

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

September 12, 2006

The Regular Meeting of the Board of Directors of United Laguna Hills Mutual, a California Non-Profit Mutual Benefit Corporation, met on Tuesday September 12, 2006, at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Beth O'Brien, Don Tibbetts, Linda Wilson, Jim McNulty, Bevan Strom, Ken Hammer, Mary Stone, Burns Nugent

Directors Absent: None

Others Present: Milt Johns, Patty Fox, Janet Price (10:00 A.M. – 10:40 A.M.)
Executive Session: Milt Johns, Patty Fox, Cris Trapp

CALL TO ORDER

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

A moment of silence was held to honor the US Troops serving our country and those placed in harm's way.

PLEDGE OF ALLEGIANCE

Director Mary Stone led the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

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

MEMBER COMMENTS

- Pat Whitson (3-H) provided suggestions for future board members
- Roy McLane (2087-E) commented on GRF trust and ownership
- Libby Marks (82-Q) commented on the installation of the Shepherd Crooks on the wall behind Vons
- Barbara Copley (410-D) commented on ownership of GRF property
- John Dalis (8-P) requested that the Board correct his statement in the August 8, 2006 minutes
- Jerry Sheinblum (3488-C) announced the next CCA Townhall Forum at Clubhouse Five

APPROVAL OF AGENDA

The agenda was approved as amended by adding 10(b) Legislative Update on AB770 under the General Manager's comments.

APPROVAL OF MINUTES

The Minutes of the Special Meeting (Business Plan) of June 28, 2006, and the Special Meeting (Business Plan) of July 26, 2006 were approved as submitted. The Minutes of the Regular Meeting of August 8, 2006 were amended by revising John Dalis' resident comment to state "commented on increasing the speed limit around Clubhouse Three." The Minutes of the Special Meeting of August 9, 2006 were approved as amended by removing the word "Stone" after "O'Brien" on page 2 under Directors Forum.

OLD BUSINESS

President O'Brien reported on the need to revise the election procedure pertaining to 7(a) (i) and indicated that the revisions do not need to go through the thirty-day notification process since the change comports with the current law.

Ms. Janet Price entered the meeting at 10:00 A.M.

The Secretary of the Corporation, Director Bevan Strom, read a proposed resolution on approving revised election procedures. Director Strom moved to approve the resolution. Director Mary Stone seconded the motion. Discussion ensued on additional changes.

By way of consensus Section 6(e) was amended to include the statement "and for formatting of election materials" after the word "eligibility," and to eliminate the "e" after the letter "7" on page 5.

Mutual Member Rhoda Lindner (2019-C) suggested additional changes to the SOP.

By a vote of 7-0-0 the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-06-87

WHEREAS, California Civil Code § 1363.03 becomes operative on July 1, 2006 and requires the adoption of rules regarding election procedures, appointment of inspectors of election, voting by secret ballot, proxy and ballot instructions, publication of election results, and retention of ballots; and

WHEREAS, California Civil Code § 1363.03 (e) requires the mailing of ballots not less than 30 days prior to the deadline for voting, which language impacts and supersedes timing requirements contained in Articles V and VIII of the United Laguna Hills Mutual By-Laws; and

WHEREAS, the United Ad Hoc Elections Committee has evaluated California Civil Code § 1363.03 and (a) identified changes that are required to the existing procedure and (b) developed a proposed election policy; and Legal Counsel has reviewed questions and issues regarding the policy;

NOW THEREFORE BE IT RESOLVED September 12, 2006 that the Board of Directors of this Corporation hereby adopts the United Membership

Elections Standard Operating Procedure as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 01-06-49 adopted June 13, 2006 is hereby superseded and cancelled; and

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

NEW BUSINESS

The Secretary of the Corporation read a proposed resolution on approving the 2007 Business Plan. Director Strom moved to approve the resolution. Director Linda Wilson seconded the motion. Discussion ensued.

Mutual Member Barbara Copley (410-D) addressed the Board on basic assessments.

By a vote of 7-0-0 the motion carried and the Board of Directors adopted the following resolution:

UNITED LAGUNA HILLS MUTUAL 2007 BUSINESS PLAN

RESOLUTION 01-06-88

RESOLVED, September 12, 2006, that the Business Plan of this corporation for the year 2007 is hereby adopted and approved; and

RESOLVED FURTHER, that pursuant to said Business Plan, the Board of Directors of this corporation hereby estimates that the net sum of \$31,035,745 is required by the corporation to meet the United Laguna Hills Mutual operating expenses and reserve contributions for the year 2007, from which will be deducted \$75,876 derived from prior years' surplus. In addition, the sum of \$15,332,420 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 2007. Therefore, a total of \$46,292,289 is required to be collected from and paid by members of the corporation as monthly assessments; and

RESOLVED FURTHER, that the Board of Directors of this corporation hereby approves expenditures from reserves in the sum of \$5,008,515, which shall be expended from the Replacement Fund; and

RESOLVED FURTHER, that all sums paid into the Replacement Reserve 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 2007 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 2007; 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.

