

Jeffrey Lewis (Bar No. 183934)
609 Deep Valley Drive, Suite 200
Rolling Hills Estates, CA 90274
Tel. (310) 935-4001
Fax. (310) 872-5389
E-Mail: Jeff@JeffLewisLaw.com

Attorney for Petitioner
L. RIED SCHOTT

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES – CENTRAL DISTRICT

L. RIED SCHOTT, an individual,	)	Case No.: BS169638
)	
Petitioner,	)	VERIFIED FIRST AMENDED
	)	PETITION TO LOWER QUORUM OF
v.	)	HOMEOWNERS ASSOCIATION
	)	PURSUANT TO CORPORATIONS
PALOS VERDES HOMES	)	CODE 7515
ASSOCIATION, a California non-profit)	
mutual benefit corporation,	)	(Assigned for all purposes to the
	)	Hon. Ruth A. Kwan, Dept. 72)
Respondent and Real Party in)	
Interest.	)	Petition Filed: May 17, 2017
	)	Trial Date: None Set

Petitioner L. Ried Schott ("Schott") on behalf of the Respondent and Real Party in Interest Palos Verdes Homes Association (the "Homes Association") hereby alleges as follows:

INTRODUCTION

1. This is an action by Schott on behalf of the Homes Association to reduce the quorum required for the annual election of members of the Board of Directors ("Board") for the Homes Association. The current Board consists of five members who were not elected. Instead of holding elections, each time a vacancy occurs on the Board, the remaining four unelected members interview and appoint like-minded

1 individuals to join the Board as a new member. Each January the Association goes
2 through the motions of holding an annual meeting and election but no election is
3 actually held because the fifty percent quorum set by the Homes Association's By-
4 Laws is never met. The current Board is delighted with the status quo. Board
5 Members view the failure to achieve a quorum as a referendum that the Homes
6 Association's members approve of the present management; but it is also a means to
7 continue their authority as unelected Directors. This petition is filed to lower the
8 quorum and modify election procedures so that an actual election may be held and
9 the 5,400 members of the Homes Association can be given a voice on the Board.

10 **PARTIES AND VENUE**

11 2. Schott is a member of the Association and a resident of Palos Verdes
12 Estates. Schott was nominated as a non-incumbent candidate for the January 2017
13 Board election.

14 3. Non-Party ROBE is an unincorporated association formed in 2015 by
15 members of the Homes Association to seek redress for the failure of the Homes
16 Association to hold appropriate Board elections. Schott is a member of ROBE.

17 4. The Homes Association is a nonprofit mutual benefit corporation
18 formed under the laws of the State of California. The principal place of business for
19 the Homes Association is within the City of Palos Verdes Estates and the County of
20 Los Angeles. Venue in the Central District is proper.

21 **GENERAL ALLEGATIONS**

22 5. The Homes Association's By-Laws require that the annual meeting of
23 its members occur in January each year and that a quorum of more than fifty
24 percent of ballots must be received from members to hold a valid election of its board
25 members.

26 6. A quorum has not been reached for the annual meeting of the Home
27 Association since 2009. Therefore, for the past eight (8) years, 2010 through 2017, no
28 quorum has been reached.

1 7. Directors of the Homes Association are elected for 1, 2 or 3 year terms.
2 Therefore, without reaching a quorum in over eight years, the terms of all the
3 Directors officially expired about five years ago.

4 8. The Homes Association has intentionally discouraged members from
5 having their names added to the ballot for the election of Directors, as indicated by
6 the following:

7 a. The Homes Association has no nomination committee for Directors.

8 b. There are no term limits for Directors (meaning they can be re-
9 nominated for an unlimited number of three year terms), which has enabled
10 one current Director to serve for 20 years and another to serve for 13 years.

11 c. To attract and inform members who may want to serve on the Board
12 and have their names placed on a ballot, no notice of nomination procedures
13 has been provided by mailings to members or posted in the Homes Association
14 office. The only reference indicating a member could run in an election has
15 been difficult to find on the Homes Association website and was not posted at
16 all until the summer of 2016.

17 d. When a member wanted to have their name on a ballot in 2012, the
18 manager of the Homes Association told that member that they could only be
19 placed on the ballot if they were invited to do so by the Board. When this issue
20 came up at the following annual meeting, a Director said the manager
21 responded incorrectly and that all a member had to do to have their name
22 appear on the ballot was to submit their qualifications. This member did that
23 the following year, but never heard back from anyone.

24 e. Prior to 2015, Homes Association members had not been provided
25 any meaningful choice for Directors on a ballot for decades, other than the five
26 incumbent Directors. Until 2015, the Homes Association did not allow any
27 names listed on the ballot that had not been preselected by the Board to
28 appear on the ballot. In 2015, ROBE (Residents for Open Board Elections)

1 forced the Homes Association to accept the names of four Candidates for
2 Board positions who were not incumbents. To do so, a petition with over 100
3 signatures was obtained for these Candidates. However, a mailing of ballots
4 had already been sent out by the Homes Association without the names of
5 these four Candidates. Since the Homes Association refused to pay for another
6 mailing of ballots, the members supporting these alternative Candidates
7 raised funds for a mailing, which was done. As this additional mailing was
8 sent out, the attorney for the Homes Association, Sidney Croft, stated in the
9 local newspaper that members who had already voted would be able to change
10 their vote with the new ballot. Possibly fearful that the incumbents would lose
11 the election, Mr. Croft reversed his position shortly before the annual meeting
12 in January 2016 and disqualified the new ballots by members who had
13 already voted. Therefore, this prevented the changed ballots from being
14 counted. The Board declared an insufficient number of votes to meet the
15 quorum for the January 2016 election.

16 f. After non-incumbent candidates for Director were finally successful
17 in having their names added to the Homes Association ballot in 2015
18 (according to the rules in place at the time), the Directors changed this
19 process the following year. They made it much more difficult for any member
20 of the Homes Association to run for the Board. Sometime in the summer of
21 2016, the Homes Association created a formalized and more detailed process
22 for nominations known as Resolution 177. This resolution was approved on
23 May 24, 2016 – which was the only Board Meeting held in the first half of
24 2016 when a ROBE observer was not present (ROBE did not attend that
25 meeting because ROBE thought the meetings were on the last Tuesday of
26 each month rather than the fourth Tuesday). The Home Association Board
27 took advantage of ROBE's absence and passed Resolution 177 on that day, but
28 then did not disclose the existence of the Resolution to any ROBE members

1 even when asked in June and July 2016 by ROBE members whether any
2 action had been taken on procedures. Instead, Resolution 177 was quietly
3 posted by the Homes Association on its website at (<http://Homes>
4 [Association.org/board-election/](http://HomesAssociation.org/board-election/)). The Homes Association did not solicit
5 member input about Resolution 177. Resolution 177 requires that each
6 candidate who wished to appear on the ballot obtain the signatures of 100
7 Homes Association members on a written petition. Each petition nominating
8 an individual Candidate is required to be filled out in front of a witness and
9 that witness is required to have that petition notarized. Therefore, if multiple
10 witnesses obtain member signatures for one or more Candidates, each of these
11 witnesses needs to have each petition notarized. This made it much more
12 difficult for a member to become a Candidate than the year before, or what
13 was stated as the prior policy by a Director in a previous annual meeting.
14 Nevertheless. ROBE followed the process and obtained over 200 signatures for
15 each of the Candidates, and had each petition duly notarized.

16 g. As stated, Resolution 177 applies to all members and does not
17 specifically exclude incumbent Directors from this onerous requirement. Yet
18 in advance of the mailing of the ballots for the January 2017 election, none of
19 the incumbent Directors obtained any signatures and certainly not the
20 required 100 signatures with notarized witness as required by Resolution 177.
21 As a result of the incumbent Directors' failure to follow its own Resolution
22 177, none of the incumbent Directors qualified to appear as candidates in the
23 most recent election. In January 2017, however, the incumbent Directors
24 reappointed themselves to another year of service.

25 9. The foregoing conduct shows that the existing Directors have
26 intentionally made changes in policies and practices that make it much more
27 unlikely for members to oppose them in the election process. However, what is most
28

1 important, is that the existing Directors have apparently violated the very election
2 rules they approved, which would then invalidate their positions as Directors.

3 10. The Homes Association is dominated by an entrenched Board of
4 Directors that have avoided free elections. In the infrequent situation when a Board
5 seat is vacated, the Directors select a replacement themselves, even though they
6 could fill a vacancy using a regular election. Besides avoiding an open election to fill
7 a vacant position, Board Members have recently also taken several steps that
8 essentially prevent annual elections, as intended by the By-Laws, by making it
9 exceedingly more difficult for a quorum to be reached. By way of example,

10 a. The Board in past years approved multiple ballot mailings to
11 members between September and December before the Annual Meeting in
12 order to increase the number of votes cast by members. However, since 2014,
13 the Board has restricted ballot mailings to one mailing in advance of the
14 election. In reviewing past election data, it appears quorums were only
15 achieved when there were multiple mailings. Such additional mailings were
16 usually processed with envelopes marked as "Second Notice" and "Third and
17 Final Notice." The incumbent Directors have discontinued the practice of
18 multiple mailings.

19 b. Over the last couple of years, instead of mailing ballots in September
20 or October as in the past, the Board has delayed the mailing of ballots until
21 early November or December during a period of heavy mailings for
22 government elections and Holidays. The late mailing of these ballots not only
23 makes it more difficult for members to be able to identify the mailing from the
24 Homes Association, but it is a time when many members are traveling and
25 unable to return their ballots in a timely manner.

26 c. Prior to the January 2017 election, the Board previously accepted
27 ballots via walk-in, e-mail or facsimile. The Board no longer accepts ballots
28

1 handed in at the Homes Association office, submitted via e-mail or submitted
2 via facsimile.

3 d. Prior to the January 2017 election, the Board previously accepted a
4 ballot that was dropped off by a member in person at the annual meeting. In
5 2016, the policy was changed to disallow proxies and walk-in votes at the
6 Annual Meeting beginning with the January 2017 Annual Meeting. This
7 remains the new policy, even though the By-Laws allow proxies and they have
8 always been accepted before.

9 e. After the president of the Homes Association (Mark Paulin) resigned
10 during the election in December 2015, a replacement for a Director was
11 needed. There were four new Candidates on the ballot that year, besides the
12 incumbents. These Candidates requested the Directors install the Candidate
13 who received the most votes in the election. The votes were counted and such
14 a determination could easily have been made. It was believed this would
15 provide a Director whom the members chose and would be a reasonable
16 method of filling the vacant position. The Directors were indecisive on filling
17 this position, and they waited for eight months, until August 2016, to do so.
18 However, rather than fill the vacancy with someone elected by the members,
19 the Board continued their self-perpetuating practice of selecting a
20 replacement themselves, as they have for decades. This further demonstrates
21 the Board's unwillingness to have Directors replaced by an election and their
22 rejection of a democratic process.

23 f. The Board, in advance of the January 2017 election, hired a third-
24 party accounting firm to tabulate the ballots. However, there were mailing
25 irregularities where the envelope provided to return ballots had an address
26 error which directed the envelope to a dog grooming business in West Los
27 Angeles rather than the accounting firm. The Post Office claims that all
28 envelopes provided were received at the correct address because the bar code

1 directed collection to a sorting site that relied on the bar code rather than the
2 printed mailing address.

3 g. Many members expressed concerns about the address error, and
4 sought a process to confirm that their ballot had been received. ROBE
5 formally wrote to the Homes Association and suggested posting a list on its
6 website or in its offices, or provide a phone number to call to verify receipt of a
7 ballot. The Homes Association rejected all these suggestions and refused to do
8 anything to address this legitimate concern of its members that the ballots
9 might be lost in the mail, and hence provide a means of confirmation that the
10 ballots had been received.

