Mary Stone (356-C) and Maxine McIntosh (68-C) commented on the resolution.

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

(25) NEW BUSINESS

25a Entertain Motion to Approve Discontinued Use of Individual Recognition Agreements (Initial notification – must postpone to November to conform to the 30 day notification requirement)

Secretary of the Board, Director Juanita Skillman, read the following proposed resolution approving discontinued use of Individual Recognition Agreements:

Resolution 01-16-XX

Discontinued Use of Individual Recognition Agreements

WHEREAS, the United Laguna Woods Mutual Board of Directors is aware of its fiduciary duty to protect the financial well-being of the Corporation, and

WHEREAS, United Laguna Woods Mutual Bylaws, Article III, Section 1 provides that prospective members unable to satisfy financial requirements may be approved for Membership if another financially qualified person enters into an Agreement with the Corporation to become financially responsible for expenses associated with such membership and that other person meets the financial requirements established by the Corporation, and

WHEREAS, a Guarantor Agreement has been developed to comport with the Article III, Section 1 of the Bylaws and has been in use for many years, and

WHEREAS, no financial qualifications were ever developed for individual (private) lenders and, historically, Individual Recognition Agreements have not been honored and/or have been subject to abuse, and

WHEREAS, prospective members currently have ~~three~~ **two** avenues available to satisfy United Laguna Woods Mutual financial requirements: 1. they may qualify financially on their own merits; ~~2. they may obtain~~ **with or without a** loan from a ~~recognized~~ qualified financial institution who have entered into an individual recognition agreement with the Corporation such as NCB; or 3. **2.** they may obtain a Guarantor who meets the financial qualifications established by United Laguna Woods Mutual from time to time,

NOW THEREFORE BE IT RESOLVED, October 17, 2016, that United Laguna Woods Mutual hereby discontinues the practice of entering into Individual Recognition Agreements with individual (private) lenders, 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 Skillman moved to approve postponement of the resolution to the November Regular Board meeting, to comply with Civil Code §4360. Director Dorrell seconded the motion. Discussion ensued.

Director Skillman moved to accept the amendments to the resolution. Director Tibbetts seconded the motion.

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

25b Entertain Motion to Rescind Resolution U-89-94; Who May Occupy (Initial notification – must postpone to November to conform to the 30 day notification requirement)

The Board discussed rescinding Resolution U-89-94; who may occupy.

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 occupied with the following exceptions:

1. approved lessees; and
2. children purchasing a dwelling unit for a parent; and

WHEREAS, said policy limits the occupancy of non-owners to co-occupancy with a bona fide owner or co-owner of record or approved lessee; 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, that the board of directors of this corporation hereby authorizes its managing agent to mail a written notice to said escrow and realty offices concerning this policy.

Director Skillman moved to approve postponement of rescinding the resolution to the November regular Board meeting, to comply with Civil Code §4360. Director Dorrell seconded the motion. Discussion ensued.

Member Maxine McIntosh (68-C) commented on the resolution.

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

Without objection the Board agreed that in Staff reports that Corporate Counsel reviewed it would be noted under Reviewed by.

(26) GRF COMMITTEE HIGHLIGHTS

Directors provided brief highlights from GRF Committees.

(27) DIRECTORS' FORUM

The Directors made final comments.

(28) MEETING RECESS

The Regular Open Session Meeting recessed for lunch at 12:45 PM and reconvened into the Regular Executive Session at 1:30 PM.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 4:50 PM.

Juanita Skillman, Secretary
United Laguna Woods Mutual

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

During the August 9, 2016, Regular Executive Session meeting, the Board reviewed and approved the July 12, 2016, – Regular Executive Session, the July 26, 2016, – Special Executive Session, the July 28, 2016, – Special Executive Hearings Committee, and the August 3, 2016, – Special Executive Session as written; approved one (1) hearing request; held one (1) Disciplinary Hearing and imposed \$100 in fines for violations of the Mutual's rules and regulations; held three (3) meet and Confers; discussed the Delinquency Report; discussed and considered numerous Member Disciplinary matters; discussed and considered Member Requests; discussed the Appliance Policy with Corporate Counsel; discussed Personnel matters; discussed and considered Membership and Occupancy matters; discussed and considered Contractual matters; and discussed and considered Litigation matters.