The Secretary of the Corporation read a proposed resolution on approving the 2007 Replacement Reserves Plan. Director Strom moved to approve the resolution. Director Wilson seconded the motion. Discussion ensued.

Mutual Member Libby Marks (82-Q) addressed the Board on the resolution.

By a vote of 6-1-0 (Director Nugent opposed) the motion carried and the Board of Directors adopted the following resolution:

**UNITED LAGUNA HILLS MUTUAL
2007 REPLACEMENT RESERVES RESOLUTION**

RESOLUTION 01-06-89

WHEREAS, Civil Code § 1365.2.5 requires specific reserve funding disclosure statements for common interest developments; and

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

NOW THEREFORE BE IT RESOLVED, September 12, 2006, that the Board has developed and hereby adopts the Replacement Reserves 30-Year Funding Plan (attached) with the objective of maintaining replacement reserve balances at or above a threshold of \$3,500,000 (indexed for projected inflation), 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.

Ms. Price left the meeting at 10:40 A.M.

Mr. Johns introduced a letter to the City of Laguna Woods regarding Public Rights of Way and stated that the purpose of the letter is to stimulate and encourage communications with City Staff and City Council on public rights of way issues. Discussion ensued on the letter.

Director McNulty made a motion to approve the letter. Director Wilson seconded the motion.

Mutual Members Libby Marks (82-Q), Barbara Copley (410-D), Dick Sharp (887-Q), and Maxine McIntosh (68-C) addressed the Board on the letter.

By a vote of 2-5-0 (Directors Wilson and Nugent voted in favor) the motion failed.

President O'Brien informed the Board and membership of a special meeting to be held on October 4, 2006, as required by state law, for the counting of the 2006 election ballots, and specified on how the meeting shall be run.

Director Stone made a motion to open the floor to allow Members to speak on the issue. Director Burns Nugent seconded the motion and the motion carried.

Mutual Member Rhoda Lindner (2019-C) commented on announcing the winners.

The Secretary of the Corporation read the proposed changes to the Committee Appointments. Director Strom moved to approve the resolution. Director Wilson seconded the motion.

Mutual Member Libby Marks (82-Q) commented on the changes.

By way of consensus the Board added Ken Hammer to the United Looks Ahead Committee in place of Larry Dersh, resigned.

By a vote of 7-0-0 the motion carried and the Board of Directors adopted the following resolution.

RESOLUTION 01-06-90

RESOLVED, September 12, 2006, that the following persons are hereby appointed to serve the corporation in the following capacities:

Officers

Beth O'Brien, President
Don Tibbetts, 1st Vice Pres.
Ken Hammer, 2nd Vice Pres.
Bevan Strom, Secretary
Jim McNulty, Treasurer

Finance Committee

Jim McNulty, Chair

Larry Dersh, Vice Chair, removed due to resignation

Bevan Strom

Linda Wilson

Advisors: Paul Vogel

Maintenance & Construction Committee

Don Tibbetts, Chair

Ken Hammer, Vice Chair

Burns Nugent

Mary Stone

Advisors: Chuck Zoffer, Lloyd Foster (replacing Earl Barber)

Landscape Committee

Ken Hammer, Chair

Don Tibbetts, Vice Chair

Burns Nugent

Bevan Strom

Advisors: Maxine McIntosh

United Looks Ahead

Burns Nugent, Chair

Mary Stone, Vice Chair

Don Tibbetts

Ken Hammer, replaced Larry Dersh

Advisors: Libby Marks, Barbara Copley, Maxine McIntosh

Resident Relations (Ombudsman)

Linda Wilson

Jim McNulty

Traffic Court

Linda Wilson, Chair

Per rotation list

New Resident Orientation

Per Rotation List

Select Audit

Jim McNulty

Linda Wilson, (replacing Larry Dersh)

RESOLVED FURTHER, that Resolution 01-06-72, adopted July 21, 2006 is hereby superseded and canceled.

The Secretary of the Corporation read the proposed changes to the GRF Committee Appointments. Director Strom moved to approve the resolution. Director McNulty seconded the motion.