11 h. Even though return addresses were included on the envelopes with
12 ballots, it does not appear the mailing list of members was always fully
13 updated, since some members reported they did not receive ballots in past
14 elections. This is documented both on social media (Next Door) and in a recent
15 Survey. The Homes Association's mailing list of members does not appear to
16 be current and up to date.

17 i. The Board has refused to publish biographies and position statements
18 of the Candidates running for office along with the ballots. Even though such
19 qualifications were supplied on the Homes Association's website, ROBE
20 advocated that this information should also be supplied with the ballot (as
21 done by other organizations in the community such as the Palos Verdes Golf
22 Club, the Palos Verdes Tennis Club and the Palos Verdes Beach and Athletic
23 Club) and that it would help voters become more informed as well as help
24 increase the number of members that vote.

25 j. The Homes Association has not made any efforts to gather and use
26 email addresses to increase member voting or participation in annual
27 elections. The Homes Association has also chosen not to use the Internet to
28 supplement member voting in elections, which may be another way to

1 improve voting turnout. They have no email list or notification functionality
2 built into their website (unlike the City of Palos Verdes Estates which
3 encourages residents to sign-up for communications).

4 k. The Board does not regularly publish an annual newsletter,
5 sometimes for years, and they are not making any material effort to make
6 new property owners or existing property owners in PVE aware and informed
7 of their Homes Association. Since many members are uninformed about the
8 Homes Association, the likelihood of sufficient voter turnout is reduced.

9 l. Members of the Homes Association have repeatedly made requests to
10 return to some of the previous practices that were believed to encourage
11 voting (e.g. multiple mailings, allowing proxies, dropping off ballots at the
12 office where a lock-box would be provided), submitting ballots at the annual
13 meeting, and even sending out another ballot after the election as permitted
14 by the By-Laws). However, the Board has repeatedly refused these efforts.

15 m. When a quorum is not obtained and Directors are not elected, the
16 By-Laws provide that the annual meeting is to “adjourn from day to day” -
17 until a quorum is achieved and an election occurs. However, the Board has
18 ignored this provision. Instead, the Directors have insisted that they must
19 wait a full year (i.e., the next January) to determine whether there will be
20 enough members voting in that following election to achieve a quorum and
21 have a valid election. Consequently, with no quorums obtained in eight years,
22 there have been no elections and no official annual meetings over this period.
23 And, with the recent nomination and voting restraints the Directors have
24 placed upon members as previously mentioned, it seems their intention is to
25 prevent the possibility of a quorum and election from ever occurring. Not only
26 is this contrary to democratic principles, but it is not believed to be in
27 compliance with the intent of the By-Laws of the Homes Association, which
28 specifically state in Article V, Section 1, that:

1 At such annual meeting of the members, Directors for the
2 ensuing year shall be elected by secret ballot ... If, however, for
3 want of a quorum or other cause, a member's meeting shall not
4 be held... or should the members fail to complete their elections
5 ...those present may adjourn from day to day until the same
6 shall be accomplished.

7 n. The Board has been advised as to its election procedures by its
8 general counsel Sidney Croft. Mr. Croft has been general counsel for the
9 Homes Association since 1968. As he approaches his fiftieth year of
10 employment by the Homes Association, he has a vested interest in his
11 continued employment by the Homes Association by not having any changes
12 in the composition of the Board that would question his judgment, including
13 his misguided advocacy for leading the Homes Association into selling
14 parkland in 2012 to an encroaching private owner (in spite of deed restrictions
15 forbidding such a sale). These actions were ruled “ultra vires” in subsequent
16 litigation and the sale was ordered to be reversed. – (*Citizens for Enforcement
of Parkland Covenants vs. Palos Verdes Homes Association*, LASC Case No.
BS142768).

17 11. For the most recently scheduled election held in January 2017, only
18 1,589 ballots were returned by 5,420 members, which was short of 2,711 responses
19 required to conduct an election. The Homes Association has not opened those 1,589
20 ballots and those remain in the custody of a public accounting firm.

21 12. The voting turnout in Palos Verdes Estates (whether in National, State
22 or Local election years) is typically rather low and below the 50% quorum threshold
23 required by the Homes Association By-Laws, further indicating that the stated
24 quorum amount is simply too high. For example, in a recent March 7, 2017 election,
25 residents in Palos Verdes Estates voted to elect City Council Members and a local
26 tax measure called Measure D that directly affects the property taxes of PVE
27 residents and the level of services they receive. This was a hotly contested election,
28 with multiple mailers sent to all residents and an advertisement supporting

1 Measure D featuring the Mayor was aired on a cable network. Even with importance
2 and increased public attention from this most recent election, the turnout was only
3 about 35% of all registered PVE voters. While there is a difference in that Homes
4 Association elections grant one vote per lot to the owner (whether or not the owner is
5 a citizen), and in municipal elections in Palos Verdes Estates elections each citizen
6 gets a vote, the high overlap between the two electorates makes the comparison
7 meaningful.

8 13. There is no express requirement in the Homes Association By-Laws
9 that the quorum cannot be waived to have an election. It therefore, appears that the
10 Directors are using the quorum requirement as an unnecessary excuse in order to
11 prevent open elections.

12 14. The By-Laws have been virtually unchanged since they were
13 established in 1924 and have only been changed in a minor way, if at all, and then
14 only in early years when few homes had been sold (due to the Great Depression) and
15 the developer (The Palos Verdes Project) still owned over 67% of the lots. The By-
16 Laws require important revisions and amendments that were acknowledged by past
17 Board members nearly two decades ago. However, any changes to the By-Laws
18 currently require a vote by two-thirds of the membership. Considering the difficulty
19 in obtaining even 30 percent of members voting in annual elections, it is doubtful
20 that any needed changes can ever be made to the By-Laws affecting not only voting
21 issues and elections, but administrative and other matters.

22 15. It has not only become impractical and unduly difficult for the Homes
23 Association to hold a Board of Directors election and an annual meeting, but the
24 Board has adopted practices and resolutions as described above that make it
25 unlikely that the Homes Association will ever again reach a quorum to have an open
26 election or hold an annual meeting.

27 16. Pursuant to Corporations Code, section 7515, the Petitioners hereby
28 request that the Court:

- 1 a. As to the most recent election attempted to be held in January 2017:
- 2 i. Direct the Homes Association to open the 1,589 ballots
- 3 currently held by the public accounting firm and allow those
- 4 votes to be taken and the votes be determined valid;
- 5 ii. Direct the Homes Association to install as members of the
- 6 Board of Directors the top five candidates receiving votes in
- 7 January 2017;
- 8 iii. Schott is ready, willing and able to serve if elected. Similarly,
- 9 the other two non-incumbent candidates, Richard Fay and
- 10 Marlene Breene, are likewise ready, willing and able to serve
- 11 if elected; and
- 12 iv. Make such orders as the Court finds fair and equitable under
- 13 the circumstances pertaining to the January 2017 ballots.
- 14 b. As to all future annual meetings and board elections:
- 15 i. Lower the quorum for annual meetings and elections of board
- 16 of directors from fifty percent (50%) to twenty-five percent
- 17 (25%);
- 18 ii. Direct the Homes Association to conduct at least 3 mailings of
- 19 ballots each year in the 4-month period before the January
- 20 election (unless a quorum is achieved after 1 or 2 mailings);
- 21 iii. Allow for cumulative voting;
- 22 iv. Allow for voting by written proxies;
- 23 v. Allow for votes by members appearing in person at the
- 24 January annual meeting;
- 25 vi. Allow for voting by members dropping ballots off in a lock-box
- 26 at the Homes Association office.
- 27 vii. Require that as to Resolution 177 or any future procedures to
- 28 nominate a candidate for Director, that incumbent Directors

1 comply with the same requirements as non-incumbent
2 Directors (such as requiring 100 signatures on a notarized
3 petition), and not support an invalid process, or supply an
4 unfair advantage, to the incumbent directors.

5 viii. Allow for By-Law amendments to be approved by Homes
6 Association members if there is a vote by forty percent (40%)
7 of all members.

8 17. Corporations Code, section 7515 authorizes this Court to order that a
9 meeting of the Homes Association members be called "in such a manner as the court
10 finds fair and equitable under the circumstances." The order may include reducing
11 the quorum. Wherefore, the petitioners hereby request that the Court issue an order
12 pursuant to Corporations Code, section 7515.

13 **RELEVANT DOCUMENTS ESTABLISHING**

14 **NEED FOR JUDICIAL INTERVENTION**

15 18. On April 13, 2017, petitioners' legal counsel wrote to the Homes
16 Association and requested that the Board authorize the filing of this petition in its
17 own name to lower the quorum. On April 28, 2017, the Homes Association rejected
18 petitioners' request. A true and correct copy of petitioners' April 13, 2017 request is
19 attached hereto and incorporated herein as **Exhibit "1."** A true and correct copy of
20 the Homes Association's April 28, 2017 rejection is attached hereto and incorporated
21 herein as **Exhibit "2."**

22 19. In the Fall of 2013, the Homes Association accepted ballots by e-mail or
23 facsimile. An example of one such ballot is attached hereto and incorporated herein
24 as **Exhibit "3."**

25 20. The election of the Board is of widespread interest in the Palos Verdes
26 community. A true and correct copy of a December 25, 2015 Daily Breeze newspaper
27 article about the election and the challenge to the incumbents is attached hereto and
28 incorporated herein as **Exhibit "4."** That article includes statements by attorney

1 Sidney Croft about how residents who wished to change their vote to vote against
2 the incumbents would have their new/revised ballot accepted. Three days later,
3 Sidney Croft reversed course and told the Daily Breeze that votes could not be re-
4 cast. A true and correct copy of the December 28, 2015 Daily Breeze newspaper
5 article containing Mr. Croft's statements is attached hereto and incorporated herein
6 as **Exhibit "5."**

7 21. In advance of the January 2017 election, the Board passed two
8 resolutions, Resolution 177 and 179, setting election procedures. A true and correct
9 copy of Resolution 177 is attached hereto and incorporated herein as **Exhibit "6."** A
10 true and correct copy of Resolution 179 is attached hereto and incorporated herein as
11 **Exhibit "7."**

12 22. In advance of the January 2017 election, the Board prepared
13 "Candidate Petition Instructions" directing how petitions were to be circulated,
14 notarized and delivered to the Homes Association. A true and correct copy of the
15 instructions is attached hereto and incorporated herein as **Exhibit "8."**

16 23. In advance of the January 2017 election, the Board mailed ballots,
17 including return envelopes. A true and correct copy of an exemplar of the Board's
18 ballot mailing is attached hereto and incorporated herein as **Exhibit "9."** The
19 envelope provided for members to return ballots did not have a return address. The
20 address provided on the envelope was for Sparky's Pet Grooming - a dog grooming
21 service - in Beverly Hills (at 11960 Wilshire). The Homes Association later explained
22 that the bar code on the envelope should have prevented any ballots from being
23 mailed to the dog grooming service.

