

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF GOLDEN RAIN FOUNDATION OF LAGUNA WOODS
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

September 1, 2015

The Regular Meeting of the Golden Rain Foundation of Laguna Woods Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, September 1, 2015, at 9:30 A.M., at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Kathryn Freshley, Sharon Roddan, Lucy Shimon, Mary Stone, Dick Palmer, Margaret Klein, Richard Johnston, John Beckett, JoAnn di Lorenzo, Stanley Feldstein, John Parker

Directors Absent: None

Others Present: Open Session: Jerry Storage, Kim Taylor, Kristine Courdy, Russ Ridgeway, Betty Parker

CALL TO ORDER

President Kathryn Freshley served as Chair of the meeting and stated that it was a regular meeting held pursuant to notice duly given and that a quorum was present. The meeting was called to order at 9:30 A.M.

PLEDGE OF ALLEGIANCE TO THE FLAG

Director Lucy Shimon led the membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF MEDIA

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

APPROVAL OF AGENDA

Director Stone moved to approve the agenda as amended by removing from the Consent Calendar, 'Deny request from the Tennis Club to hold a Super Senior Men's National Tennis Tournament until further study has been done regarding the possibility of creating a fee' to under the Report of the Community Activities Committee as Agenda Item 19a. Director Shimon seconded the motion.

Director Beckett moved to add to the agenda 'Staff Wage Adjustments'. Discussion ensued. Because the agenda item was not an emergency, the item was not placed on the agenda.

By a vote of 7-4-0 (Directors Klein, Beckett, di Lorenzo and Parker opposed) the motion carried and the agenda was approved as amended.

APPROVAL OF THE MINUTES

Without objection, the following meeting minutes were approved with the noted Scrivener's error on Agenda Item 5(a), page 11 of 26 striking John Parker as a Landscape Advisor:

- (a) August 4, 2015 – Regular Open Session

- (b) August 5, 2015 – 2016 Business Planning Meeting – Version 3
- (c) August 14, 2015 – Special Open Session
- (d) August 21, 2015 – Special Open Session

CHAIR'S REPORT

President Freshley spoke of the changes taking place in the community, and spoke to the overview of the GRF transition plan that is going to be given by GRF Treasurer Richard Johnston. Director Johnson provided an overview of the GRF Board Transition Gantt Chart.

MEMBER COMMENTS

- Diane Penn (443-C) commented on facility fees and how they should be structured.
- Lucy Falk (3377-A) implored the community to vote for the candidates that support the GRF Board and their efforts with the Transition.
- Roberta Berk (933-B) thanked the Board for their hard work and dedication and spoke to the Transition and asked Third Mutual to stop the recall.
- Pat Feeney (2399-3E) commented on rumors regarding Associa and spoke to clarification of rumors.
- Bert Baum (3524-B) commented on a handout that was left on the seats in the Board Room and asked if that was appropriate campaigning and spoke to the cost of the Attorneys for the Transition.
- Carol Price (5017) commented on her support of the GRF Board regarding the Transition and spoke to her frustration with PCM.
- Fred Sherman (3161-A) spoke to the Transition and thanked the Board for their hard work.
- John Luebbe (3301-A) stated that he objects to minutes of the previous meeting.
- Keith Belyea (5394-C) commented on his dissatisfaction of the Restaurant 19 lawsuit and the Transition.
- Maxine McIntosh (68-C) commented on the flyer that was placed on the seats in the Board Room and thanked the Board for their hard work.
- Bob Cummings (3161-A) spoke to the flyer that was placed on the seats in the Board Room and spoke to a rat issue that he is having in his manor and the incentive plan issue from the past.
- Georgiana Willis (858-D) commented on competitive bidding with regard to Staff and her dissatisfaction with staff.
- Juanita Skillman (2154-N) thanked the Board for their hard work and spoke to the Village Library.
- Pat English (928-A) thanked the Board for their hard work and spoke to the Union with regard to competitive bidding and spoke to hiring staff.
- Carol Moore (3399-A) stated that she was proud of the GRF Board and spoke to the Third Board being unethical in the recent past.
- Robert Sherinian (3232-A) thanked the Board and stated that the community is still in the blind.