By a vote of 7-0-0 the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 01-06-91

RESOLVED, September 12, 2006, that, in compliance with Article 7, Section 7.2 of the Golden Rain Foundation Bylaws, adopted May, 2002, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Business Planning

Jim McNulty, Treasurer
Beth O'Brien, President

Bus Services

Linda Wilson
Mary Stone

Broadband Services

Beth O'Brien, (replacing Larry Dersh)
Burns Nugent

Community Activities

Bevan Strom
Jim McNulty, (replacing Larry Dersh) (Equestrian Advisory)

Finance

Jim McNulty
Linda Wilson, (replacing Larry Dersh)

Government & Public Relations

Bevan Strom
Mary Stone

GRF Maintenance & Construction

Don Tibbetts
Ken Hammer

Security

Linda Wilson
Ken Hammer

GRF Landscape Committee

Ken Hammer
Don Tibbetts

Trails and Signs Sub-Committee

Mary Stone
Jim McNulty

Transportation Sub-Committee

Ken Hammer

Laguna Canyon Foundation

Linda Wilson

RESOLVED FURTHER, that Resolution 01-06-73, adopted July 21, 2006 is hereby superseded and cancelled.

The Secretary of the Corporation read the following proposed resolution on approving a policy on electronic recordation of meetings:

RESOLUTION 01-06

WHEREAS, the written recording of minutes/reports is an essential function of any corporate business entity and serve as prima facie evidence of what transpired at the meeting; and thus there is no compelling need for personal electronic recordation of any of the meetings of the association; and

WHEREAS, by way of Channel 6, the meetings of the Board of Directors of United have been electronically recorded for years and are thus available to all units within the Mutual both as live broadcasts as well as reruns and by way of purchase from GRF;

NOW THEREFORE BE IT RESOLVED, November 14, 2006 that the Board of Directors of this Corporation hereby ~~disallows personal electronic recordation of any kind by members of the Corporation at any meeting of the association, and will continue to use Channel 6 to electronically record and broadcast meetings of the Board of Directors~~ **will continue to use broadband services provided by GRF to electronically record and broadcast meetings of the Board of Directors and hereby disallows electronic recordation of any other kind at any meeting of the association;** and

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

Director Strom moved to approve the resolution. Director McNulty seconded the motion. Discussion ensued.

Director Strom amended the motion to strike the words "by members of the corporation" in the third paragraph. The motion was seconded. Discussion ensued.

Mutual Members Ken Bennett (942-A) and Barbara Copley (410-D) commented on the resolution.

By a vote of 1-6-0 (Director Nugent voted in favor) the amendment failed.

Director Wilson amended the motion to strike out the words "disallows personal electronic recordation of any kind by members of the Corporation at any meeting of the association, and will continue to use Channel 6 to electronically record and broadcast meetings of the Board of Directors" and replace with "will continue to use broadband services provided by GRF to electronically record and broadcast meetings of the Board of Directors and hereby disallows electronic recordation of any other kind at any meeting of the association."

The motion was seconded and carried by a unanimous vote of 7-0-0.

Director McNulty made a motion to table the resolution to satisfy the required statutory thirty-day notice requirements. Director Wilson seconded the motion and the motion carried unanimously.

The Secretary of the Corporation read the following proposed resolution on establishing a policy on displaying advertising/publishing materials:

RESOLUTION 01-06-

RESOLVED, November 14, 2006 that the Board of Directors of this Corporation hereby establishes the following policy for the distribution of publications, advertisement, announcements, campaign material, petitions and printed literature on property owned and managed by the Corporation (hereinafter "Material"):

Any individual or entity wishing to distribute Materials to Members of United Laguna Hills Mutual shall comply with all distribution rules by completing an Application which provides the following information:

1. The name of the individual or entity intending to distribute Material to Members of United Laguna Hills Mutual;
2. The address, phone number, fax number, e-mail address and other pertinent identifying information as to permit contact with the Applicant;

3. If applicable, any name or names of contact persons representing the Applicant;
4. If applicable, the name or names of the particular employees or agents who will be distributing the Material on behalf of the Applicant;
5. A sample or samples of the Material to be distributed;
6. A brief statement as to the date and times and frequency with which the Applicant intends to deliver its Material;
7. A statement to be executed by the Applicant pursuant to which the Applicant acknowledges that he, she, or it will be responsible for all acts of any person(s) distributing Material on its behalf;
8. An Acknowledgement by the Applicant that it shall only be entitled to distribute Material following receipt of an approved Application by United Laguna Hills Mutual, its agents, or designees (i.e. the Golden Rain Foundation);
9. The Applicant shall be required to produce a copy of the completed Application form to the community's managing agent or other representative, upon request.

