

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

**November 8, 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, November 8, 2016, at 9:30 AM at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Lenny Ross, Juanita Skillman, Don Tibbetts, Jan LaBarge, Janey Dorrell, Pat English, Steve Leonard, Maggie Blackwell, Andre Torng, Gary Morrison

Directors Absent: Jack Bassler

Staff Present: Open Session: Brad Hudson, Kim Taylor, Ernesto Munoz  
Executive Session: Brad Hudson, Kim Taylor

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 Steve Leonard led the Pledge of Allegiance to the Flag.

**(3) ACKNOWLEDGEMENT OF MEDIA**

A representative of the Laguna Woods Globe was not present for the meeting, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

**(4) APPROVAL OF AGENDA**

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

**(5) 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 new Directors of United Mutual and welcomed the new Directors, and commented on Agendas and how they are structured.
- Prakash Achrekar (201-E) congratulated the new Members of the Board and offered his help.

**(6) RESPONSE TO MEMBER COMMENTS**

United Mutual Directors briefly responded to Member Comments.

**(7) REPORT OF THE CHAIR**

President Lenny Ross thanked Scott Marvel for his work volunteering in the Community he received a recognition for all his service. Mr. Marvel thanked the Board.

President Ross announced that Director Jack Bassler has resigned date effective November 10, 2016, and was given recognition for his service to United Mutual and the United Board of Directors.

President Ross briefly spoke to the United Board accomplishments of the past year highlighting the Solar Program. President Ross updated the Community on various meetings currently being scheduled for the Board and announced a Community Holiday Dinner scheduled for December 25, 2016.

**(8) REPORT OF CEO**

Brad Hudson, CEO, commented on the elections that have taken place, the new Gate Access RFID system, extensive training with regard to the system and thanked the Security and Gate staff for their hard work, about half the calls for gate access are now being handled by the Community Access Department. Mr. Hudson commented on Gates 2 and 3 undergoing improvements, stated that Transportation Awareness Day was a great success, the grand opening of Clubhouse 2 was a blowout, and noted that improved communication with the Community is successful. Staff is putting an emphasis on Landscaping, improving the look of the Community. Mr. Hudson updated the Board on the Granicus training and the go live date is scheduled for January 2017. Mr. Hudson answered questions from the Board.

**(9) Update from VMS Director – Director Joe Rainey**

Director Joe Rainey, of Village Management Services, Inc. welcomed the new Directors to the United Board. Director Rainey provided an update of each section of the Strategic Plan: Provide Exemplary Customer Service, Facilitate Efficient Operations, Provide a Safe Community, Provide Transparent Communications and become an Employer of Choice, and provided an overview of each section. Director Rainey provided a brief overview of the Hide It, Lock It or Lose It Program and asked the Community to let someone know if they see something suspicious, he provided highlights of the upcoming Village Breeze and answered questions from the Board.

**(10) APPROVAL OF MINUTES**

Director Skillman moved to approve the following minutes:

- (a) September 13, 2016 – Regular Open Session
- (b) September 29, 2016 – Counting of the Ballots
- (c) October 7, 2016 – Special Open Session
- (d) October 11, 2016 – Organizational Meeting
- (e) October 25, 2016 – Special Open Meeting

Director Dorrell seconded the motion. By a vote of 8-0-0 (Director English abstained from voting on the October 25, 2016 minutes) the motion carried.

**(11) CONSENT CALENDAR**

Director Tibbetts moved to approve the Consent Calendar as written. Director English seconded the motion. By a vote of 9-0-0 the motion carried.

**11a Maintenance and Construction Committee Recommendations:**

**RESOLUTION 01-16-101**

**Variance Request**

**RESOLVED**, November 8, 2016, that the request of Mutual Members 76-A, B, C and D, to install a ramp at Building 76, is hereby approved; and

**RESOLVED FURTHER**, all costs for installation, repair, and maintenance associated with the proposed alterations are the responsibility of the Mutual Members 76-A, B, C and D; and

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

**RESOLVED FURTHER**, 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 at Manors A, B, C and D; and

**RESOLVED FURTHER**, the wheelchair ramp must be installed as per standard construction practices and meet all requirements for an ADA compliant ramp; 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 01-16-102**

**Variance Request**

**RESOLVED**, November 8, 2016, that the variance request of Joyce Piontak of Manor 148-A, for revised window additions throughout the unit, 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 148-A Avenida Majorca; 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 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 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**, 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 01-16-103**