The GRF Directors briefly responded to Members' Comments.

GENERAL MANAGER'S REPORT

Mr. Jerry Storage reported on the ongoing cost savings and efficiency measures that Staff implemented within the Community during the current year.

UNFINISHED BUSINESS

The Secretary of the Corporation, Director Stone read a proposed resolution approving revisions to the GRF Appeals Process for Resident Members' Requests, which was postponed in July to satisfy the 30-day notification requirement. Director Stone moved to approve the resolution. Director Shimon seconded the motion.

By a vote of 10-0-0 the motion carried and the Board adopted the following:

RESOLUTION 90-15-47

Appeals Process for Resident Members' Requests made to GRF

WHEREAS, from time to time Resident Members seek approval from the Golden Rain Foundation Board of Directors on many matters of Corporate business by way of the committee structure for review of a question that will ultimately be determined by the Board; and

WHEREAS, such committees forward recommendations regarding Members' requests to the Golden Rain Foundation Board for consideration, and if the proposed request is disapproved, then such decision is subject to appeal to the Golden Rain Foundation Board by the Mutual Member;

NOW THEREFORE BE IT RESOLVED, September 1, 2015 that the Board of Directors of this Corporation hereby establishes the following appeal process for Resident Members requests made to Golden Rain Foundation Board:

1. Within 30 days of the Board's decision a requesting Member may appeal the Board's decision by requesting another review by the appropriate GRF Committee.
2. Upon receipt and review of the recommendation from the Committee, the Board of Directors ~~will~~ **shall** make a final decision in the regular course of its business.
3. No further appeals will be granted for a twelve (12) month period from the date of the Board's final decision on the appeal. This twelve-month period shall apply to both the original requesting Resident Member and the subsequent members(s) on the same issue, if any.

RESOLVED FURTHER, Resolution 90-08-69, adopted October 7, 2008 is hereby superseded and cancelled; and

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

Ms. Kristine Courdy entered the meeting at 11:30 AM.

President Freshley spoke to the Care Ambulance request to allow the ambulances to park on the community streets.

Director Feldstein moved to allow Care Ambulance to park on the Community streets owned by GRF. Director Beckett seconded the motion. Discussion ensued.

Members Maxine McIntosh (68-C) and Roberta Berk (933-B) commented on the motion.

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

Director di Lorenzo moved to send the request of Care Ambulance to allow the ambulances to park on GRF community streets to the Mobility and Vehicles Committee for further review. Director Roddan seconded the motion.

By a vote of 9-1-0 (Director Klein opposed) the motion carried.

The Secretary of the Corporation, Director Stone read a proposed resolution approving revisions to the Delegation of Actions and Commitments. Director Stone moved to approve the resolution. Director Johnston seconded the motion and discussion ensued.

Member Roberta Berk (933-B), Maxine McIntosh (68-C), and Carol Moore (3399-A) commented on the motion.

By a vote of 6-3-1 (Director Klein, Beckett and Parker opposed; Director Feldstein abstained), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-15-48

Revisions to the Delegation of Actions and Commitments

WHEREAS, in order to avoid confusion as to the role and responsibilities of the Board and the managing agent, a Delegation of Actions and Commitments Matrix was created to clearly define the responsibilities and authority of the Board and the responsibilities the Board may wish to delegate; and

NOW THEREFORE BE IT RESOLVED, September 1, 2015, that the Board of Directors of this Corporation hereby approves revisions to the attached document entitled "Delegation of Actions and Commitments" which identifies the responsibilities and duties of the Board, committees, and the managing agent; and

RESOLVED FURTHER, that resolution 90-15-15 adopted March 3, 2015 is hereby superseded and cancelled; and

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

Ms. Kristine Courdy left the meeting at 12:10 PM.

NEW BUSINESS

Mr. Russ Ridgeway entered the meeting at 12:10 PM.