During the August 16, 2016, Special Emergency Executive Session Board meeting, the Board discussed and Considered membership matters.

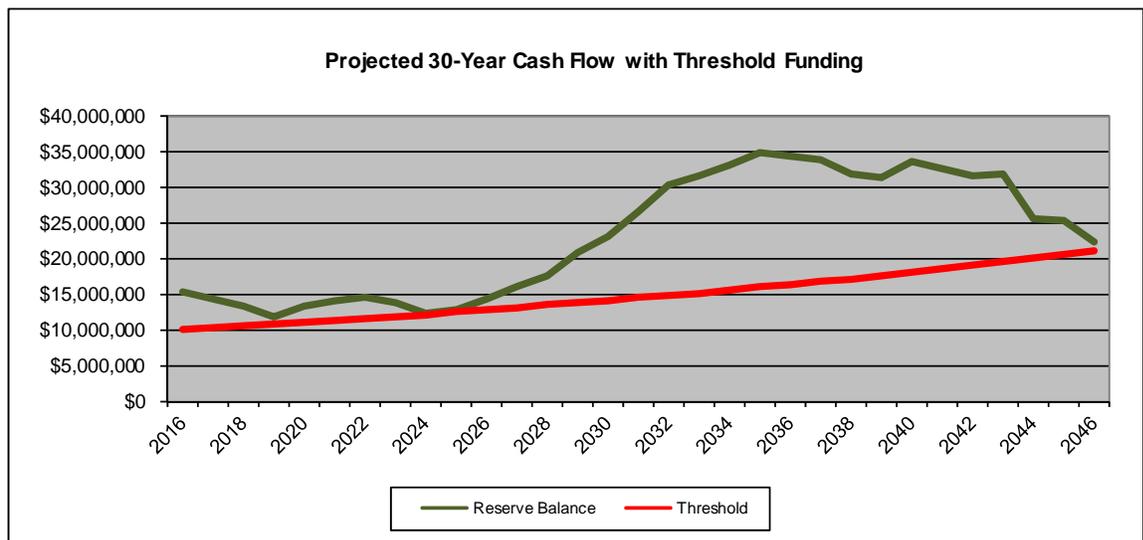
During the August 25, 2016, Special Executive Hearing Committee Board meeting, the Board held five (5) member Disciplinary Hearings; approved two (2) Hearing Recommendations; held one (1) Meet and Confer; and held one (1) Common Area Damage Reimbursement hearing.

During the September 6, 2016, Special Executive Board meeting the Board discussed and considered Resale and Leasing member matters.

