

**OPEN MEETING**

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF  
LAGUNA WOODS MUTUAL NO. FIFTY  
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**April 19, 2018**

The Board of Directors of Laguna Woods Mutual No. Fifty, a California non-profit mutual benefit corporation, met at 2:00 p.m. on Thursday, April 19, 2018 at 24055 Paseo Del Lago West, Laguna Woods, California.

**Directors Present:** Ryna Rothberg-Chair, June Greenwald, Al Amado, John Dalis, Inesa Nord-Leth

**Directors Absent:** None

**Staff Present:** Katy Howe, Ariana Rodriguez, Alex Banegas, Chuck Johnson, Ed Presley, Kristen Orr

**CALL TO ORDER**

President Rothberg called the meeting to order at 2:01 p.m. and established that a quorum was present.

**PLEDGE OF ALLEGIANCE**

Director Nord-Leth led the membership in the Pledge of Allegiance to the Flag.

**APPROVAL OF AGENDA**

Item 18(e) was removed from the agenda. By consensus, the Board approved the amended agenda.

**APPROVAL OF MINUTES OF MEETING**

Without objection, the Board approved the regular open meeting minutes of:

(a) March 15, 2018 – Regular Meeting

**PRESIDENT'S COMMENTS**

President Rothberg commented on the board meeting and board workshops new format, introduced the comment cards, commented on the orchids in the atrium, the village phone book.

**GOLDEN RAIN FOUNDATION REPORT**

Ms. Howe gave a brief update of the March Golden Rain Foundation meeting, including updated election schedule, and approval of maintenance items, charging stations by the community center, and future upcoming items.

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

Ms. Howe also reported on the paint program completion, the start of the concrete work out in the front of the building, transformer replacements and the floor by floor power outages, and flyer distribution in the building. She gave updates on thermostat installations, the trash room recycling program and reminded membership to not put boxes in trash chutes. She also acknowledged the known failure of tunnel floor coating. She presented the monthly Resale and Leasing Report, Maintenance Report, and Dining Services Report.

### **TREASURER'S REPORT/FINANCE COMMITTEE**

Director Amado reported on the preliminary financials through February 28, 2018.

### **MUTUAL FIFTY COMMITTEE REPORTS**

#### **Activities Committee Report**

Director Rothberg commented on the activities and the Cinco de Mayo event.

#### **Marketing Committee**

Director Rothberg commented on the Village Management Service having Towers information on their website.

#### **Transportation Committee**

Director Rothberg commented that surveys are almost complete and gave the dates, time, location the surveys will be conducted. Director Dalis suggested membership to attend the next GRF Transportation Committee.

#### **Orientation Committee Meeting**

No meeting, no report.

### **MEMBER COMMENTS**

- Sarah Dashefsky, Unit 1054, commented on dining services.
- Steve Handelman, Unit 251, commented on non-resident attendance at events at Lortscher Hall.

### **RESPONSE TO MEMBERS' COMMENTS**

Directors and the staff responded to Members' comments.

### **CONSENT CALENDAR**

#### **Reverse \$100 of Reminder Fees for Units with Accounting Problems**

By consensus, the Board approved the reversal of the \$100 in Reminder Fees.

**OLD BUSINESS**

**Birthday Dinner Guest Rule**

Director Nord-Leth read the proposed resolution:

**RESOLUTION 50-18-47**

**Monthly Birthday Dinner – Allowed Guests and Points Use Rules**

**WHEREAS**, due to the request of residents to have more than one guest attend the Birthday Dinners; and

**WHEREAS**, the attendance at recent Birthday Dinners has been lower than historically experienced; and

**WHEREAS**, the Birthday Dinners are catered events that cost more to host than the points charged capture;

**NOW THEREFORE BE IT RESOLVED**, April 19, 2018, that the Board of Directors of this Corporation hereby establishes the Birthday Dinner guest rule where a resident with a birthday in a given month may attend the birthday dinner with up to 4 guests;