24 24. ROBE has prepared a power point presentation summarizing past
25 election data and why a change in quorum is necessary. A true and correct copy of
26 the April 24, 2017 PowerPoint presentation by ROBE is attached hereto and
27 incorporated herein as **Exhibit "10."**

28

25. Palos Verdes Residents for Responsible Government (www.pvrrg.com) conducted an anonymous survey with eighty-eight Homes Association member responses about the Homes Association and the election. A true and correct copy of the survey results is attached hereto and incorporated herein as **Exhibit “11.”**

26. A true and correct copy of the Homes Association By-Laws is attached hereto and incorporated herein as **Exhibit “12.”**

RELEVANT PROVISIONS
OF THE CORPORATIONS CODE ESTABLISHING NEED FOR JUDICIAL
INTERVENTION

27. The Homes Association is a non-profit mutual benefit corporation as defined by Corporations Code section 5059 and is subject to Corporations Code section 7110 et seq. The Homes Association is not a common interest development and is not subject to the Davis Stirling Act.

28. Corporations Code, section 7515, subdivision (a) provides:

If for any reason it is impractical or unduly difficult for any corporation to call or conduct a meeting of its members, delegates or directors, or otherwise obtain their consent, in the manner prescribed by its articles or bylaws, or this part, then the superior court of the proper county, upon petition of a director, officer, delegate or member, may order that such a meeting be called or that a written ballot or other form of obtaining the vote of members, delegates or directors be authorized, in such a manner as the court finds fair and equitable under the circumstances.

29. Corporations Code, section 7520, subdivision (a) provides:

As to directors elected by members, there shall be available to the members reasonable nomination and election procedures given the nature, size and operations of the corporation.

30. Petitioners contend that existing nomination and election procedures are unreasonable within the meaning of Section 7520 for the reasons alleged above and summarized below:

a. Challengers who wish to appear on the ballot for any election must submit

1 100 signatures via a notarized petition. Incumbents appear on ballot
2 without a notarized petition or nomination committee.

- 3 b. Ballots are only accepted by mail with a cut-off date in advance of the
4 meeting. No ballots may be dropped off. No ballots may be brought to the
5 actual annual meeting/election.
- 6 c. The Board no longer performs multiple mailings of ballots. Instead it mails
7 one ballot, in November or December.
- 8 d. The Board does not take reasonable measures to ensure that its mailing
9 list of members is accurate. Following the last attempted election, many
10 members reported not receiving their ballots from the Homes Association.
- 11 e. The Board does not provide any basis for a member to know if their vote
12 was counted or received.
- 13 f. The Board does not allow proxies or cumulative voting.

14 **PRAYER FOR RELIEF**

15 Wherefore, Petitioners respectfully request that the Court issue the following
16 relief:

- 17 1. The relief requested in paragraph 16 above.
- 18 2. An order pursuant to Corporations Code, section 7515, calling for a
19 meeting of the Homes Association "in such a manner as the court finds fair and
20 equitable under the circumstances."
- 21 3. An order of costs and attorney's fees to the extent authorized by law.
- 22 4. Such further and different relief as this Court may deem just and
23 proper.

24 DATED: October 13, 2017

Respectfully submitted,

25 By: 
26 _____

Jeffrey Lewis

27 Attorney for Petitioner
28 L. RIED SCHOTT

VERIFICATION

I, L. Ried Schott, declare as follows:

I am the named petitioner in this matter. I have read the foregoing First Amended Petition and know the contents thereof. The matters set forth in the foregoing documents are true of my own knowledge except as to the matters which are therein stated upon my information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on October 13, 2017, at Palos Verdes Estates, California.


L. Ried Schott



business law • litigation & appellate practitioners

April 13, 2017

VIA EMAIL (SFCroftLaw@aol.com) AND CONFIRMED VIA U.S. MAIL

Sidney F. Croft, Esq.
314 Tejon Place
Palos Verdes Estates, CA 90274

RE: Election Quorum

Dear Sid,

As you know, I represent Residents for Open Board Elections ("ROBE.") I also represent Ried Schott, who was a candidate for the last board election. ROBE and Mr. Schott are contemplating filing litigation against the Homes Association to obtain a court order to lower the quorum. Before we file such a lawsuit, we wanted to provide the Homes Association an opportunity to participate in and be the plaintiff in the case. We have prepared the enclosed pleading that you may adapt for your use. In addition, ROBE is willing to contribute up to \$1500 to defray the Homes Association's court costs if you file and support the petition. We would think the Homes Association would prefer to be the plaintiff rather than defendant in this dispute. If you are willing to file such an action, please let us know within three weeks.

Very truly yours,

BROEDLOW LEWIS LLP

A handwritten signature in black ink, appearing to read 'Jeffrey Lewis', with a stylized flourish at the end.

Jeffrey Lewis

Encl.

ENCLOSURE

1 [Insert HOA's counsel here]
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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF LOS ANGELES – SOUTHWEST DISTRICT**
10

11 In re the Matter of

12 PALOS VERDES HOMES
13 ASSOCIATION,
14 _____

} Case No.:

} **PETITION TO LOWER QUORUM OF**
} **HOMEOWNERS ASSOCIATION**

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20 Petitioner Palos Verdes Homes Association (“Homes Association”) hereby
21 alleges as follows:

22 1. The Homes Association is a nonprofit mutual benefit corporation
23 formed under the laws of the State of California.

24 2. The Homes Association’s By-Laws require that the annual meeting of its
25 members occur in January each year and that a quorum of fifty percent of ballots must
26 be received from members to hold a valid election of its board members. The By-
27 Laws have not been successfully amended since being written in the 1920s because
28 amendment requires a two-thirds vote. An attempt to amend was made unsuccessfully

PETITION

1 about fifteen years ago.

2 3. A quorum has not been reached for the annual meeting of the Home
3 Owners since 2009. For the years 2010 through 2017, no quorum has been reached.

4 4. The Homes Association has exerted efforts to inform its members of the
5 need to vote but it is no longer practical for the Homes Association to expect to ever
6 reach a quorum.

7 5. For the most recently scheduled election held in January 2017, only 1,589
8 ballots were returned by 5,420 members which was short of 2,711 required to conduct
9 an election. The Homes Association has not opened those 1,589 ballots and those
10 remain in the custody of a public accounting firm.

11 6. It has become impractical and unduly difficult for the Homes Association
12 to conduct its annual meeting, including a board of director's election.

13 7. Pursuant to Corporations Code, section 7515, the Homes Association
14 hereby requests that the Court:

15 a. As to the most recent election attempted to be held in January 2017:

16 a. Direct the Homes Association to open the 1,589 ballots
17 currently held by the public accounting firm and allow those
18 votes to be taken and the votes be determined valid;

19 b. Direct the Homes Association to install as members of the
20 Board of Directors the top five candidates receiving votes in
21 the January 2017 Election; and

22 c. Make such orders as the Court finds fair and equitable under
23 the circumstances pertaining to the January 2017 ballots.

24 b. As to all future annual meetings and board elections:

25 a. Lower the quorum for annual meetings and elections of board
26 of directors from fifty percent to 25 percent;

27 b. Direct the Homes Association to conduct at least 3 mailings of
28 ballots each year in the 4-month period before the January

SIDNEY F. CROFT
ATTORNEY AT LAW
314 Tejon Place
Palos Verdes Estates, California 90274
(310) 849-1992
Email: SFCroftLaw@aol.com

April 28, 2017

Via e-mail: jeff@broedlowlewis.com and U.S. Mail

Jeffrey Lewis
BROEDLOW LEWIS LLP
734 Silver Spur Road, Suite 300
Rolling Hills Estates, California 90274

Re: Your April 13, 2017 letter

Dear Jeff:

Your April 13, 2017 letter and the draft petition were reviewed and discussed with the Palos Verdes Homes Association ("PVHA") Board of Directors.

The PVHA does not want to be the petitioner in such litigation.

If and when a petition is filed I have authority to accept service.

Very truly yours,



Sidney F. Croft

SFC:dma

IMPORTANT NOTICE

ATTENTION MEMBERS

In accordance with the By-laws, Article V, Section 1, the Palos Verdes Homes Association will conduct its eighty-ninth Annual Meeting on Tuesday, January 14, 2014 at 8:00 PM in the Council Chambers of the Palos Verdes Estates City Hall.

"It is important that you return your Member Verification to ensure a quorum at this meeting, even if you choose not to vote."



**PALOS VERDES
HOMES ASSOCIATION**

ANNUAL MEETING BALLOT INSTRUCTIONS

Note there are three ways to vote this year.

Please follow these procedures to vote by mail:

1. Vote the ballot below. You may vote for up to five directors.
2. Sign the Member Verification section and detach from this sheet.
3. Insert the Ballot in the Ballot Envelope.
4. Insert the Ballot Envelope and the signed Member Verification in the Business Reply Envelope printed with the return address of the Palos Verdes Homes Association.
5. Mail to the office by January 10, 2014 or hand deliver before the 8:00 PM meeting, January 14, 2014.

Please follow these procedures to vote by fax:

1. Vote the ballot below and sign the Member Verification.
2. Do not detach the Member verification.
3. Fax this entire page to 310-373-9115 before the 8:00 pm meeting, January 14, 2014

Please follow these procedures to vote by email:

1. Vote the ballot and sign the Member Verification. Do not detach the Member verification.
2. Scan the entire page and email to: annualmtg@pvha.org before the 8:00 pm meeting, January 14, 2014.

PLEASE NOTE: *Members waive their right to a secret ballot when voting by fax or email*

YOUR VOTE IS IMPORTANT, PLEASE TAKE THE TIME TO RETURN THE BALLOT AND THE MEMBER VERIFICATION

DIRECTORS BALLOT					
BOARD OCCUPANCY		PVHA MEMBER	term	yes	no
Edward Fountain	2004	45 years	1 year	<input type="checkbox"/>	<input type="checkbox"/>
Mark Paullin	2002	35 years	1 year	<input type="checkbox"/>	<input type="checkbox"/>
Philip J. Frengs	1997	30 years	3 years	<input type="checkbox"/>	<input type="checkbox"/>
Dale Hoffman	2010	41 years	2 years	<input type="checkbox"/>	<input type="checkbox"/>
Gabriella Holt	2010	24 years	2 years	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE RETURN IN THE POSTAGE PAID ENVELOPE OR FAX THIS ENTIRE PAGE TO 310-373-9115 OR SCAN AND EMAIL TO ANNUALMTG@PVHA.ORG

**DO NOT RETURN THE
BALLOT AND MEMBER
VERIFICATION AFTER
JANUARY 14, 2014**

You are hereby notified pursuant to California Civil Code Section 1365.9 that any course of action in tort arising by reason of an ownership interest in a common area can be brought only against the Association and not against individual members. The Association maintains and has in effect policies of insurance, which includes coverage for general liability of at least three million dollars (\$3,000,000.00).

MEMBER VERIFICATION

5 T10 P1

7-1733-8652

John R. & Renata K. Harbison, Trust

Harbison Family Trust

916 Via Panorama

Palos Verdes Estates CA 90274-1636

Sign your name(s) below

Email Address below

Important: This Verification must be returned with the Ballot.

Notice of 89th Annual Meeting & Election of Directors

November 2013
Dear Members,

"Homeowners, please return your ballot!" This year, to be fiscally responsible, the Annual Meeting material is being mailed to all members ***only once***. PVHA is counting on all members to respond to this single mailing. Responding immediately to the mailing will be greatly appreciated. The money saved will then be allocated to other projects. Ballots and member verifications may be submitted by mail, fax or email to the address below. The most economical way to return the item is by email, but we understand that for some members this is not an option. Your email address will not be shared with any other person or organization. Entering your email in our system will enable us to contact you more expeditiously and will reduce future costs. You can send your ballots and email addresses to: annualmtg@pvha.org. All ballots and/or member verifications must be returned to this office prior to the **January 14, 2014** meeting, at 8:00 PM.