##### **Variance Request**

**RESOLVED**, November 8, 2016, that the variance request of Michael Milo, to replace copper piping with PEX tubing at Manor 2038-C, is hereby denied; and

**RESOLVED FURTHER**, the denial is due to the finding that the proposed alteration fails to follow Mutual Standard; 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 01-16-104**

##### **Variance Request**

**RESOLVED**, November 8, 2016, that the variance request of Mr. and Ms. James Schurmann of Manor 330-D, to retain paint colors in the patio of Manor, is hereby approved; and

**RESOLVED FURTHER**, all future costs and maintenance associated with the subject alterations are the responsibility of the Mutual Member(s) at 330-D 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.

**RESOLUTION 01-16-105**

**Variance Request**

**RESOLVED**, November 8, 2016, that the variance request of Mr. and Ms. Charles Poper of Manor 660-N, to retain bamboo privacy screen on balcony at Manor, is hereby denied; and

**RESOLVED FURTHER**, the denial is due to the finding that the proposed alteration fails to follow Mutual Standard; and

**RESOLVED FURTHER**, the Members are required to remove the bamboo within 30 days of the Board's decision; and

**RESOLVED FURTHER**, the Members will be noticed for a disciplinary hearing due to the rule violation; 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.

**11b Landscape Committee Recommendations:**

- |       |  |
|-------|--|
| 799-A | Deny request for tree removal  |
| 25-C  | Approval of request for addition of motorless block garden wall, at Member's expense, with contingencies |

**11c Finance Committee Recommendations:**

**RESOLUTION 01-16-106**

**Recording of a Lien**

**WHEREAS**, Member ID 947-374-30 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**, November 8, 2016, that the Board of Directors hereby approves the recording of a Lien for Member ID 947-374-30; and

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

### **COMMITTEE REPORTS**

#### **(12) Finance Report**

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

#### **(13) Maintenance and Construction Committee**

Director Tibbetts reported from the Maintenance and Construction Committee.

#### **13a Entertain Motion to Approve a Revision to the Variance Request Processing Fee Policy Stating that Fees May be Refunded Only if the Processing Fee was Generated by Staff in Error – Resolution (initial notification – must postpone to December to conform to the 30 day notification requirement)**

Secretary of the Board, Director Juanita Skillman, read the following resolution approving revisions to the Variance Request Processing Fee Policy stating that fees may be refunded only if the processing fee was generated by Staff in error:

#### **RESOLUTION 09-16-XX**

#### **Variance Request Processing Fee**

**WHEREAS**, variance requests require significant staff time for proper processing, including research, report preparation, presentation to the appropriate committee and to the Board for final approval; and

**WHEREAS**, the Mutual currently charges a ~~\$50~~ **\$100** fee to offset administrative costs associated with processing variance requests; and

**WHEREAS**, the Board realizes the fee cannot fully offset associated costs with processing variances requests, and when a member appeals the Board's decision on a variance request, the process extends the amount of administrative costs significantly;

**NOW THEREFORE BE IT RESOLVED**, December 13, 2016, that in order to partially offset administrative costs associated with processing variance requests, the Board of Directors of this Corporation hereby sets the variance request processing fee at \$100, fees may be refunded **only** if the processing fee was generated by staff in error;

**RESOLVED FURTHER**, that Resolution 01-09-46 adopted February 10, 2009 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 Skillman moved to postpone the resolution to the December meeting to satisfy the 30-day notification requirement, to comply with Civil Code §4360. Director Blackwell seconded the motion. Discussion ensued.

Members Maxine McIntosh (68-C) and Mary Stone (356-C) commented on the resolution.

Without objection the Board agreed to change the second whereas from \$50 to \$100 as a scrivener's error.

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

**13b Discuss and Consider Increasing the Contract Amount for the Pushmatic Electric Panel Replacement Program by \$122, in an Effort to Reduce Change Orders**

Director English moved to increase the contract amount for the Pushmatic Electric Panel Replacement Program by \$122, in an effort to reduce change orders, as stated below. Director Tibbetts seconded the motion. By a vote of 9-0-0 the motion carried.

Currently the project has completed 39 jobs with 26 change orders. After negotiating with the contractor, it is financially more feasible to add \$122 to the contracted amount to cover the anticipated change orders. The average cost has been calculated see table below.