**RESOLVED FURTHER**, the first guest is allowed to use either their points if they are a Towers' resident or be put on the birthday resident's points if not; and

**RESOLVED FURTHER**, that any guest beyond the first guest will have to purchase a specialty dinner ticket (\$23) in cash (not points) for the dinner; and

**RESOLVED FURTHER**, the changes in allowed guest and Birthday Dinner points use will become effective as of the May 2018 Birthday Dinner; and

**RESOLVED FURTHER**, Resolution M50-15-35, approved on August 20, 2015, is hereby superseded and cancelled, and

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

*This resolution has met its 30-day comment period requirement in accordance with the Davis-Stirling Act.*

Director Nord-Leth moved the resolution. Director Rothberg seconded the motion. By a vote of 4-0-0, the motion carried.

### **Lunch Take Out Fee**

Director Nord-Leth read the proposed resolution:

#### **RESOLUTION 50-18-48** **Implement Lunch Take-Out Fee**

**WHEREAS**, Laguna Woods Mutual No. Fifty charges a \$2.50 take-out fee at dinner; and

**WHEREAS**, many residents, approximately 20 per day, are ordering lunch for take-out, which requires additional staff time; and

**NOW THEREFORE BE IT RESOLVED**, April 19, 2018, that the Board of Directors of this Corporation, on behalf of the Corporation, hereby creates a \$2.50 per lunch take-out fee, payable to Laguna Woods Mutual No. Fifty monthly;

**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.

*This resolution has met its 30-day comment period requirement in accordance with the Davis-Stirling Act.*

Director Nord-Leth moved the resolution. Director Dalis seconded the motion. Mrs. Howe gave statistics on cost of take out containers. Discussion ensued. Kirsty Skuda, unit 763, commented on the container fees. Harriet Filmore, unit 251, suggested having the delivery charge be paid by points. KZ Morihoro, unit 1213, commented on takeout saving employee time and using different supplies for cost efficiency. Linda Shaffer, unit 652, said that drinks in an aluminum can are not charged. Steve Handelman, unit 251, commented that take out charges will result in more residents eating in and needing more staff. By a vote of 4-0-0, the motion carried.

### **Dress Code**

Director Nord-Leth read the proposed resolution:

#### **RESOLUTION 50-18-49** **Dining Room and Common Area Dress Code Rules**

**WHEREAS**, Laguna Woods Mutual No. Fifty has maintained a dress code for common areas and both the California and Crystal dining rooms since

the inception of The Towers; and

**WHEREAS**, good grooming (clothing, hair, face and hands) is expected at all times in the dining rooms and common areas; and

**WHEREAS**, the following dress codes for The Towers' dining rooms and common areas apply to both residents and their guests (for whom residents are responsible);

**NOW THEREFORE BE IT RESOLVED**, April 19, 2018, that the Board of Directors of this Corporation, on behalf of the Corporation, hereby states the Laguna Woods Mutual No. Fifty Dining Room and Common Area Dress Codes as shown;

**TOWERS COMMON AREA**

The following is unacceptable attire for Towers Common Area:

Sleep Attire  
Bathrobes  
Scrubs

**CRYSTAL DINING ROOM**

A blazer or suit jacket is required for men dining in the Crystal Dining Room. The following is unacceptable attire for anyone dining the Crystal Dining Room:

Shorts/Short Pants  
Shirts with Messaging/Logos  
Uncollared Shirts (for men)  
Athletic/Gym Pants  
Sweatshirts  
Muumuus (for women)  
Blue Jeans  
Gym Shoes  
Bedroom Slippers  
Flip Flops  
Hats or Bandanas

**CALIFORNIA DINING ROOM**

The following is unacceptable attire for anyone dining in the California Dining Room:

Shorts/Short Pants

Causal Denim (faded/holes/frays)  
Shirts with Messaging/Logos  
Uncollared Shirts (for men)  
Gym Pants  
Bedroom Slippers  
Flip Flops  
Hats or Bandanas