The Palos Verdes Homes Association is in its 90th year of continuous service to its members and plays an integral role in maintaining the unique character of this community. Every property owner in Palos Verdes Estates and in the Miraleste area of Rancho Palos Verdes is a member of the Palos Verdes Homes Association. Returning your signed membership verification confirms that you are supporting the Protective Restrictions as was the intent of the original developers of these communities.

Over 4,430 members, real estate agents, contractors, architects, designers and prospective homeowners have visited the Homes Association office since the first of the year. All residential and commercial plans, including modifications, are available and our knowledgeable staff is ready to answer questions and provide invaluable information upon your request. There have been over 1,117 plan reviews and eleven new homes permitted this year. Due to the recent activity in the real estate market, one hundred Completion and Compliance Inspections and reports on homes that were sold have also been processed. Palos Verdes Estates and Miraleste are special areas on the hill because of the dedication of PVHA.

Earlier in the year, the Association awarded the Harry F. Brandel, jr. Scholarship to five students from our community. This scholarship was established to honor the legacy of Mr. Brandel's long-term dedicated leadership to the members of The Palos Verdes Homes Association. The Homes Association also donated and participated in the PVE Independence Day celebration.

In 2013 the City of Palos Verdes Estates, the Palos Verdes Peninsula Unified School District and PVHA were named as defendants in a lawsuit. This litigation currently is in the early stage and it has not been determined if the pleading states a cause of action against PVHA. We are complying with court requested information submittals and closely monitoring court actions.

This year all of the Board members, Mark Paullin, Edward Fountain, Philip Frengs, Dale Hoffman and Gabriella Holt are standing up for election. Mark Paullin has been a resident for 35 years, and has served on the board since 2002. Edward Fountain has been a resident for 45 years and has served on the board since 2004. Philip Frengs, has been a resident for 30 years and has served on the board since 1997. Dale Hoffman, the current board president, has been a resident for 41 years and joined the board in 2010. Gabriella Holt, currently the board vice president, has been a resident in Miraleste for 24 years, and also joined the board in 2010.

We are proud of the heritage of the Palos Verdes Homes Association and are committed to its principles and its effective operation. The office and our knowledgeable staff, located adjacent to the PVE City Hall, are always ready to assist our members with inquiries and implementing their home improvement projects.

We encourage you to join us for the Annual Meeting on January 14, 2014 at 8:00 PM in the City Council chambers.

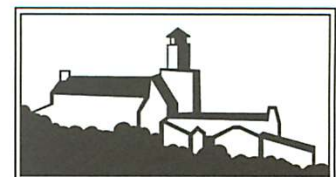
**TAKE THE TIME NOW TO FILL OUT YOUR BALLOT, THE MEMBER
VERIFICATION INFORMATION AND RETURN TO THE ASSOCIATION.**

Thank you for your cooperation,
Your Board of Directors

Edward Fountain
Dale Hoffman

Philip J. Frengs
Gabriella Holt

Mark C. Paullin



**PALOS VERDES
HOMES ASSOCIATION**

NOTE: A copy of the Annual Auditors report is available at the Palos Verdes Homes Association office or by Fax.

4 challenge incumbents for Palos Verdes Home Association seats

By Priscella Vega, Daily Breeze

Updated: on 12/25/2015

Dissatisfied with the [Palos Verdes Homes Association's](#) decision to transfer public parkland to a homeowner three years ago, four candidates are challenging five incumbents for seats on its board of directors.

Dick Fay, Jennifer Laity, Mike Moody and Ried Schott are supported by [Residents for Open Board Elections](#), a coalition of citizens who believe the current board [lost sight](#) of its mission to protect and oversee buildings and landscaping in Palos Verdes Estates.

The challengers to Edward Fountain, Mark Paullin, Philip Fregs, Dale Hoffman will compete in a rare contested election for the homes association's board of directors, a group that predates the City Council.

Motivating the challengers is the controversial [2012 land-swap](#) agreement in which the Palos Verdes Estates City Council and the homes association unanimously approved transferring a parcel of parkland to a couple who live on Via Panorama.

"We'd like to have legitimate people in there," said John Harbison, leader of the Citizens for Enforcement of Parkland Covenants that sued over the land swap and won in Los Angeles Superior Court in June. Both the city, homes association and homeowners are appealing that decision.

"A lot of people who are concerned in the community are asking for new leadership and so (the ROBE coalition) came forward," Harbison said.

Although all five seats are up for election, he said newly appointed board member Carol Swets is not targeted because she didn't take part in past decisions. ROBE "shouldn't question her leadership," he said.

A few of the ROBE supporters are former mayors, a former president of the homes association and members of the Palos Verdes Peninsula Unified School District.

Ballots distributed on Dec. 5 do not include new nominees because of a missed deadline.

Sidney Croft, the association's attorney, said the homes association would have included the new nominees if ROBE notified them 50 days before the election, citing guidelines under California Code.

ROBE is in process of distributing its modified ballots via email and handouts. Harbison said physical ballots will be mailed to homeowners early next week.

In a Dec. 7 letter, ROBE asked the homes association to modify its ballots released to include the challengers. Harbison said the group received an email from the homes association on Monday saying it "did not intend to do a second mailing" and would not pay for one. The homes association said ROBE could mail a second round of ballots at its own cost or could pay the association \$12,000 for issuing a modified ballot.

"The specific question we still have to work out with them is to make sure the process we're using is constructive to how votes are being counted," Harbison said, adding that it is still unclear how the homes association will proceed if residents who already voted based on the first round of ballots want to change their vote for new nominees.

Croft said residents are free to run for an open seat, but it's been a "long time" since incumbents faced challengers. It's common for corporations like the association, he said, to support its incumbents.

"If (residents) want to revoke their ballots, they can come to the homes association and mark whoever they want," Croft said. "Someone can do that, but it isn't my responsibility. We have one mailing and we sent it out."

Before electing a new board, Croft said a notice is released announcing the selection of a new board at the association's annual meeting scheduled for Jan. 12.

Residents can nominate new candidates at the annual meeting but the majority of the voting is done by mail-in ballots.

The only restrictions asked of ROBE is to not use the homes association's logo or make it appear as if the association endorses new candidates.

"It may not be misleading and it must indicate that the ballot came from (ROBE) and not the homes association," Croft said. "They cannot use the (current) modified ballot because it looks like it came from us with our logo."

Since the homes association does not offer provisions for write-in candidates, Harbison said he looked to the organization's bylaws and eventually found relief in the California Code.

Under California Corporations Code guidelines, 100 signatures would be required to add names to the annual election ballot. As of Dec. 18, ROBE has about 193 signatures.

Ballots must be received by the homes association by Jan. 8. For further information on new nominees, visit: www.pvegoodgov.org.

The Palos Verdes Homes Association is located at 320 Palos Verdes Drive West.

New ballots cannot be recast for P.V. Homes Association board, attorney says

By Priscella Vega, Daily Breeze

Updated: on 12/28/2015

An attorney for the Palos Verdes Homes Association said Monday that residents cannot recast their ballots for four newly nominated candidates vying for seats on the board of directors.

Sidney Croft had said previously that residents who were unaware of a second ballot that contains the names of four challengers would be able to revoke their ballot and cast a new one if they visited the association offices.

By Monday, however, Croft had reversed himself, saying ballots cannot be revoked. He declined to comment as to how the homes association will proceed if a resident is interested in recasting a vote.

“If they already mailed it in, they should check with their attorney if they want to do something. I already misspoke and it’s already caused a lot of inconvenience. I don’t want people acting on my advice.”

Croft added via email that he “mistakenly made an assumption, without first researching the issue,” that residents would be able to revoke a ballot and cast a new one if they visited the association offices.

Ballots distributed Dec. 5 did not include the names of new nominees because they failed to make a filing deadline. For the past few weeks, a coalition of citizens known as Residents for Open Board Elections has sought ways to nominate the new candidates as it believes the current board has strayed from its mission to protect and oversee buildings and landscapes in Palos Verdes Estates.

ROBE’s motivation stems mainly from the controversial 2012 land-swap agreement in which the City Council and the homes association unanimously approved transferring a parcel of parkland to a couple who live on Via Panorama.

The challengers to Edward Fountain, Mark Paullin, Philip Fregs and Dale Hoffman will compete in a rare contested election for the homes association's board of directors, a group that predates the City Council.

Because the challengers names are missing from the ballots, ROBE created its own ballots to reflect the four new candidates: Dick Fay, Jennifer Laity, Mike Moody and Ried Schott. Before ROBE mailed its modified ballots, a letter was sent to the homes association seeking acknowledgement and approval.

The homes association responded Dec. 7 with two requests — that the group not use the homes association's logo or make it appear as if the association endorses new candidates.

Of the 5,400 modified ballots mailed to homeowners, a couple dozen copies have been received, including one that reads 'please disregard earlier ballot submission,' said John Harbison, organizer of ROBE and leader of the Citizens for Enforcement of Parkland Covenants that sued over the land swap and won in Los Angeles Superior Court in June.

"Many people are relying on Sid Croft's assurance in the [earlier Daily Breeze article](#) that they will accept revised ballots, and these people are proceeding with casting revised ballots mostly through the mail," Harbison said. "Further, (the homes association) has to stop changing the rules along the way whenever it suits them to do so."

ROBE's ballots include a verification form in which residents can write an address and date so the homes association could identify which ballot is the most recent one, Harbison said. The most recent ballot would supercede any previous ballots received, as stated in the letter sent to the homes association.

Croft declined to comment as to whether the homes association will acknowledge ROBE's request.

"If the votes are fairly counted, then the voice of the public will have spoken," Harbison said. "But if (the homes association) is not counting all the votes it has received based on some technicality, then this would be reviewed by the impartial election observer.

"If there is any evidence of misbehavior by (homes association), and it is not fixed, then ROBE will press for a fair outcome — including a legal challenge if warranted."

The homes association has not been helpful throughout the entire process, said Jeff Lewis, an attorney for CEPC. He added that he has tried to arrange a meeting with the election inspector to hear the “rules of the road” in advance of the homes association’s annual meeting on Jan. 12.

“It’s disappointing,” Lewis said. “You’ll have an election in a packed room and no one is going to know the rules.

“These are difficult times for the association and the city,” he said, because residents mistrust both of them. “You would think they’d be reaching out to build trust, and this is just a squandered opportunity.”

RESOLUTION NO. 177

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE PALOS VERDES HOMES ASSOCIATION
ADOPTING NEW ELECTION RULES

WHEREAS, Article III OF THE BY-LAWS OF PALOS VERDES HOMES ASSOCIATION STATE:

"The corporate powers of this corporation shall, except as otherwise provided herein, be vested in a Board of directors who shall be members of this corporation, and three shall constitute a quorum for the transaction of business..."

WHEREAS, The Association wishes to adopt rules for the conduct of nomination and election to the Board of Directors;

WHEREAS, the Association has received and considered materials from members; and attorneys retained by the Board of Directors; and held discussions at public meetings;

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of this corporation does establish and adopt the following rules for the conduct of elections:

1. "A member can be nominated for the Board by a petition delivered to an officer of the corporation, signed within 11 months preceding the next time directors will be elected representing the following number of votes: one-twentieth of 1 per cent of voting power, but not less than 100."
2. "Nominations for the Board of directors shall close 120 days before the date the directors are to be elected. No nominations for the Board can be made after 120 days before the date directors are to be elected."
3. "All voting will be by secret ballot. Ballot and one preaddressed envelope with instructions on how to return ballots shall be mailed by first class mail not less than 30 days prior to the deadline for voting. In order to preserve confidentiality, a voter may not be identified by name, address, or lot or parcel number on the ballot. The Association shall use as a model those procedures used by California counties for ensuring confidentiality of vote by mail ballots, including the following:
 1. The ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. On the second envelope will be the voter's name(s), and the address or separate interest that entitles the voter to vote. The Voter shall sign that envelope for purposes of verification.
 2. The second envelope is addressed to the inspector of elections, who will be tallying the votes. The envelope shall be mailed to a location specified by the inspector of elections."