RESOLVED FURTHER, that the basic rules for which all of the Applicants shall be required to follow shall be as follows:

1. While on property owned and managed by the Corporation, knocking on doors, business solicitation, or other behavior which intrudes on the privacy of United Mutual residents is prohibited.
2. Door-to-door distribution of Material shall be permitted, as long as residents are not disturbed.
3. Material may only be left at the thresholds of front doors.
4. Material shall not be distributed in community facilities, on vehicles, door knobs, mail boxes, trees, benches, walkways, laundry facilities, street light poles, gates/fences or any other surfaces owned and managed by the Corporation.
 - a. Laundry room bulletin board postings are limited to flyers/announcements for an event or trip sponsored by an approved Laguna Woods Village club or organization.
 - i. Only one flyer per organization is allowed at any one time, limited to a size of 8.5" x 11".
 - ii. Each flyer must positively identify the Club name and the telephone number of a club representative.
 - iii. Permitted flyer
 - iv. Permitted flyers /announcements shall not be placed on laundry room bulletin boards for more than thirty (30) days.
5. Any distribution of Material must be made during normal business hours, Monday through Friday; 8:00 A.M. – 5:00 P.M. Distribution on State and National holidays is prohibited.
6. All Material must comply with State and Federal laws.

7. Members who desire to gather signatures on petitions and/or initiatives shall only do so in accordance with the Golden Rain Foundation (GRF) SPI 600.018, which states:
 - a. The petition must remain in the possession of the signature gatherer (there can be no unattended petitions).
 - b. Signatures may be gathered only outside of the GRF facilities. For example, the signature gatherer at a Clubhouse would be permitted outside of the building, but would not be permitted to gather signatures in the clubhouse lobby.
 - c. The collection of signatures must not create any disturbance in the collection area or interfere with access to and from the GRF facility.
 - d. The collection of signatures must not disturb or interrupt any program or activity taking place at any GRF facility.
 - e. Only the signature gatherer(s) is permitted. No tables and/or chairs or other furniture or equipment can be set up for the purpose unless approval is received from the GRF Board of Directors or the issue is determined to be a community endorsed and/or supported endeavor.

RESOLVED FURTHER, that the adoption of such policy will be contingent on corporate counsel's review of the policy; and

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

Director Wilson moved to approve the resolution. Director Strom seconded the motion and discussion ensued.

Director Stone made a motion to refer the proposed policy to the United Looks Ahead Committee after legal review. Director Hammer seconded the motion. Discussion ensued and carried by a vote of 7-0-0.

A discussion was held relative to creating Ad Hoc Committees.

Director Stone made a motion to establish a Standards Sub-Committee. Director Tibbetts seconded the motion. By a vote of 7-0-0 the motion carried.

By way of consensus the following were appointed to the Standards Sub-Committee: Mary Stone, Chair Don Tibbetts, Ken Hammer, Bevan Strom, and Maxine McIntosh and Chuck Zoffer as advisors.

CHAIR'S REMARKS

President O'Brien commented on the balloting process.

Ms. Janet Price entered the meeting at 11:58 A.M.

GENERAL MANAGER'S REPORT

Mr. Milt Johns updated the Board on a land lease proposal by Standard Pacific to lease the "Restaurant Pad" for use as a sales office for their San Sebastian Project.

Ms. Wendy Bucknum entered the meeting at 11:59 A.M. who provided a legislative update on AB 770 Ombudsman Bill.

Director Wilson made a motion to send a letter to the Governor to veto AB 770. Director McNulty seconded the motion and discussion ensued. The motion carried by a vote of 5-3-0 (Directors Stone, Hammer and Strom opposed, with President O'Brien voting in favor to make the majority vote).

FINANCE REPORT

Director Jim McNulty reported on the Treasurer's Report and the Finance Committee.

The Secretary of the Corporation read the following proposed resolution on increasing late fees and filing fees regarding delinquent assessments:

RESOLUTION 01-06

WHEREAS, Section 1365 of the California Civil Code requires that homeowner associations have a specific policy relating to collection of delinquent assessment accounts and enforcement of liens placed upon such delinquent properties; and

WHEREAS, Section 1366 of the California Civil Code allows the homeowner association to recover reasonable costs incurred in collecting the delinquent assessments including, but not limited to late fees and filing fees; and

WHEREAS, the current charges to collect do not cover the total collection cost;

NOW THEREFORE BE IT RESOLVED, November 14, 2006 that the Board of Directors of this Corporation hereby authorizes the increase of late fees from \$10 to \$20 and fees for filing the liens from \$100 to \$200 to cover the collection costs, **effective January 1, 2007**; 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 Wilson moved to approve the resolution. Director McNulty seconded the motion. Discussion ensued.