**RESOLVED FURTHER**, that the Staff of the Dining Services provider is hereby authorized and empowered to enforce these guidelines by politely informing the resident/guests of the dress code violation and denying the person access to the dining room and to report to the Towers General Manager; and

**RESOLVED FURTHER**, that in an instance where a violation of the dress code is observed, the information will be communicated by email to the Towers General Manager stating the name of the resident/guest, the date, time, and the specific offense, and the General Manager will advise the resident of the alleged offense by letter; and

**RESOLVED FURTHER**, that Resolution M50-15-18 dated April 2015 is hereby superseded and cancelled; and

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

Director Nord-Leth moved the resolution. Director Dalis seconded the motion. Discussion ensued. Director Nord-Leth commented on amending rules for California dining room and to remove collared shirts, flip flops and shorts during lunchtime and to allow Muumuus (for women). Sy Welikson, unit 1161, commented on the enforcement of the dress code. Renee Merer, unit 1005, questioned scrubs being allowed in the towers. John O'Keefe, unit 812, questioned why baseball hats are not permitted. Director Dalis addressed how to address the resolution. Director Amado moved to table this resolution and amend the resolution to be more acceptable. Director Dalis second to table the resolution. By a vote of 4-0-0, the motion was tabled.

### **Election Rules**

Director Nord-Leth read the proposed resolution:

**RESOLUTION 50-18-50**  
**Laguna Woods Mutual No. Fifty Election Rules**

**WHEREAS**, Section 4340 of the California Civil Code requires that homeowner associations have specific rules relating to corporate member voting and election procedures; and

**NOW THEREFORE BE IT RESOLVED**, April 19, 2018, that the Board of Directors of this Corporation hereby approves the attached Election Rules, effective immediately; 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.

*This resolution has met its 30-day comment period requirement in accordance with the Davis-Stirling Act.*

Director Nord-Leth moved the resolution. Director Greenwald seconded the motion. By a vote of 4-0-0, the motion carried.

#### **Lease Permit Guidelines**

Mrs. Howe read a memo from staff recommending that the Board of Directors increase the fees on lease permit processing to \$150 each and lease permit extension fees to \$100 each time. Additionally, staff recommends a six-month minimum and a three-year maximum on lease permit extensions. Director Amado made a motion to approve amending the Lease Permit Guidelines to include a \$150 lease permit processing fee and a \$100 lease permit extension fee, and a six-month minimum and three-year maximum on lease permit extensions. Director Nord-Leth seconded. By a vote of 4-0-0, the motion carried.

#### **Supplemental Appropriation for Koi Pond**

Director Nord-Leth read the proposed resolution:

#### **RESOLUTION 50-18-51**

**WHEREAS**, Laguna Woods Mutual No. 50 has received numerous resident requests to renovate the Koi pond and surrounding area; and

**WHEREAS**, Staff has received preliminary estimates from a qualified Pond builder to perform a renovation of this area totaling approximately \$50,000; and

**WHEREAS**, Staff will conduct an RFP and put the project out for bid in the event that the Board of Directors elects to proceed with the next steps in this process,

**NOW THEREFORE BE IT RESOLVED** that the Board of Directors authorizes an appropriation from the operating budget in the amount not to exceed \$50,000.

**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 Nord-Leth moved the resolution. Director Greenwald seconded the motion. Discussion ensued. Director Amado recommended tabling this item for a year. By a vote of 4-0-0, the motion carried.

**Develop Credit Card Payment for Mutual Fifty**

Mrs. Howe read a memo which discussed methods to allow credit card transactions in The Towers. Staff recommended the board to hold off on selecting a vendor. By unanimous consent the board tabled this item indefinitely.

**NEW BUSINESS**

**Bad Debt Write-off on Account 191-5482**

Director Nord-Leth read the proposed resolution:

**RESOLUTION 50-18-52**  
**Write-Off for Account 191-5482**

**RESOLVED**, April 19, 2018, that the Board of Directors of this Corporation hereby authorizes the bad debt write-off of settled account 191-5482 (Randall), in the amount of \$165,355.07; 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 Nord-Leth moved the resolution. Director Amado seconded the motion. By a vote of 4-0-0, the motion carried.