Director Parker moved to allow transferring Lagunawoods.com to the City of Laguna Woods. Director Palmer seconded the motion.

By a vote of 8-0-1(Director di Lorenzo was absent for the vote; Director Beckett abstained) the motion carried.

Mr. Ridgeway left the meeting at 12:20 PM.

Director Shimon moved to approve the request from the City of Laguna Woods for use of a bus on September 18, 2015. Director Palmer seconded the motion.

Director Roddan recused herself from the vote.

By a vote of 6-2-1(Directors di Lorenzo and Beckett opposed; Director Klein abstained; Director Roddan recused herself from the vote) the motion carried.

Director Parker moved to allow the request from El Toro Water District to access building addresses within Laguna Woods Village with X, Y GPS Coordinates. Director Roddan seconded the motion.

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

CONSENT CALENDAR

Without objection, the Board approved the Consent Calendar as amended, and took the following action:

Security and Community Access

Approved Posting Signage at All Gates Publicizing the Annual Great California ShakeOut Drill on October 15, 2015.

The Board took a brief recess for lunch at 12:30 PM and returned at 1:15 PM.

COMMITTEE REPORTS

Director Johnston reported from the Finance Committee and presented the Treasurer's Report.

The Secretary of the Corporation, Director Stone read a proposed resolution approving the 2016 GRF Business Plan. Director Stone moved to approve the resolution. Director Shimon seconded the motion and discussion ensued.

Ms. Betty Parker entered the meeting at 1:45 PM.

By a vote of 8-2-0 (Director di Lorenzo and Beckett opposed), the motion carried and the Board of Directors adopted the following resolution:

**GOLDEN RAIN FOUNDATION OF LAGUNA WOODS
2016 BUSINESS PLAN RESOLUTION**

RESOLUTION 90-15-49

RESOLVED, September 1, 2015, that the Business Plan for this Corporation for the year 2016 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 sum of \$41,706,170 will be required by the Corporation to meet its annual expenses of operation for the year 2016, including the cost of managing, operating, maintaining and repairing certain facilities, and of providing certain services for the benefit of members of the Corporation, and said sum is hereby authorized to be expended. Additionally, \$3,209,472 is planned for reserve contributions. After deducting \$1,800,000 derived from prior years' surplus and the sum of \$13,419,021 expected to be received from various sources as revenue during 2016, the Board of Directors hereby estimates that the net sum of \$29,696,621 will be required to be paid by the Corporation members in accordance with the terms of that certain Trust Agreement dated March 2, 1964, as amended, and the bylaws of the Corporation; and

RESOLVED FURTHER, that this Corporation shall charge each corporate member the sum of \$194.30 per month per membership of said Corporation, for its share of the aforesaid net expenses and reserve contributions for the year 2016; 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, Director Stone read a proposed resolution approving the 2016 GRF Capital Plan. Director Stone moved to approve the resolution. Director Johnston seconded the motion and discussion ensued.

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

By a vote of 8-2-0 (Director di Lorenzo and Beckett opposed), the motion carried and the Board of Directors adopted the following resolution:

**GOLDEN RAIN FOUNDATION OF LAGUNA WOODS
2016 CAPITAL PLAN RESOLUTION**

RESOLUTION 90-15-50

RESOLVED, September 1, 2015, that the Capital Reserve Expenditures Plan of this Corporation for the year 2016 is hereby adopted and approved; and

RESOLVED FURTHER, that pursuant to said Plan, the sum of \$6,662,600 is hereby authorized to be expended in 2016 for the purposes provided therein, of which \$1,912,600 is planned to be expended from the Equipment Fund, and \$4,750,000 from the Facilities Fund; 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, Director Stone read a proposed resolution approving the 2016 GRF Reserves Funding Plan. Director Stone moved to approve the resolution. Director Johnston seconded the motion and discussion ensued.