Description	Quantity	Cost
Completed Jobs	39	\$47,705.00
Change Orders	26	\$5,252.50
Average Cost of Change Order	39	\$134.68

**13c Discuss and Consider Dissolving the Energy Committee and Establish a Cul-de-Sac (CDS) Task Force to Address Lighting, Parking, Laundry Rooms, Charging Stations and Other Projects as they Arise**

Director Skillman moved to dissolve the Energy Committee and establish a Cul-de-Sac (CDS) Task Force to address lighting, parking, laundry rooms, charging stations and other projects as they arise. Director LaBarge seconded the motion. Discussion ensued.

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

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

**(14) Energy Committee**

Director Leonard reported from the Energy Committee.

**14a Entertain Motion to Approve Allowing PEV Vehicles Owned by Residents of United Mutual be Permitted to Utilize 120 Volt Outlets in Common Areas of United Mutual – Resolution (initial notification – must postpone to December to conform to the 30 day notification requirement)**

Secretary of the Board, Director Juanita Skillman, read the following resolution allowing PEV vehicles owned by Residents of United Mutual be permitted to utilize 120 volt outlets in common areas of United Mutual:

**RESOLUTION 01-16-xx**

**Plug-in Electric Vehicles (PEV) Permitted to Utilize 120 Volt Outlets  
in the Common Areas**

**WHEREAS**, the State of California and the US Government offer significant financial incentives to buyers to encourage their purchase of PEVs due to reduced greenhouse gases, Laguna Woods should do what it can to support the government's environment objectives; and

**WHEREAS**, the current electric car policy prohibits PEV car owners to plug into common area outlets; and

**WHEREAS**, all PEV vehicles support charging using a 120 volt circuit; it places a charging load similar to that of a golf cart and in some cases actually requires lower power demand of some golf carts; and

**WHEREAS**, no data is available to ascertain the circuit capacity utilized on the 120 volt circuits, and it would be costly to hire a consultant to identify all 120 volt circuits and the existing power demand on those circuits, it is deemed more reasonable to take any corrective action at the time an excessive loading condition occurs;

**NOW THEREFORE BE IT RESOLVED**, on December 13, 2016 that all PEV vehicles owned by residents of United Mutual will be permitted to utilize 120 Volt outlets in common areas of United Mutual under the following rules and regulations:

1. Every PEV will be registered through the existing automobile registration process currently in place.
2. An annual (January to December) electricity usage fee set by the United Board will be required for every PEV registered. This fee may be pro-rated for PEVs registered during the year. (This fee is set at \$240 per year or \$20 per month.)
3. To prevent unauthorized use of Mutual common area 120 volt electrical outlets, all authorized PEVs will be issued a sticker to be affixed to the inside lower corner of the driver's



rear window windshield designating that the car is properly registered for the use of 120 volt outlets in the common area. This sticker is the property of United Mutual and can be revoked for failure to comply with current United Mutual regulations.

4. Owners of PEV's are solely responsible for the proper use and maintenance of their vehicle and any associated equipment used in charging the vehicle and may not make any alterations to Mutual outlets, wiring, circuit breakers or electric service panels.

5. Owners of PEVs wishing to employ high voltage for charging will be responsible for installation of such service per the requirements of the Board approved Alteration Standard Section 41 Electric Vehicle Charging Stations and shall be required to apply for a permit and make necessary arrangements with the electrical service provider (currently SCE) for installation of a separate service panel and conduit and appropriate electrical outlet. In such an event, vehicle registration will not be required.

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

Director Skillman moved to postpone the resolution to the December meeting to satisfy the 30-day notification requirement, to comply with Civil Code §4360. Director Blackwell seconded the motion. Discussion ensued.

Members Mary Stone (356-C), Dick Rader (270-D) Joe Rainey (889-C) and Ruby Spencer (950-H) commented on the resolution.

By a vote of 8-1-0 (Director English opposed) the motion carried.

#### **(15) Landscape Committee**

Director Skillman reported from the Landscape Committee.

#### **15a Discuss and Consider Rescinding Resolution 01-12-97 the Use of Belgard Stonecut Toscana Blend Motarless Block Wall Throughout the Mutual**

Director Skillman moved to approve rescinding Resolution 01-12-97 the use of Belgard Stonecut Toscana Blend motarless block wall throughout the Mutual. Director Blackwell seconded the motion. Discussion ensued.

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

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

15b Update on Landscaping in United Mutual – Kurt Rahn  
Landscaping update will be provided to the Landscape Committee.