**United Laguna Woods Mutual
 2017 RESERVES PLAN
 Reserve 30-Year Funding Plan**

Threshold (Min Balance): \$ 10,200,000
 Indexed for projected inflation

Year	Assessment		Interest Earnings	Other Additions	Planned Expenditures	Reserve Balance
	Per Manor Per Month	Total Contribution				
2016	\$ 138.01	\$ 10,471,647	\$ 214,266		\$ 11,169,250	\$ 15,170,184
2017	\$ 138.00	\$ 10,470,888	\$ 204,196		\$ 11,640,398	\$ 14,204,870
2018	\$ 140.00	\$ 10,622,640	\$ 239,011		\$ 11,716,809	\$ 13,349,712
2019	\$ 142.00	\$ 10,774,392	\$ 217,777		\$ 12,585,043	\$ 11,756,838
2020	\$ 144.00	\$ 10,926,144	\$ 216,902		\$ 9,650,982	\$ 13,248,903
2021	\$ 146.00	\$ 11,077,896	\$ 235,780		\$ 10,629,395	\$ 13,933,184
2022	\$ 148.00	\$ 11,229,648	\$ 247,317		\$ 10,831,202	\$ 14,578,947
2023	\$ 150.00	\$ 11,381,400	\$ 244,651		\$ 12,579,202	\$ 13,625,796
2024	\$ 152.00	\$ 11,533,152	\$ 224,124		\$ 13,170,540	\$ 12,212,532
2025	\$ 154.00	\$ 11,684,904	\$ 215,543		\$ 11,476,517	\$ 12,636,463
2026	\$ 156.00	\$ 11,836,656	\$ 233,008		\$ 10,480,083	\$ 14,226,044
2027	\$ 158.00	\$ 11,988,408	\$ 262,038		\$ 10,493,270	\$ 15,983,220
2028	\$ 160.00	\$ 12,140,160	\$ 290,686		\$ 10,885,357	\$ 17,528,710
2029	\$ 162.00	\$ 12,291,912	\$ 332,274		\$ 9,375,184	\$ 20,777,712
2030	\$ 164.00	\$ 12,443,664	\$ 379,049		\$ 10,679,166	\$ 22,921,259
2031	\$ 168.00	\$ 12,747,168	\$ 428,940		\$ 9,567,966	\$ 26,529,401
2032	\$ 172.00	\$ 13,050,672	\$ 493,311		\$ 9,731,081	\$ 30,342,303
2033	\$ 176.00	\$ 13,354,176	\$ 537,185		\$ 12,646,258	\$ 31,587,406
2034	\$ 180.00	\$ 13,657,680	\$ 560,069		\$ 12,824,570	\$ 32,980,585
2035	\$ 184.00	\$ 13,961,184	\$ 586,545		\$ 12,888,662	\$ 34,639,652
2036	\$ 188.00	\$ 14,264,688	\$ 598,388		\$ 15,156,845	\$ 34,345,883
2037	\$ 192.00	\$ 14,568,192	\$ 591,722		\$ 15,634,566	\$ 33,871,231
2038	\$ 196.00	\$ 14,871,696	\$ 569,040		\$ 17,581,055	\$ 31,730,912
2039	\$ 200.00	\$ 15,175,200	\$ 547,071		\$ 16,114,604	\$ 31,338,579
2040	\$ 204.00	\$ 15,478,704	\$ 563,391		\$ 13,768,352	\$ 33,612,323
2041	\$ 208.00	\$ 15,782,208	\$ 574,298		\$ 17,372,801	\$ 32,596,027
2042	\$ 212.00	\$ 16,085,712	\$ 555,354		\$ 17,808,746	\$ 31,428,347
2043	\$ 216.00	\$ 16,389,216	\$ 548,954		\$ 16,508,330	\$ 31,858,187
2044	\$ 220.00	\$ 16,692,720	\$ 496,990		\$ 23,610,230	\$ 25,437,668
2045	\$ 224.00	\$ 16,996,224	\$ 440,567		\$ 17,521,098	\$ 25,353,361
2046	\$ 228.00	\$ 17,299,728	\$ 413,787		\$ 20,716,458	\$ 22,350,418



Appliance Policy
Adopted September 13, 2016
Resolution 01-16-96

1.0 Purpose & Scope

- 1.1 **Purpose:** The purpose of this document is to define the policies of United Laguna Woods Mutual regarding the repair and replacement of specific major appliances maintained within the Mutual's dwelling units.
- 1.2 **Scope:** Major appliances maintained within the Mutual's dwelling units incorporated within this policy include refrigerators, cook tops, hoods, ranges and ovens. The Mutual will maintain and replace dishwashers in the dwelling units following the guidelines set forth in this policy.