By a vote of 8-0-2 (Directors Klein and Beckett abstained), the motion carried and the Board of Directors adopted the following resolution:

**GOLDEN RAIN FOUNDATION OF LAGUNA WOODS
2016 RESERVES FUNDING PLAN RESOLUTION**

RESOLUTION 90-15-51

WHEREAS, Civil Code § 5570 requires specific reserve funding disclosure statements for associations; 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 1, 2015, 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 \$6,460,000 while meeting its obligations to repair and/or replace major components; and

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

Ms. Parker left the meeting at 2:30 PM.

Director Johnston reported from the Administrative Processes and Procedures Ad-Hoc Committee.

Director Feldstein reported from the Media and Communications Committee.

Director Feldstein moved to approve the request from the El Toro Water District to place conservation signage on GRF property. Director Beckett seconded the motion. The Board determined that the signage should be placed at the Administration Building and Gate 7, with the understanding that the signage at the Administration Building may require approval by the Town Centre Association.

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

Director Feldstein reported from the Laguna Woods Village Traffic Hearings.

Director Palmer reported from the Energy Committee.

Director Stone reported from the Clubhouse 2 Renovation Ad Hoc Committee.

Director Stone reported from the Community Activities Committee.

The Board discussed the request from the Tennis Club to hold a Super Senior Men's National Tennis Tournament.

Members Richard Haskell (3240-A), Ned Buckman (348-C), Richard Doss (2021-A) and Richard Hawkins (5347-A) commented on the motion.

Director Johnston moved to approve the request from the Tennis Club to hold a Super Senior Men's National Tennis Tournament for May of 2016. Director Stone seconded the motion.

By a vote of 5-4-1 (Directors di Lorenzo, Parker, Klein, Beckett opposed; Director Feldstein abstained) the motion carried.

Director Shimon reported from the Landscape Committee.

Director Shimon reported from the Mobility and Vehicles Committee.

Director Roddan reported from the Maintenance and Construction Committee.

Director Roddan reported from the Security and Community Access Committee.

FUTURE AGENDA ITEMS

Due to time limitations the Board did not discuss future agenda items.

DIRECTORS' COMMENTS

The Directors made their final comments.

MEETING RECESS

The meeting was recessed at 3:45 PM to reconvene August 6, 2015 at 9:30 AM.

Mary Stone, Secretary

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

During its Regular Executive Session Meeting of August 6, 2015 the Board approved the Regular Executive Session meeting minutes of July 7, 2015 and the Special Executive Session meeting of July 22, 2015 as written. The Board approved three (3) hearing requests; considered a member matter; discussed and considered Care Ambulance request; discussed and considered Feldsott Engagement Letter; discussed and considered renewal of multiple contracts coming due; discussed and considered litigation matters; discussed and considered the Third Mutual storm drain matter; and reviewed the Litigation Status Report.

During the Special Executive Session meeting of August 24, 2015 the Board discussed and considered contractual matters.

During the Special Executive Session All Boards meeting of August 27, 2015 the Board discussed and considered contractual matters.

During the Special Executive Session meeting of September 1, 2015 the Board discussed and considered contractual matters.

DELEGATION OF ACTIONS AND COMMITMENTS

I. INTRODUCTION

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

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

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

II. AUTHORITY

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

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

III. DELEGATION MATRIX

The Matrix that accompanies this Memorandum presents four categories of functions that are part of the day-to-day responsibilities of Laguna Woods Village Corporations, namely the formation of contracts, the conduct of Board, Committee and member meetings, financial matters, and manner in which legal services are solicited and utilized by the corporations. Then, in the columns opposite these four substantive areas of corporate action, the Matrix presents a description of the appropriate role and responsibilities of:

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

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

IV. PURPOSE OF THIS MEMORANDUM

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

A. Contracts

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

2. Subject Report (Tracking # Assigned)

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

3. Approval of Appropriation by Resolution of Board

This activity is reserved for the Board of Directors. The approval follows the review of the subject report by the appropriate committees with their respective recommendation submitted for action. The board will then review the subject report and the attendant recommendations and either approve the recommended action or return the subject report to committee for further consideration.