#### **(16) Governing Documents Review Committee**

Director Skillman reported from the Governing Documents Review Committee.

**(17) Laguna Woods Village Traffic Hearings**

Director Tibbetts reported from the Laguna Woods Village Traffic Hearings.

**(18) Report on Disciplinary Cases**

No report was given.

**(19) UNFINISHED BUSINESS**

**19a Entertain Motion to Approve Revisions to Contractor Hours, Resolution 01-16-08, to be Adopted Community Wide (30-Day notification to comply with Civil Code §4360 has been satisfied)**

Secretary of the Board, Director Juanita Skillman, read the following draft revisions to Contractors Hours, to be adopted Community wide which was postponed in September to satisfy the 30-day notification requirement, Civil Code §4360 and rescind Resolution 01-16-08:

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 ~~work that does not require excessive noise~~ **quiet work** only between 7:00a.m. and 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 **obtain** for a Vendors Work ~~Worker Gate Access Permit~~ **Worker Gate Access Permit** to perform work in the Village. This will allow all the Mutuals to better manage and supervise work performed within the Village.

***\*When Parking Permit is implemented.***

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

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

**19b Entertain Motion to Approve Discontinue Use of Individual Recognition Agreements – Resolution (30-Day notification to comply with Civil Code §4360 has been satisfied)**

Secretary of the Board, Director Juanita Skillman, read the resolution approving discontinue use of Individual Recognition Agreements, which was postponed in September to satisfy the 30-day notification requirement, Civil Code §4360:

**Resolution 01-16-107**

**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~~ has entered into an individual recognition agreement with the Corporation ~~such as NCB; or~~ **2.** they may obtain a Guarantor who meets the financial qualifications established by United Laguna Woods Mutual from time to time; and

**NOWHEREFORE BE IT RESOLVED**, November 8, 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 the resolution. Director English seconded the motion. Discussion ensued.

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

**19c Entertain Motion to Rescind Resolution U-89-94; Who May Occupy (30-Day notification to comply with Civil Code §4360 has been satisfied)**

The Board discussed rescinding Resolution U-89-94; Who May Occupy, which was postponed in September to satisfy the 30-day notification requirement, Civil Code §4360:

**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 rescind the resolution. Director Dorrell seconded the motion. By a vote of 9-0-0 the motion carried.

**19d Entertain Motion to Ratify Appointment of Officers and Appoint Brad Hudson and Lori Moss as Vice President ex Officio Officers – Resolution**

Secretary of the Board, Director Juanita Skillman, read the following resolution ratifying appointment of Officers and appoint Brad Hudson and Lori Moss as Vice President ex Officio Officers:

**RESOLUTION 01-16-108**

**Appointment of Officers**

**RESOLVED**, on November 8, 2016, pursuant to United Laguna Woods Mutual Bylaws Article IX which sets guidelines, terms and responsibilities for the election of Officers to this Corporation the following persons are hereby elected to the office indicated next to their names to serve:

Lenny Ross	President
Jan LaBarge	1st Vice President
Janey Dorrell	2nd Vice President
Juanita Skillman	Secretary

Pat English

Treasurer

***RESOLVED FURTHER, that the following Staff persons are hereby appointed as a non-voting ex Officio officers of this Corporation:***

***Bradley Hudson  
Lori Moss***

***Vice President ex Officio  
Vice President ex Officio***

**RESOLVED FURTHER**, that Resolution 01-16-27, adopted March 8, 2016, is hereby amended to the extent that it differs; and

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

Director Skillman moved to approve the resolution. Director Leonard seconded the motion. Discussion ensued.

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

Director Blackwell moved to add "as a non-voting" to the resolution. Director Skillman seconded the motion. By a vote of 9-0-0 the motion carried.

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

### **(20) NEW BUSINESS**

#### **20a Entertain Motion to Approve the Board Operation Procedures Contracts Matrix, Change Order Policy and Purchasing Policy – Resolution**

Ernesto Munoz, P.E. provided an overview of the Board Operation Procedures Contracts Matrix, Change Order Policy, and Purchasing Policy; he answered questions from the Board.