2.0 Definitions

- 2.1 **Standard:** a specific model and brand manufacturer of appliances to be installed by the Mutual within the dwelling unit as established by the Board.
- 2.2 **Non-Standard:** any model and brand manufacturer of appliances to be installed by the Member other than the standard. The new appliance is considered to be an alteration and subject to the Mutual's alteration policies. A standard appliance with upgraded features, i.e., those that are of the same brand name as the Mutual standard brand appliances, but is a model whose features exceed those of the Mutual standard issue appliance, shall also be considered non-standard.
- 2.3 **Grandfathered:** any appliance owned by the Mutual prior to September 13, 2016. The Mutual will continue to be responsible for service and repairs to standard appliances and operating features for these appliances unless and until the Member opts for a non-standard appliance.
- 2.4 **Serviceable Life:**
- 2.4.1 The Board establishes the serviceable life of an appliance. The Mutual's replacement reserves are based upon the established serviceable life for each appliance.
- 2.4.2 The serviceable life established by the Board for each appliance category is as follows:

Appliance	Serviceable Life
Cooktops	20 years
Hoods	20 years
Ovens	20 years
Refrigerators	20 years
Dishwashers	12 years

Ranges	20 years
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2.4.3 The serviceable life of a standard appliance begins on the date of installation.

2.4.4 The serviceable life of a standard dishwasher not installed by the Mutual begins on the date of permit issuance, the date of purchase or installation as indicated by verifiable documentation, or as indicated by the manufacturer based upon the serial number and model number.

3.0 Standard Appliances

3.1 Mutual appliances are replaced at Mutual cost upon failure, non-reparability, excessive cost to repair as compared to value of the appliance's remaining serviceable life, or upon request at the end of the serviceable life.

3.2 Appliances replaced by the Mutual will be standard issue appliances.

3.3 All Mutual owned appliances are required to be returned to the Mutual upon replacement.

3.4 Appliances installed within the dwelling units by the Mutual remain the sole property of the Mutual.

3.5 Mutual members are responsible for ensuring the appliances owned by the Mutual are present in the manor at the time of resale inspection and resale escrow closure.

3.6 The Mutual will pick up any Mutual-owned appliance, at the Mutual's expense and at no charge to the Member, from the manor to which it is assigned.

3.7 Procurement:

3.7.1 The Member is required to contact the Resident Services Department to report the condition of the appliance and request eligibility for replacement.

3.7.2 If the Member qualifies for replacement the Member is required to sign an "Application for Appliance Changes" form to order the new appliance.

3.7.3 If the Member does not qualify for replacement the Member may opt for a non-standard appliance.

3.8 Installation:

3.8.1 The Mutual is responsible for all costs associated with installation of standard appliances, including any costs for cabinet modification, excluding Member altered cabinets, required for accommodating changes in the dimensions of the Mutual standard issue appliance.

3.8.2 The Mutual will not install standard appliances when altered countertops or cabinets are present. The Mutual will be responsible for “delivery only” and the Member shall be responsible for installation.

3.9 Maintenance:

3.9.1 The Mutual is responsible for repair for standard appliances.

3.9.2 The Mutual’s agent will not perform repairs to or service any appliances during the period in which the appliance is under warranty by the manufacturer, as servicing a unit while under warranty would void the manufacturer’s warranty.

3.9.2.1 Arranging for repairs with the warranting manufacturer during the warranty period is handled directly by the Mutual Member. The Mutual does not provide coordination of warranty service.

3.9.3 Any necessary repairs determined by the Mutual’s agent resulting from user negligence and/or misuse will be charged to the Member.

3.9.4 The Mutual will provide removal of an existing appliance at the time of replacement by the Mutual.

3.10 Rental Units: The Mutual Member is responsible for ensuring that his/her tenants take proper care of all Standard Appliances installed in the unit. Any and all repair or maintenance issues for Standard Appliances in a rental unit must first be reported directly to the Mutual Member for handling. If the repair or maintenance is due to ordinary wear and tear or otherwise not attributable to the conduct of the user, the Mutual Member may contact the Mutual to perform the necessary repairs or maintenance. The Mutual Member shall be solely responsible for any negligent use or willful misuse of Standard Appliances, and any resultant damage, caused by his/her tenants and guests. The Mutual Member shall notify his/her tenants and guests of the requirements and protocol in this Policy.