"The Bylaws of the Palos Verdes Homes Association provide for staggered terms. At the next annual meeting, where a quorum of PVHA members is reached, nominated candidates will be elected for terms based on the highest vote getter filling the longest term available. Board-recommended incumbent candidates will be elected based on terms from the last qualified election. This procedure shall be followed until all of the 3, 2 and 1 year terms on the ballot are filled.

PASSED, APPROVED AND ADOPTED May 24, 2016

RESOLUTION NO. 179

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE PALOS VERDES HOMES ASSOCIATION
ADOPTING ELECTION RULES

WHEREAS, ARTICLE III OF THE BY-LAWS OF PALOS VERDES HOMES ASSOCIATION STATE:

"The corporate powers of this corporation shall, except as otherwise provided herein, be vested in a Board of directors who shall be members of this corporation, and three shall constitute a quorum for the transaction of business..."

WHEREAS, ARTICLE IV Section 3(f) OF THE BY-LAWS OF PALOS VERDES HOMES ASSOCIATION STATE:

" The directors shall have the power: To make all needful rules and regulations for the conduct of the election, for the prevention of fraud in elections and for the recount of the ballots in case of doubt or fraud";

WHEREAS, The Association has adopted rules for the conduct of nomination and election to the Board of Directors;

WHEREAS, The Board wishes to supplement the rules to facilitate the election procedures and prudently manage the expenses related to the election.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of this corporation does establish and adopt the following rules for the conduct of elections:

1. "Incumbent directors and nominees will be listed on the PVHA website along with their qualifications. Biographic materials establishing qualifications of 400 words or less may be submitted to the PVHA for posting on the PVHA website 30 to 45 days before the Annual Meeting. Campaign messages should not be included in the submittal and only biographic qualification information will be posted.
2. "The last date for a ballot to be received and counted for any purpose shall be 4:30 pm the Wednesday prior to the Second Tuesday in January;"
3. "If the number of ballot envelopes received is less than the number to establish a quorum for a meeting to elect directors; PVHA shall not expend funds to open and count the ballots; since no meaningful purpose would be served by such expense; "
4. "The envelopes shall be held for safekeeping for one year as directed by the Inspector of Elections."

PASSED, APPROVED AND ADOPTED September 9, 2016

PVHA Board of Director Candidate Petition Instructions

FOR PETITION SIGNERS

1. BEFORE YOU SIGN

- A. Read the warning at the top of the page.
- B. One candidate may be specified for nomination per petition.
- C. Make sure you are the owner of record for an undivided lot in Palos Verdes Estates or Miraleste. **Each lot is entitled to one vote by the owner of record.** This applies to nomination petition signatures.
- D. Do not sign for anyone else.

2. HOW TO SIGN

- A. Print clearly. Incomplete illegible and duplicate entries cannot be verified and will not be counted. Including your email address may be helpful if there are problems with verification, but is optional.
- B. Completely fill out the signature block. Do not use ditto marks.
- C. Use black or blue ink.
- D. List your property address (including street name and number) that entitles you to membership PVHA. Do not use a post office box.
- E. Place today's date under "Date of Signing."
- F. **Corrections:** To make a small correction, simply initial the change. If you need to make a larger correction, completely cross out the mistake and proceed to the next signature block.

FOR PETITION CIRCULATORS

3. TO CIRCULATE A PETITION

- A. One candidate may be specified for nomination per petition.
- B. Only one person may circulate each petition.
- C. You must accompany the petition at all times. Do not leave the petition unattended or pass it unaccompanied among potential signers.
- D. You must witness every signature block as the signer completes it.
- E. Do not take the petition section apart or remove the original staples.
- F. Make sure that the signature block is complete before a signer leaves.

4. AFTER COLLECTING SIGNATURES

- A. Turn in this entire 16 page petition package, even if not every signature block is completed.
- B. Personally take this petition section to a notary public for notarization.

- C. You may not collect additional signatures on this petition section after the affidavit has been notarized. Immediately return notarized petition sections to:

By mail:

Kimberly Robinson
Palos Verdes Homes Association
PO Box 188
Palos Verdes Estates, CA 90274

or deliver in person to:

Kimberly Robinson
Palos Verdes Homes Association
320 Palos Verdes Drive West
Palos Verdes Estates, CA 90274

PETITION TO NOMINATE _____, A PVHA MEMBER, AS CANDIDATE FOR ELECTION
TO THE PALOS VERDES HOMES ASSOCIATION BOARD OF DIRECTORS AT THE ANNUAL MEETING OF MEMBERS JANUARY 10, 2017

DO NOT SIGN THIS PETITION UNLESS YOU ARE AN ELIGIBLE VOTING MEMBER OF PALOS VERDES HOMES ASSOCIATION. EACH LOT IS ENTITLED TO ONE VOTE. PLEASE INCLUDE ALL REQUESTED INFORMATION AND PRINT LEGIBLY SO THAT MEMBER INFORMATION PROVIDED CAN BE VERIFIED AND ELIGIBILITY ESTABLISHED. (EMAIL ADDRESS IS OPTIONAL, BUT MAY ASSIST IN VERIFICATION) ILLEGIBLE AND DUPLICATE ENTRIES CANNOT BE COUNTED.

Signer’s Statement: I have not signed petitions for more candidates than the number of available board seats

1	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
2	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
3	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
4	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
5	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
6	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
7	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
8	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing

PETITION TO NOMINATE _____, A PVHA MEMBER, AS CANDIDATE FOR ELECTION
TO THE PALOS VERDES HOMES ASSOCIATION BOARD OF DIRECTORS AT THE ANNUAL MEETING OF MEMBERS JANUARY 10, 2017

DO NOT SIGN THIS PETITION UNLESS YOU ARE AN ELIGIBLE VOTING MEMBER OF PALOS VERDES HOMES ASSOCIATION. EACH LOT IS ENTITLED TO ONE VOTE. PLEASE INCLUDE ALL REQUESTED INFORMATION AND PRINT LEGIBLY SO THAT MEMBER INFORMATION PROVIDED CAN BE VERIFIED AND ELIGIBILITY ESTABLISHED. (EMAIL ADDRESS IS OPTIONAL, BUT MAY ASSIST IN VERIFICATION) ILLEGIBLE AND DUPLICATE ENTRIES CANNOT BE COUNTED.

Signer’s Statement: I have not signed petitions for more candidates than the number of available board seats

9	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
10	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
11	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
12	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
13	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
14	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
15	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
16	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing

PETITION TO NOMINATE _____, A PVHA MEMBER, AS CANDIDATE FOR ELECTION
TO THE PALOS VERDES HOMES ASSOCIATION BOARD OF DIRECTORS AT THE ANNUAL MEETING OF MEMBERS JANUARY 10, 2017

DO NOT SIGN THIS PETITION UNLESS YOU ARE AN ELIGIBLE VOTING MEMBER OF PALOS VERDES HOMES ASSOCIATION. EACH LOT IS ENTITLED TO ONE VOTE. PLEASE INCLUDE ALL REQUESTED INFORMATION AND PRINT LEGIBLY SO THAT MEMBER INFORMATION PROVIDED CAN BE VERIFIED AND ELIGIBILITY ESTABLISHED. (EMAIL ADDRESS IS OPTIONAL, BUT MAY ASSIST IN VERIFICATION) ILLEGIBLE AND DUPLICATE ENTRIES CANNOT BE COUNTED.

Signer's Statement: I have not signed petitions for more candidates than the number of available board seats

17	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
18	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
19	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
20	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
21	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
22	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
23	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
24	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing

PETITION TO NOMINATE _____, A PVHA MEMBER, AS CANDIDATE FOR ELECTION
TO THE PALOS VERDES HOMES ASSOCIATION BOARD OF DIRECTORS AT THE ANNUAL MEETING OF MEMBERS JANUARY 10, 2017

DO NOT SIGN THIS PETITION UNLESS YOU ARE AN ELIGIBLE VOTING MEMBER OF PALOS VERDES HOMES ASSOCIATION. EACH LOT IS ENTITLED TO ONE VOTE. PLEASE INCLUDE ALL REQUESTED INFORMATION AND PRINT LEGIBLY SO THAT MEMBER INFORMATION PROVIDED CAN BE VERIFIED AND ELIGIBILITY ESTABLISHED. (EMAIL ADDRESS IS OPTIONAL, BUT MAY ASSIST IN VERIFICATION) ILLEGIBLE AND DUPLICATE ENTRIES CANNOT BE COUNTED.

Signer's Statement: I have not signed petitions for more candidates than the number of available board seats

25	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
26	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
27	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
28	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
29	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
30	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
31	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing
32	Signature	Member Property Address – PRINT	City
	PRINT Name	Email address - PRINT	Date of Signing

PETITION TO NOMINATE _____, A PVHA MEMBER, AS CANDIDATE FOR ELECTION
TO THE PALOS VERDES HOMES ASSOCIATION BOARD OF DIRECTORS AT THE ANNUAL MEETING OF MEMBERS JANUARY 10, 2017

DO NOT SIGN THIS PETITION UNLESS YOU ARE AN ELIGIBLE VOTING MEMBER OF PALOS VERDES HOMES ASSOCIATION. EACH LOT IS ENTITLED TO ONE VOTE. PLEASE INCLUDE ALL REQUESTED INFORMATION AND PRINT LEGIBLY SO THAT MEMBER INFORMATION PROVIDED CAN BE VERIFIED AND ELIGIBILITY ESTABLISHED. (EMAIL ADDRESS IS OPTIONAL, BUT MAY ASSIST IN VERIFICATION) ILLEGIBLE AND DUPLICATE ENTRIES CANNOT BE COUNTED.

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AFFIDAVIT OF PETITION CIRCULATOR

I do solemnly affirm under penalty of perjury that:

- I have read and understand the laws governing the circulation of petitions;
- I circulated this section of the petition;
- Each signature on this petition was affixed in my presence;
- Each signature on this petition is the signature of the person whose name it purports to be;
- To the best of my knowledge and belief each of the persons signing this petition section was, at the time of signing, an eligible elector; and
- I have not paid or will not in the future pay and I believe that no other person has paid or will pay, directly or indirectly, any money or other thing of value to any signer for the purpose of inducing or causing such signer to affix his or her signature to the petition.

Circulator Name (please print)

First Name

Permanent Residence Address

City/Town

County

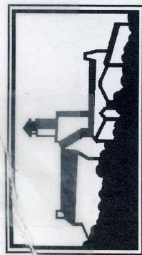
State

Zip Code

Sign and Date in the Presence of a Notary

Date of Signing

THIS AFFADAVIT MUST BE NOTARIZED

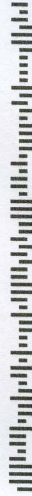


**PALOS VERDES
HOMES ASSOCIATION**

320 Palos Verdes Drive West
Palos Verdes Estates, California 90274

Presorted
First Class Mail
U.S. Postage
PAID
KES Mail, Inc.

FORWARDING SERVICE REQUESTED





PALOS VERDES
HOMES ASSOCIATION

Phone 310.373.6721
Fax 310.373.9115
Email pvha@pvha.org
Website pvha.org

NOTICE OF 91st ANNUAL MEETING & ELECTION OF DIRECTORS

We invite you to the ninety-first Annual Meeting of members, to be held Tuesday, January 10, 2017 at 8:00PM in the Council Chambers of the Palos Verdes Estates City Hall 340 Palos Verdes Drive West, Palos Verdes Estates, Ca 90274.