Secretary of the Board, Director Juanita Skillman, read the following resolution approving the Board Operation Procedures Contracts Matrix, Change Order Policy and Purchasing Policy:

### **RESOLUTION 01-16-109**

#### **Board Operation Purchasing and Contracts Policies**

**WHEREAS**, the Purchasing Task Force was formed to ensure that adequate purchasing controls are in place; to streamline the internal purchasing and contracting process; and to ensure transparency and that a professional and competitive process is used for the procurement of high quality products and services for the community; and

**NOW THEREFORE BE IT RESOLVED**, November 8, 2016, that the Board of Directors of this Corporation hereby approves the Board Operation

Procedures Contracts Matrix, Contract Change Order Policy and Purchasing Policy as attached to the official minutes of this meeting; and

**RESOLVED FURTHER**, that resolution 01-15-36, adopted March 10, 2016, is hereby superseded and canceled; 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. Director Blackwell seconded the motion. Discussion ensued.

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

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

**(21) GRF COMMITTEE HIGHLIGHTS**

Directors provided brief highlights from GRF Committees.

**(22) DIRECTORS' FORUM**

The Directors made final comments.

**(23) 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 4:15 PM.

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Juanita Skillman, Secretary  
United Laguna Woods Mutual

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

During the September 13, 2016, Regular Executive Session meeting, the Board reviewed and approved the August 9, 2016, – Regular Executive Session, the August 16, 2016, – Special Emergency Session, and the August 25, 2016, – Special Executive Hearings Committee, as written; approved two (2) hearing requests; held four (4) Disciplinary Hearings and imposed \$600 in fines for violations of the Mutual's rules and regulations; discussed the Delinquency Report; discussed and considered numerous Member Disciplinary matters; discussed and considered Member Requests; discussed Personnel matters; discussed and considered Membership and Occupancy matters; discussed and considered Contractual matters; and discussed and considered Litigation matters.

During the October 7, 2016, - Special Executive Hearing Committee Board meeting, the Board held one (1) member Disciplinary Hearing; approved three (3) Hearing Recommendations; held one (1) Meet and Confer; and held no Common Area Damage Reimbursement Hearings.

During the October 27, 2016, - Special Executive Hearing Committee Board meeting, the Board held six (6) member Disciplinary Hearings; held one (1) Meet and Confer; and held four (4) Common Area Damage Reimbursement Hearings.

During the September 23, 2016, Special Executive Board meeting the Board discussed and considered Legal matters.

During the October 7, 2016, Special Executive Board meeting the Board discussed and considered Litigation matters.

## **CONTRACT CHANGE ORDERS ON CAPITAL PROJECTS**

### **BACKGROUND**

When unforeseen circumstances occur on capital projects, Change Orders are required. These Change Orders can be the result of additions or deletions to the project, revisions to the project, and omissions or errors in the original project plans and/or specifications.

### **PURPOSE**

The purpose of this Policy is to provide staff necessary latitude in the timely execution of Capital Project Change Orders while, at the same time maintaining accountability for expenditures associated with such Orders.

### **POLICY**

The following Policy has been adopted by GRF, Golden Rain Foundation of Laguna Woods, United Laguna Woods Mutual, and Third Laguna Hills Mutual for the processing of Project Change Orders:

1. Approval of all Change Orders is contingent upon funds being budgeted and available for the specific project. Where funds are not available, a Supplemental Appropriation must first be approved by the Board of Directors.
2. No Change Order can be processed without the written approval of the Division Director responsible for the project or his/her designee.
3. Division Director approval is required for any Change Order up to 10% (or as specified) of the original contract price, or up to \$25,000, whichever is greater. However, the sum of all Change Orders must not exceed 10% of the original contract amount. (see No. 6 below).
4. Committee approval is required for any Change Order up to 10% (or as specified) of the original contract price, over \$25,000 and up to \$100,000 of the original contract price. However, the sum of all Change Orders must not exceed 10% of the original contract amount (see No. 6 below).
5. Board approval is required for any Change Order over 10% (or as specified) of the original contract price or over \$100,000, whichever is greater. A request for approval of this Change Order will appear under the New Business item on the agenda.
6. Board shall review for approval all Change Orders, regardless of amount, when the sum of all Change Orders on the project exceeds 10% of the original award bid. All requests submitted to the Board for approval above 10% of original bid shall include findings that the proposed additions to the scope of the work are needed in the best interest of the Community, or that rebidding is unlikely to result in a lower unit price. Requests for approval of such Change Orders must include the following information: amount budgeted for the capital project, amount expended thus far, status of project, and previously approved Change Orders. In addition, the



staff member responsible for the day-to-day oversight of the project, or his/her designee, shall be present at the Board meeting at which the request for Change Order approval is considered. A request for approval of this Change Order will appear under the New Business item on the Board agenda.