**Bad Debt Write-off on Account 191-6957**

Director Nord-Leth read the proposed resolution:

**RESOLUTION 50-18-53**  
**Write-Off for Account 191-6957**

**RESOLVED**, April 19, 2018, that the Board of Directors of this Corporation hereby authorizes the bad debt write-off of settled account 191-6957 (Jackson), in the amount of \$49,031.11; 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 Nord-Leth moved the resolution. Director Amado seconded the motion. Mrs. Howe explained why the write offs are needed. By a vote of 4-0-0, the motion carried.

**Administer Lien on Account 191-6892**

Director Nord-Leth read the proposed resolutions:

**RESOLUTION 50-18-54**  
**Recording of a Lien**

**WHEREAS**, Member ID 191-6892 is currently delinquent to Laguna Woods Mutual No. Fifty 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**, April 19, 2018, that the Board of Directors hereby approves the recording of a Lien for Member ID 191-6892; 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 Nord-Leth moved the resolution. Director Amado seconded the motion. By a vote of 4-0-0, the motion carried.

**Administer Lien on Account 208-4752**

Director Nord-Leth read the proposed resolutions:

**RESOLUTION 50-18-55**  
**Recording of a Lien**

**WHEREAS**, Member ID 208-4752 is currently delinquent to Laguna Woods Mutual No. Fifty 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**, April 19, 2018, that the Board of Directors hereby approves the recording of a Lien for Member ID 208-4752; 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 Nord-Leth moved the resolution. Director Greenwald seconded the motion. By a vote of 4-0-0, the motion carried.

#### **Associa "TownSq" Web Application**

Mrs. Howe read a memo introducing TownSq and recommends the board to preview this new system as soon as its available.

#### **Banking Transfer**

Mrs. Howe is requesting board approval to transfer funds from the Merrill Lynch account to the Union Bank account. Director Amado moved to approve the transfer of \$268,000 from the Merrill Lynch account to the association's Union Bank checking account. Director Dalis second the motion. By a vote of 4-0-0, the motion carried.

#### **Disposition of Topics from Agenda Workshop**

Mrs. Howe introduced the new Agenda Workshop Disposition Topic handout. Each month a topic "tracking sheet" will be handed out, along with the agenda and the financials, to each member in attendance at the Board meeting.

#### **GRF COMMITTEE REPORTS**

##### **Community Activities Committee – Ryna Rothberg**

No report given due to time constraints.

##### **Business Planning Committee – Al Amado**

No report given due to time constraints.

##### **Finance Committee – Al Amado**

No report given due to time constraints.

##### **Landscape Committee – June Greenwald**

No report given due to time constraints.

##### **Maintenance and Construction Committee – Ryna Rothberg**

No report given due to time constraints.

**Media and Communications Committee- Ryna Rothberg**

No report given due to time constraints.

**Mobility and Vehicles Committee – John Dalis**

No report given due to time constraints.

**Security and Community Access – John Dalis**

No report given due to time constraints.

**Disaster Planning Task Force –**

No report given due to time constraints.

**Laguna Woods Traffic Hearings**

No report given due to time constraints.

**Board Member Closing Comments**

No closing comments.

**ADJOURNMENT**

The open session meeting was adjourned at 3:56 p.m.

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

During its Regular Executive Session meeting of April 19, 2018, the Board approved the minutes of the March 15, 2018 Regular Executive Session and the March 26, 2018 Special Closed meeting, and discussed contract issues. The closed session meeting was adjourned at 1:38 p.m.



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Inesa Nord-Leth, Secretary

## **LAGUNA WOODS MUTUAL NO. FIFTY**

### **Election Rules and Regulations**

The Board of Directors ("Board") of Laguna Woods Mutual No. Fifty ("Mutual Fifty") adopted these voting and election rules and regulations ("Election Rules") in accordance with California Civil Code Section 4340 *et seq.* Notwithstanding any other law or provision of the governing documents, these Election Rules shall apply to all votes cast directly by Mutual Fifty's members ("Members") concerning the matters set forth in Section 5100 of the California Civil Code.