The PVHA was established in 1923 to interpret and maintain the Protective Restrictions that run with the land in Palos Verdes Estates and the Miraleste area of Rancho Palos Verdes. PVHA is a private, non-profit corporation governed by a 5-person all volunteer Board of Directors. If you own real estate in PVE or Miraleste, you are a member of Palos Verdes Homes Association. Every building site has one vote in the annual election of the PVHA Board of Directors.

Over 4,139 architects, designers, real estate agents, contractors, members and prospective homeowners have visited the Homes Association office since the first of the year. There have been over 1,400 plan reviews and submitted so far this year. The real estate market is still going strong and over 119 Completion and Compliance Inspection reports for homes to be sold have also been processed. All residential and commercial plans, including any modifications, are available to view. Our knowledgeable staff is ready to answer questions and provide a variety of invaluable information at your request. Palos Verdes Estates and Miraleste are special areas on the hill because of the dedication of PVHA.

We are proud of the heritage of the Palos Verdes Homes Association and are committed to its principles, and effective operation. Our office and staff, located adjacent to city hall, is ready to assist members with inquiries and their property improvement projects.

ENCLOSED WITH THIS ANNUAL MEETING NOTICE IS THE MEMBER VERIFICATION, ELECTION BALLOT, AND A PREADDRESSED ENVELOPE FOR RETURN BY MAIL.

Please do not delay! Ballots and member verifications must be received by the Inspector of Elections by the close of voting on **January 4, 2017**.

Your Board of Directors,

Philip J. Frengs
Edward Fountain
Dale Hoffman
Carol Swets
Carolbeth Cozen

NOTE: Candidate information can be found online at pvha.org/candidates

PALOS VERDES HOMES ASSOCIATION

2016-2017 Fiscal Year Budget

Budget 2016-2017**REVENUE**

Plan Fees	497,045
Completion & Compliance	21,000
Tree Review Fees	4,000
Other	3,150
Total Fees	525,195
Investment Income	13,300
TOTAL REVENUE	538,495

EXPENSES**Payroll/Related Expenses**

Salary/Wages/Taxes/Worker's Comp	303,100
Retirement Plan	13,845
Temp Services	10,800
Accounting Services	16,800
Total Payroll/Related Expenses	344,545

Office Occupancy Expenses

Rent/Utilities/Taxes	40,000
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Operating Expenses

Insurance Expense	35,400
Legal Fees	24,000
Art Jury Fees	48,000
Annual Meeting	16,000
Office Supplies/Expenses	10,000
Tree Review/Arbitration Expense	6,000
Depreciation	5,300
Other	9,250

Total Operating Expenses 153,950**TOTAL EXPENSES 538,495****Revenue over Operating Expenses 0****BOARD CONTROLLED EXPENSES**

Brandel Scholarships	3,000
Community Expense	5,250
Public Relations	4,750
Member Communications	9,500
Litigation Expense	50,000
Loss on Disposal of Assets	1,100
Total Non-Operating Expense	73,600

NET INCOME (LOSS) (73,600)**NOVEMBER 2016****Minutes of the Board of Directors**

Copies of the minutes of PVHA Board of Directors meetings are available to members at the Association office.

Fiscal Matters

(a) A copy of the operating budget for the 2016-2017 fiscal year is enclosed.

(b) The financial statements for the year ended June 30, 2016 were prepared in accordance with generally accepted accounting principles. A Certified Public Accounting firm audited the statements and the audit resulted in an unqualified opinion. Copies are available to members at the Association office.

Proposed Physical Changes

The PVHA requirements for physical changes on member's property are set forth in Article II, Section 1 of the Declaration No. 1 of the Declaration of Establishment of Basic Protective Restrictions.

Pursuant to Declaration No. 1 PVHA has established an Art Jury to approve plans that are submitted by members. The procedures for submission of plans for approval by PVHA are available in the Association office or on request to any member.

Insurance Summary

The Association's policies of insurance are listed below. Upon request and reasonable notice, members may review the Association's insurance policies at the Association office, and; upon request and payment of reasonable duplication charges, obtain copies of the policies.

PALOS VERDES HOMES ASSOCIATION SCHEDULE OF INSURANCE POLICIES

Policy	Carrier	Coverage	Amount Deductible
General Liability	TOPA	\$1,000,000 each occurrence \$2,000,000 general aggregate	none
Umbrella Liability	TOPA	\$2,000,000	none
Directors' & Officers' Liability	Continental Casualty	\$2,000,000	\$15,000

{ VOTE FOR 5 CANDIDATES ONLY }

Incumbent Board Candidates				
Select	Name	Director Service	PVHA Member	Term
<input type="checkbox"/>	Cozen, Carolbeth	2016	15 years	2 year
<input type="checkbox"/>	Fountain, Edward	2004	47 years	1 year
<input type="checkbox"/>	Frengs, Philip J.	1997	32 years	3 year
<input type="checkbox"/>	Hoffman, Dale	2010	43 years	2 year
<input type="checkbox"/>	Swets, Carol	2015	34 years	3 year
Candidates Nominated By Petition				
<input type="checkbox"/>	Breene, Marlene	-	21 years	TBD
<input type="checkbox"/>	Fay, W. Richard	-	32 years	TBD
<input type="checkbox"/>	Schott, Ried	-	11 years	TBD

INSTRUCTIONS

- Step 1** Complete the ballot by placing an "X" for the candidate(s) of your choice, with a maximum of 5 votes. **DO NOT sign the ballot.**
- Step 2** Place the completed ballot in the **Ballot Envelope** and seal the envelope.
- Step 3** Place the **Ballot Envelope** in the **Member Verification Signature Envelope** and seal.
- Step 4** **As the property owner of record, you must sign your name and print your name** where indicated on the **Member Verification Signature Envelope**.
- Step 5** Place the **Member Verification Signature Envelope** in the pre addressed **Return Mailing Envelope** and return by mail to PVHA Inspector of Elections c/o MOSS ADAMS LLP 10960 Wilshire Blvd. Suite 1100 Los Angeles, CA 90024 in order to be **received by January 4, 2017.**

FAILURE TO COMPLY WITH THE INSTRUCTIONS WILL CAUSE YOUR BALLOT TO BE VOID,
IT WILL NOT BE COUNTED.



{ BALLOT ENVELOPE }
Insert completed ballot

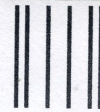


{ MEMBER VERIFICATION SIGNATURE ENVELOPE }
Insert sealed ballot envelope

Member Signature(s)

Print First and Last Name(s)

Must be received by
January 4, 2017



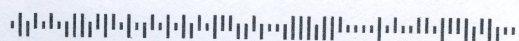
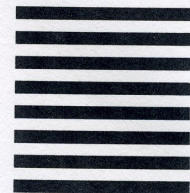
NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL

FIRST-CLASS MAIL PERMIT NO. 16 LOS ANGELES CA 90024

POSTAGE WILL BE PAID BY ADDRESSEE

PVHA INSPECTOR OF ELECTIONS
C/O MOSS ADAMS LLP
11960 WILSHIRE BLVD STE 1100
LOS ANGELES CA 90099-9811



Achieving a Quorum

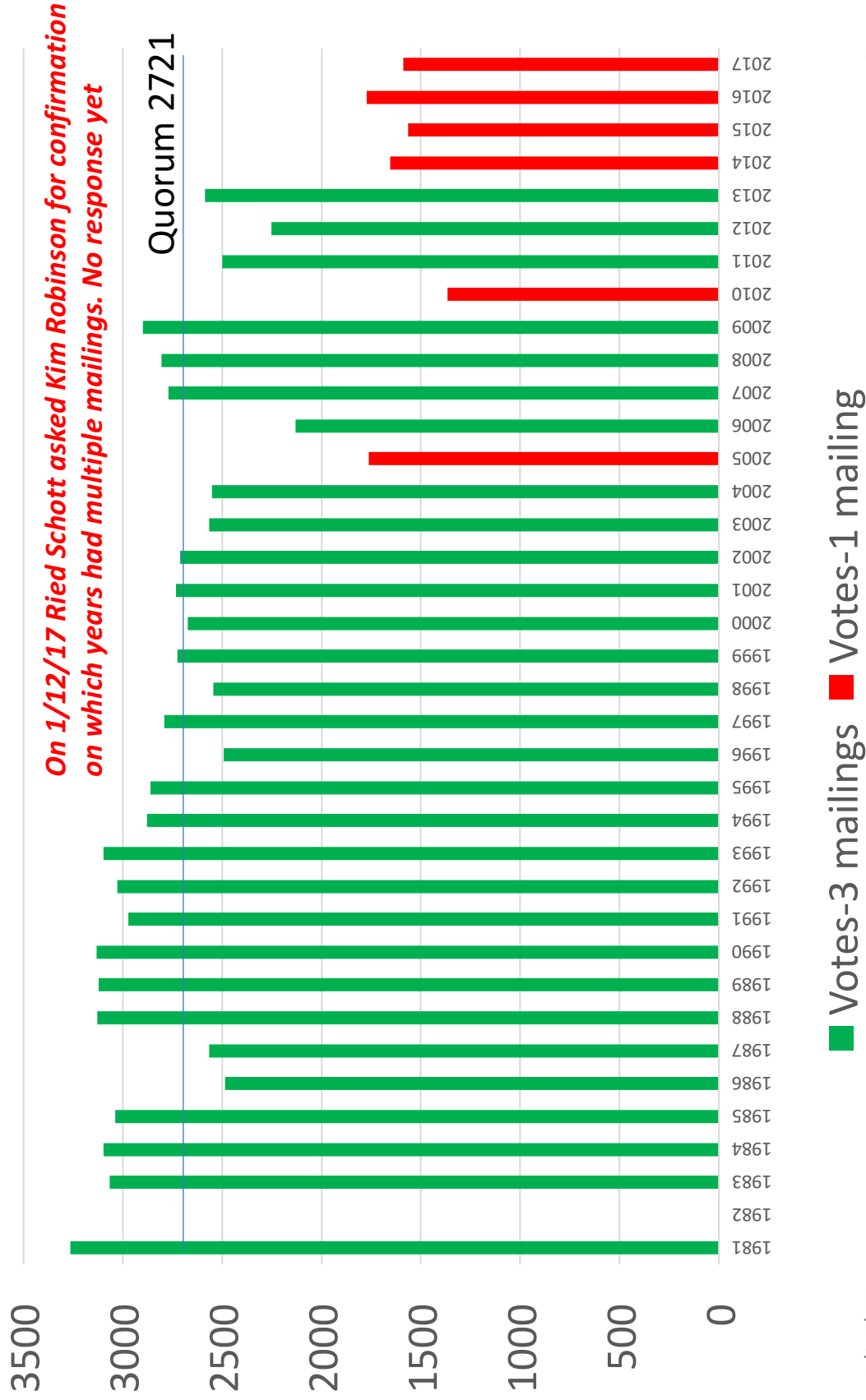
January 24, 2017

PVHA Should Follow Its Bylaws and Extend the Election

- In accordance with PVHA by-laws, and in an effort to hold a fair election, ROBE would like to propose that the PVHA board **extend the 2017 election until quorum is met**
- Please review the following supporting information and carefully consider the proposed solutions. We request immediate action in order to effectively correct the situation and move on to other important business
- **The By-Laws stipulate** in Article V on page 51:
 - ... *“at such annual meeting of the members, directors for the ensuing year shall be elected by secret ballot, to serve as herein provided and until their successors are elected. If, however, for want of a quorum or other cause, a member's meeting shall not be held on the day above named, or should the members fail to complete their elections, or such other business as may be presented for their consideration, **those present may adjourn from day to day until the same shall be accomplished.**”*
- **“Day to day” does not mean “until a year from now”**. The language means PVHA should extend the election long enough to establish a quorum