7. In addition to the above approvals, Board approval of Contract Change Orders will be required when the scope of the project is materially changed. Requests for approval of such Change Orders must include the following information: amount budgeted for the project, amount expended thus far, status of project, and previously approved Changed Orders. In addition, the staff member responsible for the day-to-day oversight of the project, or his/her designee, shall present a comprehensive report at the Board meeting in which the request for Change Order approval is considered. A request for approval of this Change Order will appear under the New Business item on the agenda.
8. The Board shall be kept informed by the Division Director under whose oversight the project is being executed of all Change Orders, regardless of size, through periodic status reports. These reports shall be presented informally, and may be presented as "Receive and File" consent items at the Board meeting.
9. At the completion of all contracts exceeding \$100,000 in final cost, the Division Director shall submit a final report to the Board detailing the contract amount and all approved Change Orders.
10. In the event that during the course of a construction contract an emergency exists in which there is immediate danger to the health and/or safety of the Community, the Community Manager and CEO are authorized to take immediate and appropriate action which is necessary to eliminate that danger, regardless of cost. If, in the event this Change Order exceeds the normal approval limits as specified in this Policy, staff will provide all backup information to the Board at the next available meeting.

## **PURCHASING POLICY**

### **1. PURPOSE**

The Purchasing Department's goal is to obtain the product or service that best meets the needs of the corporation at the best possible value and to protect the corporation from litigation resulting from these services.

### **2. CODE OF CONDUCT**

No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Corporation shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements except for where the financial interest is not substantial or the gift is an unsolicited item of nominal value. Members of the Corporation Board of directors shall comply with all relevant fiduciary duties, including those governing conflicts of interest, when they vote upon matters related to procurement contracts in which they have a direct or indirect financial or personal interest. Officers, employees, directors, and agents of the Corporation shall be subject to disciplinary actions for violations of these standards.

### **3. FUNDS**

Funding for all procurement is approved by the Corporation Board of Directors through the capital plan, a supplemental appropriation or the operating budgets of each department, prior to procurement of goods or services.

### **4. COMPETITIVE BIDDING PROCESS**

The Purchasing Department carries out a bidding process whether the request is for an item, a service or a project. The following steps are taken:

- a. A Purchase Requisition (PR) and a detailed Scope of Work (SOW) are submitted by the requesting department. The Purchasing Department reviews the SOW and if it requires more detail, it is returned to the requesting department with questions and comments.

- b. The Purchasing Department will incorporate the final SOW into a request for proposal (RFP) for professional services or bid solicitation for construction services, together with brief information about the community, insurance requirements, a pre-bid meeting date and the deadline for submitting proposals/bids. The RFP/bid solicitation is normally sent to at least three (3) vendors/contractors to obtain bids, or may be widely advertised.

- c. When the proposal/bids are received, the Purchasing Department will evaluate them to ensure that each bidder meets the SOW and will recommend the best qualified bid and competitive proposal/bid. If a proposal is submitted late, the Purchasing & Supply Manager will determine if the proposal should be accepted or rejected.

Exceptions to carrying out the bidding process are when:

- The Board of Directors passes a resolution to single source the work.
- The item or project is under \$2,500, unless required by the Purchasing & Supply Manager.
- A specialized item or project is required and vendors/contractors are limited or the vendor/contractor has previously proven their expertise in this field. (Sole Source)
- Work is required immediately (e.g. a broken water main).
- A current material purchase agreement or annual service contract is expiring using a proven vendor/contractor and their pricing does not increase.
- A contractor is currently working under a service contract and the same work is required for a one time project.
- Having received no complaints from a contractor currently working if no price increase.
- Blanket purchase orders are used. Items are supplied without agreed prices on an emergency basis only.
- Change Order to an existing contract, as per the Board-adopted Contract Change Order Policy.

## 5. AWARD PROCESS

- a. After proposal/bids are received, opened, and analyzed by staff, a detailed Contract Award report will be prepared for the appropriate Committee or Board as outlined in the Board-adopted Delegation of Action and Commitments Matrix. The Contract Award report will be prepared by the Division overseeing the services to be contracted for, and shall include a comparison spreadsheet listing all the proposals/bidders; a description of the services to be contracted for; and staff's recommendations.