4.0 Non-Standard Appliances

4.1 The Mutual Member may select an appliance other than the standard.

4.2 Non-standard appliances are considered to be an alteration and subject to the Mutual’s alteration policies.

4.3 The Mutual Member may opt to replace any of the Mutual’s appliances within the dwelling units at any time during the applicable serviceable life, at the Mutual Member’s sole cost and expense.

- 4.4 At no time will a transfer of ownership to the Mutual of the Mutual Member's appliance be made.
- 4.5 All appliances installed by the Mutual Member are the property of the Mutual Member.
- 4.6 All Mutual owned appliances are required to be returned to the Mutual upon replacement. The Mutual will pick up a standard appliance upon request.
- 4.7 A one-time disbursement amount per appliance may be provided to the Member for associated costs shared by both the Mutual and Mutual Member.
 - 4.7.1 The disbursement amount will be prorated based upon remaining serviceable life and allowance would be based upon pricing for the standard options.
 - 4.7.2 The methodology for calculation of the prorated cost participation is explained in Appendix 1.
- 4.8 Procurement:
 - 4.8.1 The Member is required to contact the Resident Services Department to request a one-time disbursement amount.
 - 4.8.2 The Member is required to sign an "Application for Non-Standard Appliance" form to receive the disbursement amount.
 - 4.8.3 The Mutual Member is responsible for purchasing of the non-standard appliance.
- 4.9 Installation:
 - 4.9.1 The Mutual Member is responsible for scheduling delivery, installation, and any cabinet modifications.
 - 4.9.2 The Mutual's agent will not install any appliances considered non-standard.
- 4.10 Maintenance:
 - 4.10.1 The Mutual Member is responsible for any and all maintenance, repair, replacement and removal of non-standard appliances.
 - 4.10.2 The Mutual may service non-standard General Electric appliances as a chargeable service.
- 4.11 Rental Units: The Mutual Member is responsible for all Non-Standard Appliances in the unit, including but not limited to, any repair or maintenance necessitated by his/her tenants and guests. Any and all

repair or maintenance issues for Non-Standard Appliances in a rental unit must be reported directly to the Mutual Member for handling and not to the Mutual. The Mutual Member shall be solely responsible for any misuse or negligent use of Non-Standard Appliances, and any resultant damage, caused by his/her tenants and guests. The Mutual Member shall notify his/her tenants and guests of the requirements and protocol in this Policy.

5.0 Notification

5.1 By way of a written statement signed at the close of escrow, each Mutual Member shall be notified of the Mutual's appliance policies.

5.2 Prior to the close of escrow, all non-standard appliances in the dwelling unit for which the Mutual Member is responsible will be disclosed in writing.

5.3 Copies of all policies will be available to all Mutual Members.

APPENDIX 1

Prorated Cost Calculations

The age of an appliance is determined by the difference between the installation date and the estimated replacement date.

For example, if an appliance was installed September 28, 1999 and the Mutual Member requested replacement on July 11, 2016 the age of the appliance would be 16 years and 8 months.

The prorated cost calculation is applied to the material cost of the replacement unit to determine the prorated material cost.

The prorated cost calculation is applied to the labor portion of a standard installation (based on standard hours and the current annual billing rate for the electrical/appliance work center) to determine the prorated installation cost.

A service charge is applied to each prorated replacement request.

The estimation of prorated costs is done through a computerized system that calculates the costs; no manual calculations are provided. This system was devised to minimize errors and afford all Mutual Members equal and unbiased information.