Quorum Needs Multiple Mailings

Relationship Between # of PVHA Mailings & Votes Cast



Election Difficulties

- Sending one mailing not three as in many previous years
- Refusing to accept ballots returned by hand delivery to PVHA or by bringing the ballot or proxies to the annual meeting – both of which were allowed in previous years. Not allowing proxies at the Annual Meeting is also a violation of Corporate Code, in addition to a deviation from PVHA past practices
- Establishing a difficult process to acquire signatures - 100 with affidavits and notary required (PVE City Council nominations are 30 signatures with no affidavit/notary required)
- Allowing address errors on the return envelope
- Closing the office Dec 23 to Jan 4 -- making it impossible to get a replacement ballot after Dec 22nd (unless members knew to knock on locked door)
- Not working harder to conform mailing list to current tax rolls.
Many people claimed they never received a ballot and others received ballots for homes/condos sold many years ago. While PVHA does monitor transactions, periodically comparing the address list to tax rolls would be a positive step
- Failing to provide a means for members to verify that their ballots have were received
- Sending ballots out on 11/21 (Monday of Thanksgiving week) -- thus increasing the likelihood they might go unnoticed

1/24/17

4

PVHA Risks Exposure to Breach of Fiduciary Duty

- Not following By-Laws which require adjourning “day-to-day” until a quorum is reached
- Taking many actions that have the direct effect of reducing the likelihood of achieving a quorum
- Failing to follow PVHA’s own Resolution 177 and gather 100 signatures for each of the current Directors
- Continuing to conduct business in the absence of a quorum, including misleading and deceiving third parties into believing that the PVHA Board are legitimately elected officials
- PVHA Attorney announcing in *Daily Breeze* in December 2015 that the last ballot would be counted, then reversed that statement weeks later when it became clear that incumbents would lose if last ballot was counted

Solution -- Extend the Election

- Open outside envelopes and record who has voted
- Provide method for association members to verify ballot was received by maintaining list at PVHA or posting to website
- Send out another ballot to those not responding
- Allow for walk-in returns to a locked ballot box at PVHA office up and including the day of the election
- Compare the current database to tax records (all 5420 not merely the homes sold each year) and ask for community volunteers if PVHA wants to avoid the cost for that analysis
- Petition the court to reduce the quorum for elections to a more achievable number (less than the 50% threshold today)

It has been eight years since a valid election, and PVHA needs to take steps to bring back a democratic process with duly elected Directors. Three of the current Directors have never been elected

PVHA Post-Election Survey

Conducted February 16 to March 17, 2017
Results based on 88 responses

**Prepared by Palos Verdes Residents for
Responsible Government**
www.pvrrg.org

Introduction

- The recent election for Palos Verdes Homes Association (PVHA) Directors on January 10, 2017 fell short of generating a necessary quorum – only 1589 out of 5420 homes voted. As such, the PVHA Board decided not to open and count the ballots, and appointed themselves to serve another year. It has now been 8 years since there was a valid election, and three of the five directors have never been elected.
- John Harbison wrote a Guest Commentary in the Peninsula News on January 26th, 2017, asking the PVHA to extend the election, mail new ballots, and seek judicial intervention to lower the quorum threshold from 50% -- thus bringing back a democratically elected leadership to PVHA ([click here](#)). PVHA Board countered with a Guest Commentary in the February 2nd edition, declaring that the vast majority of those not voting had done so out of support for the current Board ([click here](#)). At the PVHA Board Meeting on January 24th, Dale Hoffman proposed, and Carolebeth Cozen seconded, to continue the election; however, Phil Frengs, Ed Fountain and Carol Swets disagreed and the Board therefore took no further action on the election
- This poll is intended to shed some light on public sentiment on the election, since the PVHA has refused to open the ballots received and refused to disclose to the public how voters/PVHA Homeowners expressed their preferences about the Board composition

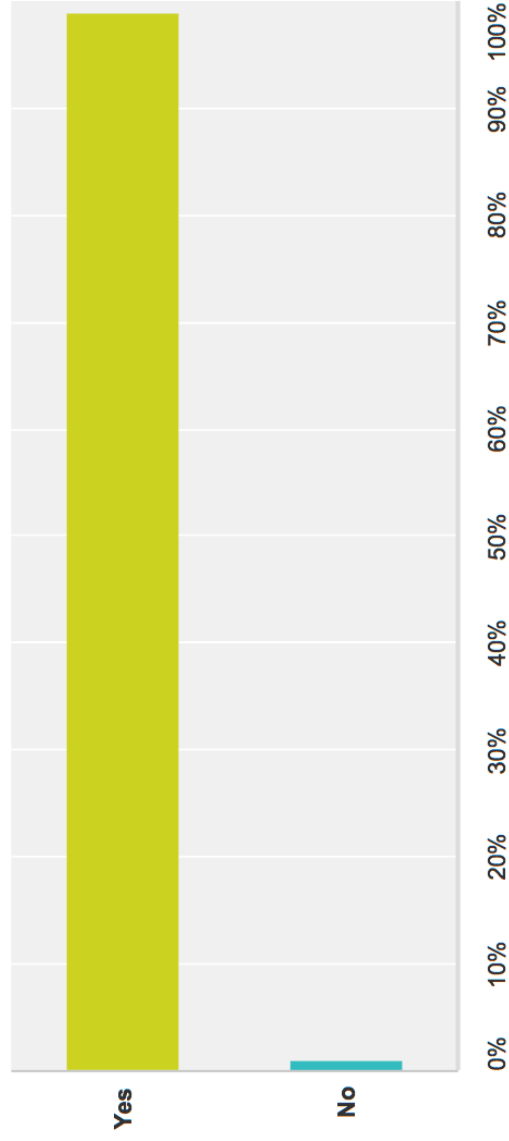
Background and Context

- Intent: To shed some light on public sentiment about the Election and provide that to the PVHA Board to assist them in considering next steps
- Timing: February 16, 2017 to March 17, 2017
- Method
 - Survey Monkey online poll
 - Announced in Nextdoor
 - Confidential – no attribution or IP address retained
 - Survey Monkey prevents any IP address from voting multiple times
- 88 Respondents – all but one said they were PVE residents
 - 89% said they voted, and the others provided input on why they did not vote

87 PVE Residents & Homeowners

Q1 Are you a resident and homeowner in PVE or Miraleste?

Answered: 88 Skipped: 0

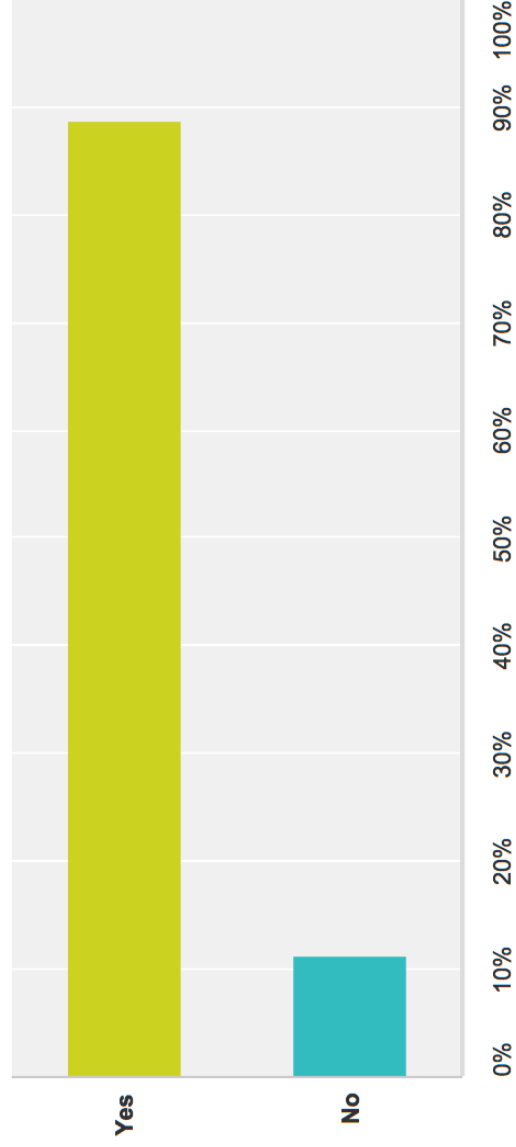


Answer Choices	Responses	
Yes	98.86%	87
No	1.14%	1
Total		88

89% Voted

Q2 Did you vote in the recent PVHA Election?