By way of consensus the words "effective January 1, 2007" were added at the end of the fourth paragraph.

Director Stone moved to table. Director McNulty seconded the motion and the motion carried unanimously.

CONSENT CALENDAR

By way of consensus the consent calendar was approved and the following actions were taken:

Maintenance and Construction Committee:

RESOLUTION 01-06-92

RESOLVED, September 12, 2006 that the request of Mr. Joseph McPherson of 66-G Calle Aragon to retain the unauthorized front entrance alteration leading to his manor is hereby denied; and

RESOLVED FURTHER, that the Board hereby requires the removal of the unauthorized alteration within thirty-days (30) of the Board's decision on this matter.

RESOLUTION 01-06-93

RESOLVED, September 12, 2006 that the request of Ms. Elizabeth Donahue of 257-D Calle Aragon to install a stacked washer and dryer inside the closet of Bedroom Two is hereby approved; and

RESOLVED FURTHER, that all future costs and maintenance associated with the subject alteration, including any damage resulting to Mutual property, are the responsibility of the Mutual Member(s) at 257-D; and

RESOLVED FURTHER, that the Mutual Member must submit for review plans detailing all plumbing and electrical changes. The plans must be verified and approved by the City of Laguna Woods thereby indicating that the manor's plumbing and electrical systems can accommodate the added burden placed upon them by the washer and dryer; and

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

RESOLUTION 01-06-94

RESOLVED, September 12, 2006 that the request of Mr. Lawrence Marino of 420-A Avenida Castilla to construct openings in his patio front wall is hereby approved; and

RESOLVED FURTHER, that all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual member(s) at 420-A; and

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

RESOLVED FURTHER, that the Mutual Member obtain an alteration consent form from Manor 419-C; and

RESOLVED FURTHER, that the finished opening must match the existing finish on the patio wall. Brick veneer or other finishes will not be allowed.

RESOLUTION 01-06-95

RESOLVED, September 12, 2006 that the request of Mr. Moe Asemi of 575-A Avenida Majorca to remodel his existing bathroom is hereby approved; and

RESOLVED FURTHER, that all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual member at 575-A; and

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

RESOLVED FURTHER, that prior to issuance of a permit, detailed site-specific construction plans including plumbing and electrical plans prepared, wet stamped and signed by a California licensed architect or engineer must be submitted to the Permits and Inspections Office for approval.

RESOLUTION 01-06-96

RESOLVED, September 12, 2006 that the request of Mrs. Collette Siegman of 607-A Avenida Sevilla to extend the front patio of her manor and to install tile on the proposed extension is hereby approved; and

RESOLVED FURTHER, that all future costs and maintenance associated with the subject alteration are the responsibility of the Mutual Member(s) at 607-A; and

RESOLVED FURTHER, that the proposed patio slab extension encompass only the 5'-2" X 9'-5" area as described above, to maintain visual continuity with the existing walkway; and

RESOLVED FURTHER, that the tree located near the subject alterations will not be removed, and all costs associated with the subject alterations resulting from any damage to the alterations that may occur as a result of the tree are the responsibility of the Mutual Member(s) at 607-A; and

RESOLVED FURTHER, that all landscape, irrigation, and drainage modifications associated with the alteration are to be completed by the Landscape Division at the expense of the Mutual Members(s) at 607-A; and

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

RESOLVED FURTHER, that should the current Member(s) or any subsequent Member(s) at 607-A desire to enclose the front extended patio area, the Member is required to obtain Board approval prior to installation; and

RESOLVED FURTHER, that the 48 square feet for the patio extension would count towards the 207 square feet lifetime total.

Landscape Committee Recommendation:

No Recommendations. Monthly meeting was not held.

Finance Committee Recommendation:

No Recommendations.

Ms. Janet Price left the meeting at 12:21 P.M.

COMMITTEE REPORTS and SERVICES

Director Stone made a motion to dispense with the Committee and GRF Reports due to time constraints. The motion was seconded and carried unanimously.

DIRECTORS' FORUM

- Director Tibbetts commented on the installation of the Shepherd Crooks on the wall behind Vons
- Director Stone commented on a bumper sticker on "getting involved"
- Director Wilson announced upcoming CPR and first aid classes

MEETING RECESS

The regular meeting recessed for lunch at 12:24 P.M. and reconvened into Executive Session at 1:04 P.M.

During its August 16, 2006 Special Executive Session, the Board discussed contractual matters.

The Traffic Committee of the Board met in Executive Session on August 20, 2006 to discuss member disciplinary issues.

ADJOURNMENT

With no further business before the Board of Directors, the meeting was adjourned at 4:13 P.M.