#### **INTRODUCTION**

- A. Notwithstanding any provision to the contrary in the governing documents, Mutual Fifty shall provide written Notice of the Annual Meeting ("Notice") to each Member setting forth the date and time of the Annual Meeting and the matters to be addressed at the Annual Meeting, not less than thirty (30) days nor more than ninety (90) days prior to the Annual Meeting. Notice shall be given by first-class, registered, or certified mail, or by personal delivery, or by electronic delivery if requested.
- B. The Notice shall further advise the Members of the times when the polls will open and close for election of Directors as well as the date and time when the Members and candidates may attend the Annual Meeting and/or Board meeting to witness the inspectors' registration, review, count and tabulation of the votes.
- C. Ballot materials shall be sent out to Members no later than thirty (30) days prior to any meeting subject to these Election Rules.

#### **ELECTION RULES AND REGULATIONS**

##### **1. Number and Qualifications of Directors for Election**

- a. The Board shall be composed of five (5) persons. In order to be a candidate for election as a director, such candidate: (a) must be a Member of Mutual Fifty and a resident of the condominium project governed by Mutual Fifty (the "Project"); (b) may not, as of the election date, be more than thirty (30) days delinquent in payment of any sums due Mutual Fifty; (c) must not be related by blood or marriage or reside in the same household as any other Board member; (d) must not be actively engaged in litigation against Mutual Fifty; and (e) must have complied with all requirements of prospective members of board of directors of homeowners associations under applicable statutes.

- b. In order to remain qualified to serve on the Board of Directors, at all times during such Member's term as a director, the Member must: (a) not concurrently serve as a GRF Director or on the Nominating Committee (as defined in Article IX of the Bylaws); (b) must not be a director, stockholder, officer, employee, or partner of any other organization, whether private, public or governmental, where such dual status could create a conflict of interest; (c) must not be a council member of a city in which Mutual Fifty's facilities are located; (d) must not be an employee of either Mutual Fifty or its managing agent; (e) must not have been declared of unsound mind by an order of a court, or convicted of a felony, or has been found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the Nonprofit Mutual Benefit Law, California Corporation Code section 7710, et seq.; (f) must not be the subject of a declaration by the Board, that such Member is not qualified, in conformance with the Nonprofit Mutual Benefit Law, Corporations Code section 7221(b); (g) be a resident of the Project; (h) not be more than thirty (30) days delinquent on assessments or fees due Mutual Fifty; (i) not miss four (4) or more regularly monthly meetings of the Board within any twelve (12) month period; (j) comply with every duly approved action of the Board; (k) not be delinquent in the payment of any assessment more than once in any fiscal year; (l) within five (5) days after receipt of written notice by Mutual Fifty, comply with the governing documents and correct (to the satisfaction of the Board) any violation of the governing documents for which the director has been determined to be responsible pursuant to applicable due process requirements; (m) must not be actively engaged in litigation against Mutual Fifty; (n) exhibit respect, professionalism, and courteous behavior to Members, committee members, vendors, the Manager and its staff, and any other persons associated with or retained by Mutual Fifty; (o) not act in a manner determined by a majority vote of the Board to be grossly detrimental to the general safety, health or welfare of Mutual Fifty and its Members; and (p) comply with all requirements of members of boards of directors of homeowners associations under applicable statutes.

## **2. Nomination Procedures**

- a. Mutual Fifty shall send to all Members a request-for-candidates form, seeking nominations for candidates for the Board, approximately ninety (90) days prior to the Annual Meeting. Notice to the Members of the meeting shall include the names of all those who are nominees at the time the Notice is sent. Nominations will be valid so long as the nominee has either nominated himself/herself, or provides notice of acceptance of the nomination prior to the close of nominations.
- b. In addition to the procedure set forth in Section 2(b), above, candidates shall also be subject to nomination by the Nominating Committee. The Nominating Committee shall consist, in the discretion of the Board, of three (3) to five (5) Members to hold office to the end of the calendar year in which appointed and until a successor has been elected and qualified. Any Member in good standing and who is not a director of Mutual Fifty or GRF may offer to serve or be proposed to serve on the Nominating

Committee by any Mutual Fifty Director or Member.