4. Draft of Specifications for a Contracted Activity

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

5. Approval of Scope of Work/Specifications

Below are the approvals required for the scope of work/specifications:

- Less than \$5,000: The managing agent has the authority to approve the scope of work/specification without committee review and approval.
- \$5,000 to \$25,000: The appropriate committee chair has the authority to approve the scope of work/specification without full committee review and approval.
- Greater than \$25,000: The authority to approve the scope of work/specification

requires appropriate committee review and approval.

If the scope of work varies significantly from what the Board approved at the time of funding then the Board approval of the scope of work/specifications requires Board review and approval.

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

The managing agent will prepare the RFP and if the value of the contract is expected to be less than \$5,000 and is within the approved budget, the managing agent has the authority to issue the RFP with the appropriate scope of work/specifications without review by the appropriate committee.

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

Below are the approvals required for RFPs with approved scope of work/specifications:

- Less than \$5,000: The managing agent will proceed to send the RFP to the selected vendors
- \$5,000 to \$25,000: The appropriate committee chair will review and approve all RFPs
- Greater than \$25,000: The appropriate committee will review and approve all RFPs

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

The bidders list will be created by the managing agent.

9. Approval/Modification of Final Bidders List

Below are the approvals required for the bidders list:

- Less than \$5,000: The managing agent will proceed to send the RFP to the selected vendors
- \$5,000 to \$25,000: The appropriate committee chair will review and approve the bidders list
- Greater than \$25,000: The appropriate committee will review and approve the bidders list

10. Delivery of Request for Proposal (RFP)

This activity is performed by the managing agent.

11. Pre-bid Meeting

The Pre-bid Meeting, if required, will be set up and conducted by the managing agent. The managing agent shall notify the appropriate committee chair of the meeting date.

12. Bid Opening

The Board does not have to participate in this activity; they may delegate the responsibility to an appropriate committee or, if the expected contract is less than \$25,000, delegate the responsibility to the managing agent. The appropriate committee chair should be invited to all bid openings for projects greater than \$5,000.

13. Bid Analysis (Price and Cost Analysis)

The Board does not have to participate in Bid Analysis; they may delegate the

responsibility to an appropriate committee who may elect to exercise control of the bid review and prepare a recommendation to the Board or, if the expected contract is less than \$5,000, delegate the responsibility to the managing agent.

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

The managing agent will prepare a memo with the recommendation of the vendor that best fulfills all aspects of the RFP and the required specifications of the work to be performed. This activity may include a concurrent report by the committee involved in the RFP and Bidding process.

15. Approval to Award Contract

Below are the approvals required for contract award that are within the budget for the activity:

- Less than \$5,000: The managing agent will proceed to award the contract to the vendor best fulfilling the requirements of the RFP and the scope of work/specifications without committee review and board approval.
- \$5,000 to \$25,000: The appropriate committee chair will review and approve the contract award to the vendor best fulfilling the requirements of the RFP and the scope of work/specifications.
- \$25,000 to \$100,000: The appropriate committee will review and approve contract award to the vendor best fulfilling the requirements of the RFP and the scope of work/specifications.
- Greater than \$100,000: The appropriate committee will review and recommend approval for contract award to the Board for the vendor best fulfilling the requirements of the RFP and the scope or work/specifications. The Board will have final approval of the contract award.

For activities requiring expenditures exceeding the budget, the appropriate committee will review and recommend approval of the contract to the Board. The Board will proceed to approve a resolution for supplemental funding and contract award to the recommended vendor.

Single source contract awards shall be reviewed and approved by the Board.

16. Administration of Contract and/or Work

The managing agent performs this activity with reporting, when requested, to the appropriate committee of progress and discussion of any issues arising during the previous month with the vendor, such that there are no surprises for Board members regarding the contract work and activities. Unless otherwise specified, below are the approvals required for change orders:

- Less than \$5,000: The managing agent will approve change orders
- \$5,000 to \$25,000: The appropriate committee chair will review and approve the change orders
- Greater than \$25,000: The appropriate committee will review and approve the change orders

For activities requiring expenditures exceeding the budget, the Board will proceed to approve a resolution for supplemental funding and approval of the change order.