Bevan Strom, Secretary

UNITED MEMBERSHIP ELECTIONS STANDARD OPERATING PROCEDURE

1. Definitions

- a. Election Records - 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. Member in Good Standing – a Member who is:
 - i. Not more than thirty (30) days delinquent in payment of any Carrying Charges or Special Assessments due to the Corporation.
 - ii. Not subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the Association’s governing documents.
 - iii. Not subject to any suspension of common area privileges or other membership rights as a result of any disciplinary proceeding conducted in accordance with the Association’s governing documents.
 - iv. Not found to be in current violation of any of the Association’s governing documents, including Rules and Regulations and Architectural Guidelines.
- c. Secretary – an elected member of the Board of Directors who has been appointed as Secretary by the Board.
- d. SOP – This United Membership Elections Standard Operating Procedure.
- e. Submit – deliver a document to the Secretary through the Assistant Secretary at the Corporate address: 24351 El Toro Road, Laguna Woods, California.

2. Appointment of Nominating Committee

- a. NOMINATING COMMITTEE. The Nominating Committee shall consist of five (5) or seven (7) Members of the Corporation. (By-Laws: Art. VIII Sec. 1)
- b. APOINTMENT OF COMMITTEE MEMBERS. Any Member in good standing who is not currently a Director on either the United or Golden Rain Foundation Board may be recommended for Membership on the Nominating Committee upon the submission of his or her name to the Secretary not later than the appointed hour of the second regular meeting of the Board of Directors following the organizational meeting provided in Section 6 of Article VI. . . [During the first regular Board meeting of each calendar year], the Board shall determine the number of members who shall serve on the Nominating Committee and members of the committee shall be appointed by the Board from among those persons so recommended and they shall serve until their successors are appointed... (By-Laws: Art. VIII Sec. 2)

- c. Members of the Nominating Committee shall not be candidates for or related to candidates for the United Mutual or GRF Board of Directors. Additionally, Members of the Nominating Committee shall not be Inspectors of Election or related to Inspectors of Election.

3. Nomination Process

- a. All candidates seeking to run in any Election of Directors shall meet the following criteria:
- i. All candidates must be Members of record as defined by the Corporation's governing documents.
 - ii. All candidates must be members in good standing as defined under Section 1.b. of this SOP.
 - iii. All candidates must reside within United Mutual a minimum of nine (9) months out of each year.
- b. The Nominating Committee, from time to time, shall prepare, revise and maintain at the principal office of the Corporation a list of Members who, in its opinion, are qualified, willing and able to serve as Directors of the Corporation. (By-Laws: Art. VIII Sec. 3 (a))
- c. At least eighty (80) days before each annual meeting of the Members, the Nominating Committee shall nominate candidates for election as Directors by submitting the names of candidates to the Secretary and shall advise each potential candidate by hand delivery within twenty-four (24) hours [thereafter] whether such member has or has not been nominated. (By-Laws: Art. VIII Sec. 3(b), revised)
- d. Any Member in good standing who was not selected as a candidate by the Nominating Committee may self-nominate at least seventy (70) days before each annual meeting of the Members by submitting a written declaration to the Secretary of the Corporation that states his or her intention to run for the Board of Directors. (see Civil Code §1363.03(a)(3)) **EXCEPTION:** Should Civil Code§1363.03 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 in good standing 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 seventy (70) days before the annual meeting."
- e. Each candidate, [whether nominated by committee, petition, or self,] shall submit to the Secretary a statement of background and qualifications not to exceed two hundred fifty (250) words in length not less than [sixty-five (65)] days prior to the annual meeting. The Secretary shall forward all such statements to each Member with the ballot required by Section 9 of Article V. For purposes of filling vacancies on the Board by the Members, the Nominating Committee shall nominate candidates to fill any vacancy or vacancies at least ten (10) days before the mailing of the notice of meeting of

the Members to fill such vacancy or vacancies. (By-Laws: Art. VIII Sec. 3(c) revised)

- i. Resolution U-93-29 establishes the following guidelines for the preparation of the statement of candidate's background and qualifications:
 1. The statement shall be similar to the information provided to the nominating committee on the initial resumé form;
 2. The form may include: Education, Business Background, Civic & Social, and community activities;
 3. "Activities" shall be: organized events, clubs, hobbies or any unique activity;
 4. Date and place of birth shall be considered optional information;
 5. Statement of personal philosophy on community affairs (optional).

Prior to distribution of the candidate statements to the membership, each candidate shall review his or her statement and initial the final statement before the ballot package is printed to ensure that the information has not been altered or redacted.