- c. The Nominating Committee, from time to time, shall prepare, revise, and maintain, a confidential list of Members who, in its opinion, are qualified to serve as Directors of Mutual Fifty. At least forty-five (45) days prior to the Annual Meeting, the Nominating Committee shall nominate candidates for election as Directors sufficient to at least fill all anticipated vacancies (and no more than twice that number) by submitting the names of candidates to Mutual Fifty's President. The Nominating Committee shall nominate such candidates at least ten (10) days before the mailing of the notice of meeting.
- d. All candidates, known to Mutual Fifty at the time ballots are mailed, shall have a reasonable opportunity to submit a candidate statement not to exceed two hundred and fifty (250) words in length, to accompany the ballots.
- e. If a person or entity nominated is not qualified to serve on the Board, that candidate's name shall not appear on the ballot and that person or entity will not be permitted to serve if elected.

### **3. Voting Qualifications of Members**

- a. All Members in good standing shall be entitled to vote in any membership vote. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Condominium(s) and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the governing documents. A Member's good standing shall be determined thirty (30) days prior to the date of the Annual Meeting.
- b. Each Member shall have one (1) vote per Condominium owned. In no event shall more than one (1) vote be cast with respect to any Condominium. When more than one (1) person owns any Condominium, all such persons shall be deemed Members, provided however, the vote for such Condominium shall be exercised as a unit, in accordance with the provisions of Mutual Fifty's governing documents. If two or more ballots are received for any one Condominium, the first ballot received shall be counted and the additional ballot(s) discarded.
- c. Voting shall be by secret written ballot pursuant to the procedure set forth in the California Civil Code and Section 9 below.
- d. At all elections of Directors, Members shall be entitled to one vote per Condominium owned, and no more than one vote may be cast for any one candidate. Those Director candidates who receive the highest number of votes, not to exceed the number of Directors to be elected, shall be elected. Candidates for less than a three year term, shall be voted upon separately. Cumulative voting

shall not be permitted.

**4. Inspector(s) of Election**

- a. At an open meeting, the Board shall select and appoint one (1) or three (3) persons to serve as independent Inspector(s) of Election (“Inspector”) for such vote.
- b. The Inspector must be an independent third party who is not:
  - i) Currently a member of the Board or a candidate for the Board; or
  - ii) Related to a member of the Board or of a candidate for the Board.
- c. The Board may, but is not required to, select third parties as the Inspector(s), which may include but is not limited to, a Member, a volunteer poll worker with the County registrar of voters, a licensee of the California Board of Accountancy, a notary public, Mutual Fifty’s managing agent, or a professional election manager.
- d. The Board may, in its discretion, appoint Inspector(s) which consists of a person, business entity, or subdivision of a business entity who is currently employed or under contract to Mutual Fifty for any compensable services.
- e. The Board, in its discretion, may remove and replace the Inspector(s) at any time prior to the date of any election.
- f. The Board may determine to pay compensation to the non-member third party Inspector(s), if any. If the Board determines to appoint and pay an independent third party, the Board will require the following terms to be met by the Inspector(s):
  - i) A formal written contract for the Inspector(s) to be hired as an independent contractor;
  - ii) The Inspector(s) will maintain insurance with at least \$1 million CGL coverage, including completed operations coverage, and \$1 million D&O/E&O (naming Mutual Fifty and its management company as additional insureds on both policies); and
  - iii) The contract shall require independent third party Inspector(s) to indemnify Mutual Fifty if such independent third party Inspector(s) is/are grossly negligent, or commit(s) willful and/or malicious misconduct.
- g. If an Inspector(s) is unwilling to, unable to, or does not, perform his/her duties as stated in these rules, or becomes ineligible to be an Inspector at any time after appointment, the Board may remove that Inspector(s) without notice, and may appoint another Inspector(s) in his/her place.