UNITED LAGUNA WOODS MUTUAL

Manor No: 0
 Date: January 0, 1900

UNITED LAGUNA WOODS MUTUAL APPLICATION FOR APPLIANCE CHANGE S

NAME: 0 PHONE: -
 ("Mutual Member")
 ADDRESS: 0
 APPLIANCE CHANGE(S) REQUESTED: Hood (w/rewire) 0 0

STATEMENT OF LIABILITY

The undersigned Mutual Member agrees to the following Mutual Policy regarding appliance replacements: (1) Any new appliances installed in response to this request are the property of United Laguna Woods Mutual; (2) the new appliance will be installed in lieu of the appliance replaced, the appliance removed will be returned to the property inventory (warehouse) and remuneration of this item will be credited to the inventory account; and (3) the new appliance will remain within the manor regardless of any change of occupancy or of sale of interest in the manor, except as expressly authorized by United Laguna Woods Mutual.

Fluctuations in appliance prices may result in price variations. Any electrical cords, receptacles, etc. that may be necessary for mounting and/or hookup of the new appliance will be added to the final cost. The undersigned be responsible for all prorated costs as shown below. Upon receipt of the appliance in the warehouse, an installation appointment will be scheduled with the undersigned. A billing statement for the appliance and all applicable charges will be mailed to the undersigned following the installation of the appliance.

Hood Requested:	\$	-	Appliance Cost
	\$	-	Prorated Material Credit
	\$	-	Prorated Material Charge
	\$	-	Prorated Labor Charge
	\$	-	Service Charge
	<u>\$</u>	<u>-</u>	<u>Total to be Charged to Member</u>

Special Note: If the requested item is an UPGRADE, the Mutual member is responsible for any required cabinetry modification work. Applicable costs for parts, repair and maintenance of non-standard items are also the responsibility of the Mutual Member.

Special Note: Cancellation of this contract will only be accepted within 30 days of the date noted above. General Electric charges a restocking fee on items returned to the warehouse; this fee is the sole responsibility of the Mutual member upon Mutual Member's cancellation of this order. Failure to cancel within 30 days will result in the full cost of the appliance being posted to the Member's account.

 Signature of Mutual Member _____
 Date

Please sign one original of this application/agreement and return to:

**PCM Property Services Department
 P.O. Box 2220
 Laguna Woods, CA 92654**

The duplicate original is for your records
 If you have any questions, please call the Service Desk at (949) 597-4600

**UNITED MEMBERSHIP ELECTIONS
STANDARD OPERATING PROCEDURE
Adopted May 14, 2013 RESOLUTION 01-13-90
Revised March 10, 2015 RESOLUTION 01-15-33
Revised September 13, 2016 RESOLUTION 01-16-97**

1. **Definitions**

- a. "Corporation" shall refer to the United Laguna Woods 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. While a candidate for the Board and during their term as a Director, if elected, the Candidate shall be obligated to be a current member of United having resided in his/her unit, as their primary residence, for a minimum of six months..
 - v. Further, the Board may disqualify any candidate where the candidate or the candidate’s spouse has a conflict of interest with the Corporation, financial or otherwise, which engages in business transactions with the Corporation, if such candidate 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.
 - vi. A convicted felon may not serve as a Director.
 - vii. Related persons, by blood, may not serve as a Director at the same time.
- 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 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 Length of residency in United; and
 - 4. Statement of personal philosophy (optional).
- e. Each candidate for a Director position is responsible to directly forward their candidate statement, electronically, to the Inspector of Election and Corporate Secretary 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***
- 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 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 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)) and only one such Member may run for, and serve on, the Board at any one time.
- 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. 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 the Articles of Incorporation, Bylaws or Occupancy Agreement, removal of directors 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. . 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 United, 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. 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.
- c. 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.
- d. 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.
- e. An Inspector or Inspectors may appoint and oversee additional persons to 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 help 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: assessment increases; election and removal of directors; amendments to the Governing Documents (i.e., Articles of Incorporation, Bylaws and Occupancy Agreement); 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 20% of the eligible voting power signing a written request and delivering same to any Corporation officer Per Bylaws, Section 9(c).
 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 Articles of Incorporation, 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.