- 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 Nominating Committee at the time of their interview before said Nominating Committee.
 - i. Failing to disclose such relationship shall, when ascertained, immediately disqualify the candidate, or if ascertained after the candidate shall be 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 a[s] full time or significant employment responsibilities to care for other[s] or extensive travel plans which could impact on the time available to conduct Board Business. (Bylaws, Art. VIII Sec. 3(e))

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 By-Laws, Art. II Sec. 4)

- 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. (By-Laws: 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. (By-Laws: Art. V Sec. 8(a)(ii))
- d. Record Date for Written Request to Action Without a Meeting. 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. (By-Laws: Art. V Sec. 10(d))

5. Candidate Equal Access to Association Media

- a. No member shall be provided access to association media within thirty (30) days of an association election for the purpose of campaigning for an election at the association's expense. For purposes of this paragraph, "association media" means the association's website and/or association cable channel. The term "within thirty (30) days of an association election" shall mean the thirty (30) days prior to and the thirty (30) days following the date the first election ballot material is sent to the membership for the election of the Board of Directors.
- b. In each election for the Board of Directors, the association 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 must appear in person so that all candidates participating in "Meet the Candidates" are on an equal footing.
- c. Golden Rain Foundation (GRF) meeting rooms shall be available to candidates free of charge for campaign purposes only if all candidates running for the Board of Directors are invited to participate in the meeting or campaign function. (Civil Code § 1363.03 (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 association shall hold a town hall meeting - not a formal membership meeting, but an informal gathering of members in which members can express their points of view.

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 association in good standing 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 Civil Code 1363.03 (c)(2))

- b. An Inspector of Election shall be not be a member of the United or GRF Board of Directors, a candidate for either Board of Directors, or related to a candidate for either Board of Directors. Additionally, an Inspector of Election shall not be a member of the Nominating Committee or related to a member of the Nominating Committee. (Civil Code 1363.03 (c)(2))
- 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 association 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.

7. Duties of Inspectors of Election

- a. Determine the number of memberships entitled to vote and the voting power of each membership. (Civil Code § 1363.03 (c)(3)(a))
 - 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 in the Bylaws.
- b. Determine when the polls shall close. (Civil Code § 1363.03 (c)(3)(f))
 - i. The Inspectors of Election shall determine the date that ballots must be received in accordance with California Civil Code Section 1363.03 (e), 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. (Civil Code 1363.03 (c)(3)(C))
- i. Ballot Return Instructions
 1. The ballot itself is not signed by the voter, but is inserted into the Secret Ballot Envelope, which is sealed. The Secret Ballot Envelope 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. (see Civil Code § 1363.03 (e)(1))
 2. The Pre-Addressed Return envelope is addressed to the inspector or inspectors of election, who will be tallying 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. (see Civil Code § 1363.03 (e)(2))
 - a. Return by Mail
 - i. The Pre-addressed Return Envelope shall be addressed to a restricted-access post office box used solely for the receipt and storage of voted ballots. Ballots shall be released only at a specified time on the ballot return deadline date and only to the Inspectors of Election.
 - ii. A second post office box may be used for ballot packages returned as undeliverable.
 - iii. Members who desire a receipt for delivery of a mailed ballot shall mail the ballot by Certified Delivery – Return Receipt Requested at the Member’s expense.
 - b. Return by Hand Delivery
 - i. 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 ballot.
 - iii. Inspectors shall retrieve Pre-addressed Envelopes from the locked ballot box daily and date stamp them.
 - 3. All Pre-addressed Return Envelopes received shall remain sealed until they are opened and tabulated in public. The association shall reserve a secure room at the Community Center (24351 El Toro Road, Laguna Woods) for use by the Inspector(s) of Election.
 - e. 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. Order the Pre-addressed Return Envelopes 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 Envelope, 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. Usually the original ballot should 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 ballot envelopes are opened and counting begins.
 - vii. Record and explain the reason for each voter eligibility decision made.
 - viii. Prior to the counting and tabulation of ballots, the Inspectors of Election may open the Pre-addressed Return Envelope after each voter's eligibility is established and remove (but not open) the Secret Ballot Envelope. Secret Ballot Envelopes shall be thoroughly mixed together to preserve the ballot secrecy. Observers shall not be permitted to handle any Secret Ballot Envelopes or ballots.

- ix. 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 until after the tabulation of the vote, at which time custody shall be transferred to the association. (Civil Code 1363.03(h))
- f. 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. (see Civil Code 1363.03(f))
 - ii. At a properly noticed, open meeting of the Board of Directors, the seals of the Secret Ballot Envelopes shall be broken, and the Inspectors of Election shall prepare the ballots for 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. (see Civil Code 1363.03(e))
- g. 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.
 - 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 be transferred to the Corporation or its management agent immediately after the ballots are tabulated.
 - 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 three (3) years. (See Bylaws, Art. V Sec. 9(f)).