- h. The Inspector(s) shall perform his/her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical.
- i. The Inspector(s) shall have the duty to:
  - i) Determine the number of Members entitled to vote and the voting power of each;
  - ii) Determine the authenticity, validity, and effect of proxies, if any;
  - iii) Receive ballots;
  - iv) Determine the existence of a quorum. For the purposes of determining a quorum, each ballot received by the Inspector(s) shall be treated as a Member present, except in the case of duplicate ballots or multiple ballots from the same Condominium;
  - v) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;
  - vi) Count and tabulate all votes;
  - vii) Determine when the polls shall close, consistent with the governing documents;
  - viii) Determine the tabulated results of the election;
  - ix) Perform any acts as may be proper to conduct the election with fairness to all members in accordance with Civil Code Section 5110, the Corporations Code, and all applicable rules of Mutual Fifty; and
  - x) Prepare a written report of the activities undertaken in any election.
- j. The Inspector(s) may meet and discuss election issues amongst themselves and/or with Mutual Fifty's counsel.
- k. If there are three (3) Inspectors, the decision or act of two or more Inspectors shall be effective in all respects as the decision or act of all.
- l. The Inspector(s) may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the Inspector(s) deem appropriate, provided that the persons are independent third parties as set forth in Paragraph 4(b) herein.
- m. The Inspector's report of the election, once signed to certify the election, is prima



facie evidence of the facts stated in the report.

**5. Access to Mutual Fifty Media**

- a. No candidate or Member shall be provided access to Mutual Fifty media, newsletters or Internet web sites during the campaign except with the express consent of the Board, and solely for purposes that are reasonably related to that election. The Board's consent may be withheld at its sole discretion and for any reason.
- b. In the event access to Mutual Fifty media, newsletter or Internet web sites is granted to any candidate or Member advocating a point of view, during any campaign for purposes that are reasonably related to that election, then all candidates and Members advocating a point of view, including those not endorsed by the Board, shall be provided equal access for purposes reasonably related to that election.
- c. In the event access to Mutual Fifty media, newsletter or Internet websites is granted, Mutual Fifty shall not censor, edit or redact any content from the communications of the candidates and Members advocating a point of view, but shall include a statement specifying that the candidate or Member, and not Mutual Fifty, is responsible for the content of the message. The following statement shall be published by Mutual Fifty:

*"The views expressed are those of its author and do not reflect the view of Mutual Fifty, its directors, managers, employees or agents. The author is solely responsible for its content. Mutual Fifty was required by law to publish the communication as written regardless of content."*

**6. Access to Common Area Meeting Space**

- a. If any common area meeting space exists within the Project, access to such common area meeting space shall be made available at no cost to all candidates, including those who are not incumbents, and to all Members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election or vote, upon reasonable request.

**7. Mutual Fifty Funds**

- a. Mutual Fifty funds shall not be used for campaign purposes in connection with any election except to the extent necessary to comply with the duties of Mutual Fifty imposed by law.

**8. Proxies**

- a. Proxies shall be permitted subject to Civil Code Section 5130 and Article VI, Section 10 of Mutual Fifty's Bylaws. For those elections in which proxies are used, in order to be counted the proxy must be (a) in writing, (b) signed by the

member or the authorized representative of the member that gives another member or members the power to vote on behalf of that member, (c) filed with the President in advance of each meeting, and (d) identify the person authorized to exercise the proxy. A proxy that does not satisfy these requirements shall not be valid. Any instruction given in a proxy issued for an election that directs the manner in which the proxyholder is to cast the vote must be set forth on a separate page of the proxy that can be detached and given to the proxyholder to retain. The proxyholder must cast the member's vote by secret ballot and in the manner directed, if applicable. Every proxy is revocable at any time and automatically ceases after completion of the meeting for which the proxy was filed.