6. CONTRACTS

7. Following the competitive bidding process the parties enter into an agreement. The process and document differs between product and services:

a. Supply item:

The Buyer uses the Purchase Requisition (PR) to create a Purchase Order (PO) and then forwards it to the vendor.

b. Stock item:

A material purchase agreement is written and after execution the Warehouse Department creates purchase requisitions when the stock items are required. The requisitions are approved by the Purchasing & Supply Manager and the items ordered by the Buyers.

c. Annual service:

A contract is written for the service and when executed a Purchase Order from the requisition is generated to enable payment through the accounting system.

d. Minor project (Less than \$1,000):

The Purchasing Department obtains approval of the contractor and value from the requesting division. The Contract Administrator adds conditions to the purchase requisition, prepares a Purchase Requisition and the Purchasing Department generates a Purchase Order after all requirements are met, and forwards it to the contractor.

e. Small Project (\$1,000 - \$25,000):

The Purchasing Department obtains approval of the contractor and value from the requesting division and a contract is written for the work. The contract SOW is copied from the RFP with any changes that occurred during the bidding process. The completed contract is signed by the contractor then by the VMSI CEO or designated Division Director.

f. Medium Project (\$25,000 - \$100,000):

The Purchasing Department obtains approval of the contractor and value from the appropriate Committee via the requesting division and a contract is written for the work. The contract SOW is copied from the RFP with any changes that occurred during the proposal/bidding process. The completed contract is signed by the contractor then by two Officers of the Board.

g. Large Project (>\$100,000):

The Purchasing Department obtains approval of the contractor and value from the appropriate Board via the requesting division and a contract is written for the work. The contract SOW is copied from the RFP with any changes that occurred during the proposal / bidding process. The completed contract is signed by the contractor then by two Officers of the Board.

h. Very Large and Special Projects (>\$500,000)

Additional process and specific procedures required for Very Large Projects with direct Board involvement not covered here.

i. Leasing;

Leasing agreement will be forwarded to the appropriate Board for signature. Examples are Copier Equipment, Golf Carts and other agreements that the leasing agent require on their forms.

j. The Purchasing Department will assist the requesting department to cancel a contract or produce written warnings to a contractor.

8. CHANGE ORDER TO CONTRACTS

a. Per the Board-adopted Change Order Policy.

9. AX PAYMENT PROCESSING

a. When an executed contract is completed, the Contract Administrators will process the PR and a PO will be generated for work approval and payment.



1 <b>CONTRACTS - RESPONSIBILITY MATRIX</b>					
2					
3		Organization			
4	Delegation of the Initiation, Authorization and Performance of Actions and Comments that are Within the Responsibility Scope of the Organization	Board of Directors	Committee Chair	VMS	All Corporate Members
5	1. Request for Analysis - Determination of Objectives-Project Request Form	I	I(1)		
6	2. Analysis Review			P	
7	3. Approval to fund Analysis	A			
8	4. GRF Capital Improvements Greater than \$500,000	A		P	A
9	5. Scope of Work /Specifications		O	P	
10	6. Request For Proposals (RFP)/Bid Solicitation-Preparation/Delivery			P	
11	7. Consultant/Bidders List- Preparation			P	
12	8. Consultant Interviews/Pre-Bid Meeting		O	P	
13	9. Bid Opening			P	
14	10. Bid Review & Price & Cost Analysis			P	
15	11. Contract Award- \$25,000 to \$100,000	A	R	P	
16	12. Contract Award- Approval Greater than \$100,000	A	O	P	
17	13. Change Orders- Per Adopted Contract Change Order Policy			P	
18	14. Administration of Contract and/or Work			P	
19	15. Project Acceptance (Projects over \$100,000)			P	
20	<b>Key</b>				
21	I= Initiate an Activity, directive may come from either, but the directive is requires				
22	I(1)= Initiate activity within Committee charter and with objective parameters				
23	A= Authorize an activity that is within the Governing Documents				
24	O= The Committee or Board may choose to exercise participation at this level; if not, the Agent will perform the task				
25	R= Review reports and/or for Approval, where necessary and appropriate				
26	P= Performed by managing agent				

**Key**  
 I = Initiate an activity, directive may come from either, but the directive is required  
 I' = Initiate activity within committee charter and with objective parameters  
 A = Authorize an activity that is within the Governing Documents.  
 O = The Committee or Board may choose to exercise participation at this level; if not, the

Agent will perform the task

**R** = Review Reports and/or for Approval, where Necessary and Appropriate

**P** = Performed By