8. Election Mailing Materials

- a. United Mutual shall conduct its election by way of "Solicitation of Written Ballots." (see By-Laws, Art. V Sec 9(b)) The official election materials shall be prepared by the Inspector(s) of Election and submitted to the Board of Directors for approval by resolution. In order to maintain the confidentiality of the voting Members, the ballot package shall include a Secret Ballot

Envelope, a Pre-addressed Return Envelope, and a Ballot Package Mailing Envelope similar to the samples shown below:

i. Sample Secret Ballot Envelope

| |
|--|
| <p>SECRET BALLOT ENVELOPE (Do not write your name or any identifying information on this envelope.)</p> |
|--|

3-5/8" x 6-1/2" (No. 6-1/2 envelope)

ii. Sample Pre-addressed Return Envelope

| |
|--------------------------------------|
| Name _____ |
| Address _____ |
| Signature _____ |
| United Mutual Inspectors of Election |

3-7/8" x 8-7/8" (No. 9 envelope)

iii. Sample Ballot Package Mailing Envelope

| |
|--------------------------------------|
| United Mutual Inspectors of Election |
| John Doe |

4-1/8" x 9-1/2" (No. 10 envelope)

9. **Sample Election Notice and Voting Instructions**

UNITED LAGUNA HILLS MUTUAL
ANNUAL ELECTION OF DIRECTORS

The 200___ Annual Meeting of Members will be held at Clubhouse 3 at 9:30 A.M. on Tuesday, October ____, 200__ to announce the results of the Election of Directors. The purpose of the Election of Directors is to fill ____ (__) positions, each for terms of three years.

Enclosed is a _____ colored ballot bearing the names of the candidates and the year in which their terms of office will expire. **Only a Member or Trustee of record is eligible to vote.**

Fifteen percent (15%) of the voting power of the Corporation, or 949 Member responses, is required to establish a quorum for the election. If the voting Member would simply like to establish a quorum for the election on this ballot without actually voting for any candidate, he or she may do so by marking the oval next to "WITHHOLD" on the ballot.

VOTING INSTRUCTIONS: Please follow carefully or your vote will not be counted:

- Vote for up to ____ candidates by completely filling in the oval to the right of the candidate's name. **PLEASE USE A BLACK PEN OR #2 PENCIL ONLY.** Do not mark an "X" or "√" or your vote may not count.
- Do not write your name or address on the ballot or on the Secret Ballot Envelope, or your vote will not be counted.
- Place the ballot in the envelope marked "Secret Ballot Envelope".
- Seal the Secret Ballot Envelope.
- Place the Secret Ballot Envelope in the Pre-addressed Return Envelope.
- Legibly print your name and manor address in the upper left hand corner of the Pre-addressed Return Envelope. **YOU MUST ALSO SIGN THE ENVELOPE ON THE INDICATED LINE.**
- Return the ballot through the U.S. Postal Service or by depositing it into the locked ballot box located in the lobby of the Community Center, 24351 El Toro Road, Laguna Woods.

Members who desire a receipt for a mailed ballot may return the ballot Certified Delivery – Return Receipt Requested at their own expense. Members who return the ballot at the Community Center may request a receipt from management staff.

If the ballot becomes damaged it may be returned to the Community Services Office for a replacement. Please call (949) 597-4369 for assistance.

A public meeting to allow the Membership to Meet the Candidates will be held and broadcast by Channel 6:

LIVE: [DATE], 200__ 10:00 AM
REPLAY: [DATE], 200__ 8:00 PM

10. **Sample Unmarked Ballot**

**UNITED LAGUNA HILLS MUTUAL
OFFICIAL BALLOT
FOR THE ELECTION OF DIRECTORS**

Vote for **NO MORE THAN** _____ **() CANDIDATES** whose terms will expire in 200__.

- Candidate 1
- Candidate 2
- Candidate 3
- Candidate 4
- Candidate 5

Selecting 'WITHHOLD' below will authorize this ballot to be used for quorum purposes only without casting a vote. A quorum of fifteen percent (15%) of the voting power, or 949 Member responses, is required to conduct an election of directors.

- WITHHOLD

The Annual Meeting of the Members will be held on Tuesday,
_____, **200**_____.

THE BALLOT MUST BE RECEIVED BY THE INSPECTOR(S) OF ELECTION BY
5:00 PM ON _____ **200**_____.