## **9. Secret Balloting Procedures**

- a. Mutual Fifty shall utilize a secret ballot process pursuant to Civil Code Section 5115 for the following matters:
  - i) A vote of the membership regarding assessments per Civil Code Section 5605;
  - ii) Election of members of the Board of Directors;
  - iii) Amendments to the governing documents;
  - iv) Grant of exclusive-use common area property pursuant to Civil Code Section 4600;
  - v) Removal of Directors;
  - vi) Any other membership vote which the law requires to be conducted via the secret ballot process; and
  - vii) Mutual Fifty may utilize a secret ballot process for any other membership vote, if allowed by law or the governing documents.
- b. A ballot and two pre-addressed envelopes (Envelopes # 1 and # 2) with instructions on how to return the ballot shall be mailed by first-class mail or delivered by Mutual Fifty to every Member at least thirty (30) days prior to the deadline for voting.
- c. The ballot shall contain the names of any candidates known to Mutual Fifty at the time the ballot is mailed. If no candidates are known or if there are fewer candidates than the number of Directors to be elected, Mutual Fifty will send out a ballot which has the names of the known candidates and/or blank lines for the write-in candidates.
- d. Any write-in candidate must be nominated from the floor, by themselves or another Member, or by written notice which is received by the Inspector(s) prior to the close of nominations, and must be present at the meeting to accept the nomination, or

have sent written acceptance of the nomination to Mutual Fifty in advance.

- e. A voter may not be identified by name, address, or unit number on the ballot.
- f. The ballot itself is not signed by the Member voting, but is to be inserted into Envelope # 1 that is sealed by the Member. Envelope # 1 is then inserted into Envelope # 2, which is then sealed by the Member.
- g. Envelope # 2 is addressed to the Inspector(s). In the upper left-hand corner of Envelope # 2, the voter shall sign his or her name, print his or her name, and indicate the address or separate interest identifier that entitles him or her to vote.
- h. Envelope # 2 may be mailed or delivered by hand to a location specified by the Inspector(s). The Member may request a receipt for delivery.
- i. Once a ballot has been cast, it cannot be revoked.
- j. Only Mutual Fifty's ballots and envelopes which are sent out to the membership by Mutual Fifty or are provided by Mutual Fifty at the membership meeting will be accepted by the Inspector(s) of election.

#### **10. Voting Period**

- a. The Board shall generally determine the dates upon which polls will open and close, consistent with the governing documents and applicable law. Once appointed, the Inspector(s) shall determine, in their discretion, the specific date and time when the polls close.

#### **11. Vote Tabulation**

- a. All votes shall be counted and tabulated by the Inspector(s), or the duly authorized persons appointed by the Inspector(s), in public at a properly noticed membership meeting.
- b. The ballots shall not be opened or otherwise reviewed prior to the time and place which the ballots are counted and tabulated.
- c. Any candidate or Member may witness the counting and tabulation of the votes.
- d. The Inspector(s), or his or her designee, may verify the Member's information and signature on Envelope #2 prior to the meeting at which ballots are tabulated. Once a secret ballot is received by the Inspector(s), it shall be irrevocable.

#### **12. Election Results**

- a. The Inspector(s) shall promptly report the results of the election to the Board. The Board shall record the results of the election in the minutes of the next Board

meeting and make them available to the Members for review.

- b. Within fifteen (15) days of the election, the Board shall publicize the results of the election in a communication directed to all members.

**13. Custody, Storage and Retention of Ballots**

- a. The sealed ballots at all times shall be in the custody of the Inspector(s) or at a location designated by the Inspector(s) until after the tabulation of the vote, and until the time allowed by Section 5145 of the Civil Code for challenging the election has expired, at which time custody shall be transferred to Mutual Fifty.
- b. If there is a recount or other challenge to the election process, the Inspector(s) shall, upon written request, make the ballots available for inspection and review by a Member or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.
- c. After the transfer of the ballots to Mutual Fifty, the ballots shall be stored by Mutual Fifty in a secure place for no less than one year following the date of the election.