17. Annual Contracts

Annual Contracts and Material Purchase Agreements typically have a term of two years and are renewed with existing contractors and vendors unless one of the following events occurs and triggers the competitive bid process: 1) unfavorable evaluation submitted by Staff, 2) notice of non-renewal from either party to the contract, or 3) a proposed price increase above a threshold amount, currently 5%. For other considerations, the board or committees can opt into the Delegation of Actions and Commitments (Matrix) process and pursue the competitive bid process for a particular annual contract or purchase agreement.

B. Agendas and Minutes – Board and Committee Meetings

1. Determine Format and Level of Reporting of Board and Committee Minutes This activity is performed by the Board with guidance from their legal counsel and the managing agent. Whenever consultants have been used, they must be identified.

2. Production of Draft Agendas

This activity is performed by the managing agent after review with the board.

3. Approval of the Board Agenda

This item is performed by the Board. A draft agenda will be prepared by the managing agent and reviewed by the presiding officer prior to distribution. The final agenda must be approved by the Board at the beginning of the board meeting.

4. Approval of the Committee Agenda

This item is performed by the committee chair. A draft agenda will be prepared by the managing agent and reviewed by the presiding officer prior to distribution.

5. Production of Draft Minutes (Board and Committee)

This item is performed by the by the managing agent, unless the minutes pertain to an executive session regarding management where, with the advice of legal counsel, management should be excluded from the need to know what transpired in the executive session. In this situation, the Board Secretary will prepare the minutes of the session for the Board members and at copy will be provided for the Corporate Records maintained by the managing agent for the corporation.

6. Approval of the Board Meeting Minutes

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

7. Approval of the Committee Meeting Minutes

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

C. Financial Analysis and Reporting

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

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

2. Determine Structure of Board and Committee Financial Reports

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

3. Prepare Financial Topic and Performance Reports

The committee has the option to prepare the financial topic report and performance reports, which are often call “Balanced Scorecards”. Unless otherwise directed by the Committee, this activity will be performed by either the managing agent or a selected

professional organization with input from other community sources as the committee deems appropriate.

4. Review of Report and Acceptance of Recommendation

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

5. Adoption of Recommendation

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

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

The Business Planning Committee with input from the GRF Board will establish the Goals and Objectives for the overall budget. Each housing mutual board should establish the Goals and Objectives for their respective mutual. The preparation is the responsibility of the respective finance committee and will be reviewed and approved by each board.

7. Budget Preparation

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

8. Budget Approval

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

9. Develop and Report Financial Rolling Forecast

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

10. Reserve Studies

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

11. Select Resident Members for the Select Audit Task Force

The Finance Committee Chair for GRF and each housing mutual initiate the search for financially qualified representatives for their corporation who will be selected by

their finance committee and their board to serve on the community's Select Audit Task Force. The task force has the responsibility to have the RFP prepared for conducting the annual audit of the books of the four Laguna Woods Village corporations. The task force will review and recommend to their respective board the Accounting firm selected to perform the annual Audit. The managing agent will prepare the RFP in accordance with the instructions from the Select Audit Task Force.

12. Annual Audits – Review and Approval

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

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

1. Selection of Appropriate Legal Counsel

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

2. Formulation of Legal Question

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

3. Request Submitted to Law Firm to Answer Question

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

4. Opinion Tendered and Received

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

5. Opinion Summarized with Appropriate Action Plans and Budgets

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

6. Implementation of the Opinion

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

IV. SUMMARY

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

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

Delegation of Actions and Commitments

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

A. Contracts

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

B. Agendas and Minutes--Board & Committee Meetings

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

C. Financial Analyses

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

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

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

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

Key

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

I¹ = Initiate activity within committee charter and with objective parameters

A = Authorize an activity that is within the Governing Documents. For items within the budget for the activity, the Managing Agent is authorized to approve contracts of less than \$5,000, the appropriate committee chair is authorized to approve contracts between \$5,000 and \$25,000, the appropriate committee is authorized to approve contracts between \$25,000 and \$100,000 and the Board is authorized to approve contracts greater than \$100,000

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