Answered: 88 Skipped: 0

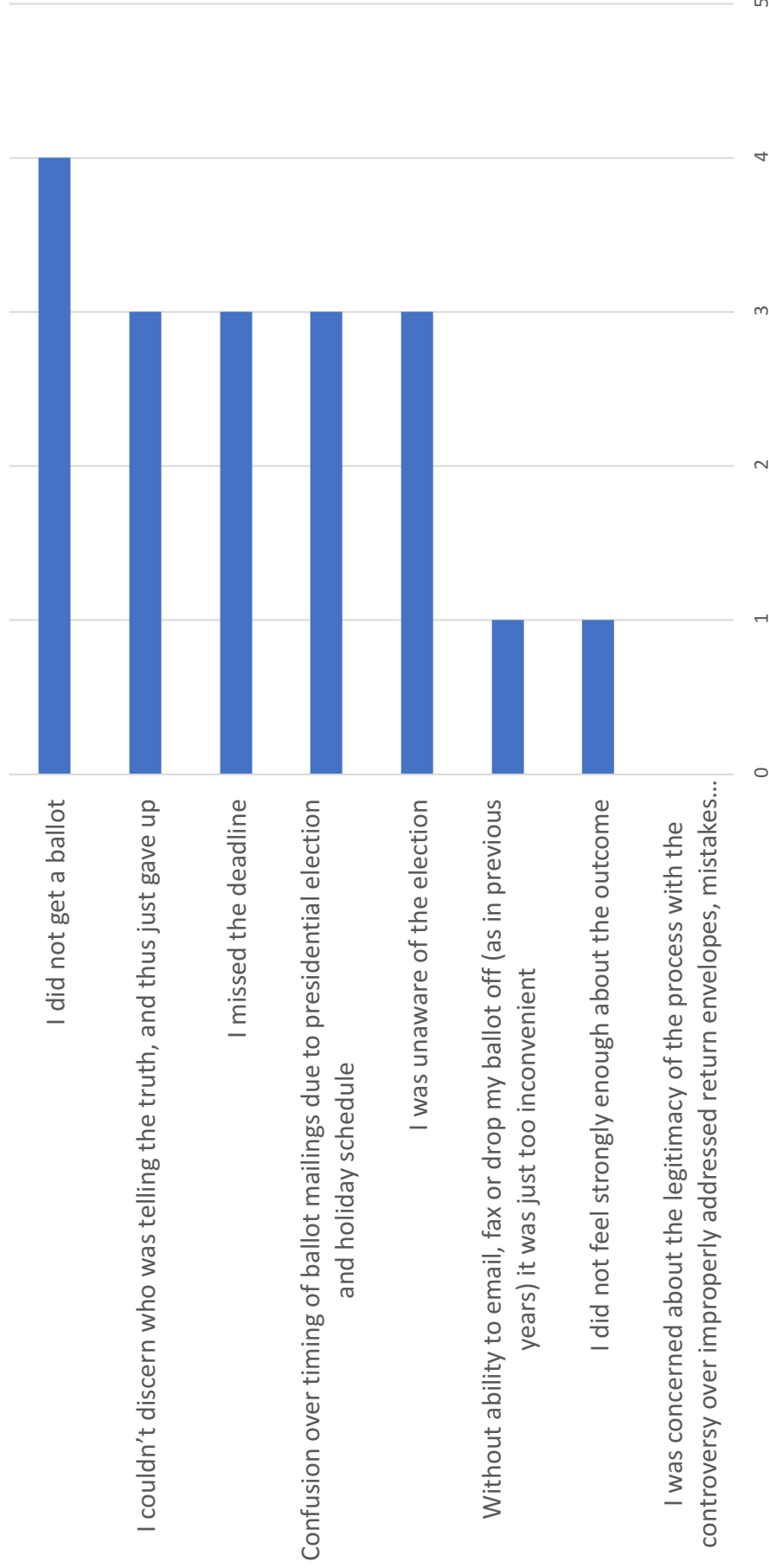


Answer Choices	Responses
Yes	88.64% 78
No	11.36% 10
Total	88

Reasons why Did NOT Vote

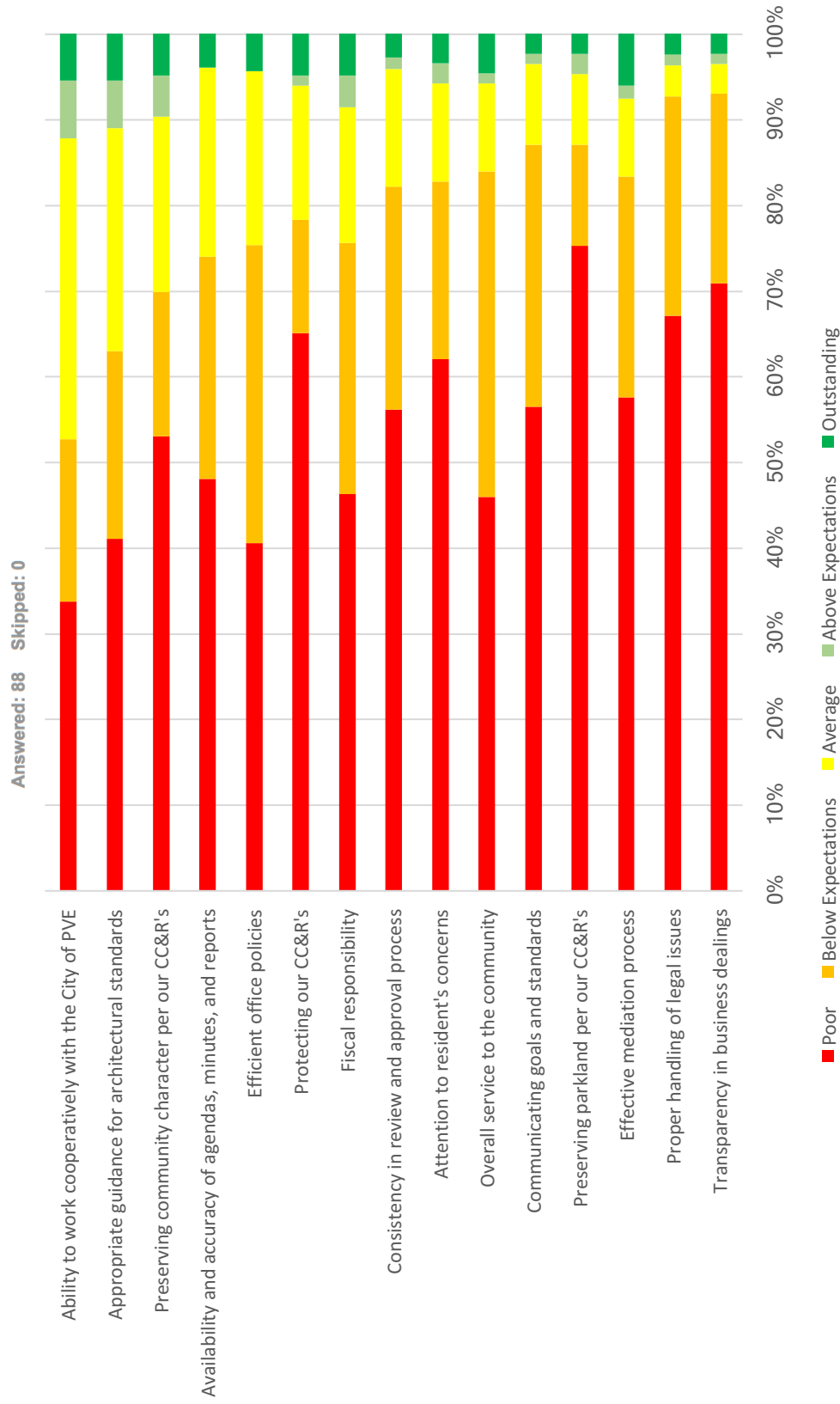
Q3 If you did NOT vote in the election, what was the primary reason why you did not vote (check ALL that apply)?

Answered: 9 Skipped: 79



Performance of PVHA Board

Q4 On a scale of 1-5 (where 1 is poor and 5 is outstanding), how would you rate the performance of the current PVHA Board?



Comments on Performance

What are the primary factor(s) that cause you to give that rating?

Answered: 68 Skipped: 20

Note: *All comments included in their entirety, unedited*

- “PVE is exceptional - people who've been here too long don't know how good they have it - especially by L.A. standards.”
- “Low ratings based on observed interactions with residents and handling of parklands (sale)”
- “Have researched as well as done work requiring approvals - very helpful”
- “Very unhappy that this organization is not responsive to the community it serves. There is a swamp in this board and the election rules need to be changed. They operate in secrecy. Very few people know what it going on”
- “My interaction with the directors very positive. The office personnel outstanding. Via Panorama parkland issue is debatable. However I support the decision of the City Council”

Comments on Performance (cont.)

- “The handling of election process and parklands management: fail.”
- “FACTS”
- “Bad experience with PVHA/Sid Croft during (failed) view restoration process w/ neighbor”
- “Self appointed board protects special interests, not the interest of homeowners”
- “Experience of dealing with the HA”
- “Selling of parkland, huge houses going up in the area, etc.”
- “No action on complaints and issues with neighbors re-grading and house paint color (black!!) and this after making us pick from different shades of a color that meets their approval. Stupid of us to even have asked!!”
- “Personal experience”
- “The current board does not represent the residents of PVE and are completely corrupt. They defy the wishes of their constituents. This is not democracy”

Comments on Performance (cont.)

- “This self appointed board has only their own self interests and political agenda in mind”
- “Stop selling Parkland & stop spending money on lawsuits”
- “Parkland”
- “Have lost trust in their integrity”
- “Parklands, lack of fiscal responsibility, lack of transparency, need new blood”
- “Illegal selling of parkland”
- “Our city is losing its small town feel and natural beauty because of city decisions. I don't feel like resident voices are being heard. I was extremely disappointed with the errors in the recent election and was equally disappointed with the way response and lack of remedy!”
- “The way election was handled & sale of parkland”

Comments on Performance (cont.)

- “Arrogance of the board of directors. They operate as if they have no sense of responsibility to PVE citizens to ensure their processes and decisions are beneficial to the community. The recent land giveaway to a private citizen reeks of cronyism; yet the board doesn’t appear to give a damn.”
- “Arbitrary rules for the HOA, which change according to one’s architect or the mood of the board.”
- “The appeal regarding the parkland sale is not what residents want done or funded”
- “Sale of parkland”
- “Poorly run election with minimal resident consideration”
- “The HOA and City Hall serve the residents with the most clout and political influence. Standards and enforcement are subjective and influenced by political agendas. I hear neighbors in this community and outside this community who have knowledge of how politically motivated the actions of ALL persons who serve the city residents including the police.”

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Comments on Performance (cont.)

- “Disappointed that elite have benefitted from PVHA actions and angry that PVHA discounts homeowners concerns, lack of transparency and unethical behavior. PVHA has circumvented open government, created adversarial environment and continues to behave in a manner that benefits them and not the community.”
- “They’re crooks!”
- “There’s a level of service being expected of in this zip code. Job was done adequately as should be. Nothing exceptional and had room for improvement”
- “Poor transparency. Doing what board thinks is right rather than representing community interests”
- “Lack of election process review.”
- “Lack of CC&R understanding”
- “Unwillingness to make elections transparent and fair and democratic. Willingness to forgo our protected parklands”

Comments on Performance (cont.)

- “I think they are all self-serving, and all of them need to be voted out. A prime example is the 'back-door' deal to 'give-away' public parkland at a fraction of it's value. Additionally, we have NO ENFORCEMENT of any traffic laws (speeding) violation of building codes, dogs off leash, etc.. Palos Verdes has turned into a 'lawless' unsafe place to live”
- “Extremely poor impression of PVHA, their lack of concern for public interest and complete lack of transparency”
- “PVHA's support for the sale of parkland to a private party”
- “PVHA needs new blood--would love to know how people voted--everyone I know voted for the new people!”
- “Primary factors: illegal sale of parkland; complete lack of transparency; corrupt and self serving agenda of current board members; efforts by Phil Frengs to create voter suppression by sending false narrative to community and limiting opportunities to vote (as well as questionable tactics regarding mail in ballot to Sparky's Pet Salon with no way to verify if ballot had been received by appropriate address and counted)”

Comments on Performance (cont.)

- “Currently encroachments on parkland are many and nothing has been done to enforce boundaries and remove fences, patios, and other structures”
- “Enforced deed restriction with PVPUSD lawsuit over lots C & D then sold parkland on Via Panorama. Little experience with office/tree issues”
- “Very dissatisfied with virtually everything the PVHA has done, especially with regard to the elections and sale and appeal of the parklands. Reminiscent of other cities where residents have suffered the consequences of the leadership/management decisions. I want better for my city!”
- “Giving away parkland.....backdoor dealings”
- “The selling of parkland and refusal to conduct a proper election for the Directors of the PVHA Board”

Comments on Performance (cont.)

- “Sale of the Parkland issue is very disappointing”
- “Sale of public land and no attention to Neighborhood Compatibility”
- “Only dealt with homes association once when I remodeled my home. Very subjective experience. Although all went smoothly, I believe it was only because I approached them with a “you’re the boss” attitude. I followed all their rules and even when I thought the process was almost un-American, I just did as I was told. In the end I really like my house now, but I could see the power they hold over a very subjective, artistic, opinion based undemocratic process. And the rules can change when ever the Art Jury sees fit. We are at their mercy. Luckily my project went well...just dumb luck I think. I was scared every time I went into that office. Not even sure who is there now. I followed every rule they made up just because I was scared of my project getting held up.”
- “Their actions of selling parkland to private citizens and their willingness to spend our money on appeals”

Comments on Performance (cont.)

- “Selling public property”
- “Need new blood”
- “Too controlling and nickel and dime us for small things. Then you drive thru the neighborhood and see so many eye sores it's hard to understand why”
- “PVHA has always been helpful in providing guidance to me. However, I am concerned by the illegality of the three party transaction involving the transfer of parklands to a resident”
- “Land swaps of protected and private land. Hiking trail issues”
- “Inbred group that has their own self-interest, power and greed in the forefront”
- “Unhappy with current PVHA communications”
- “No elections being held- nothing ever changes”
- “What is the acronym CC&Rs?”

Comments on Performance (cont.)

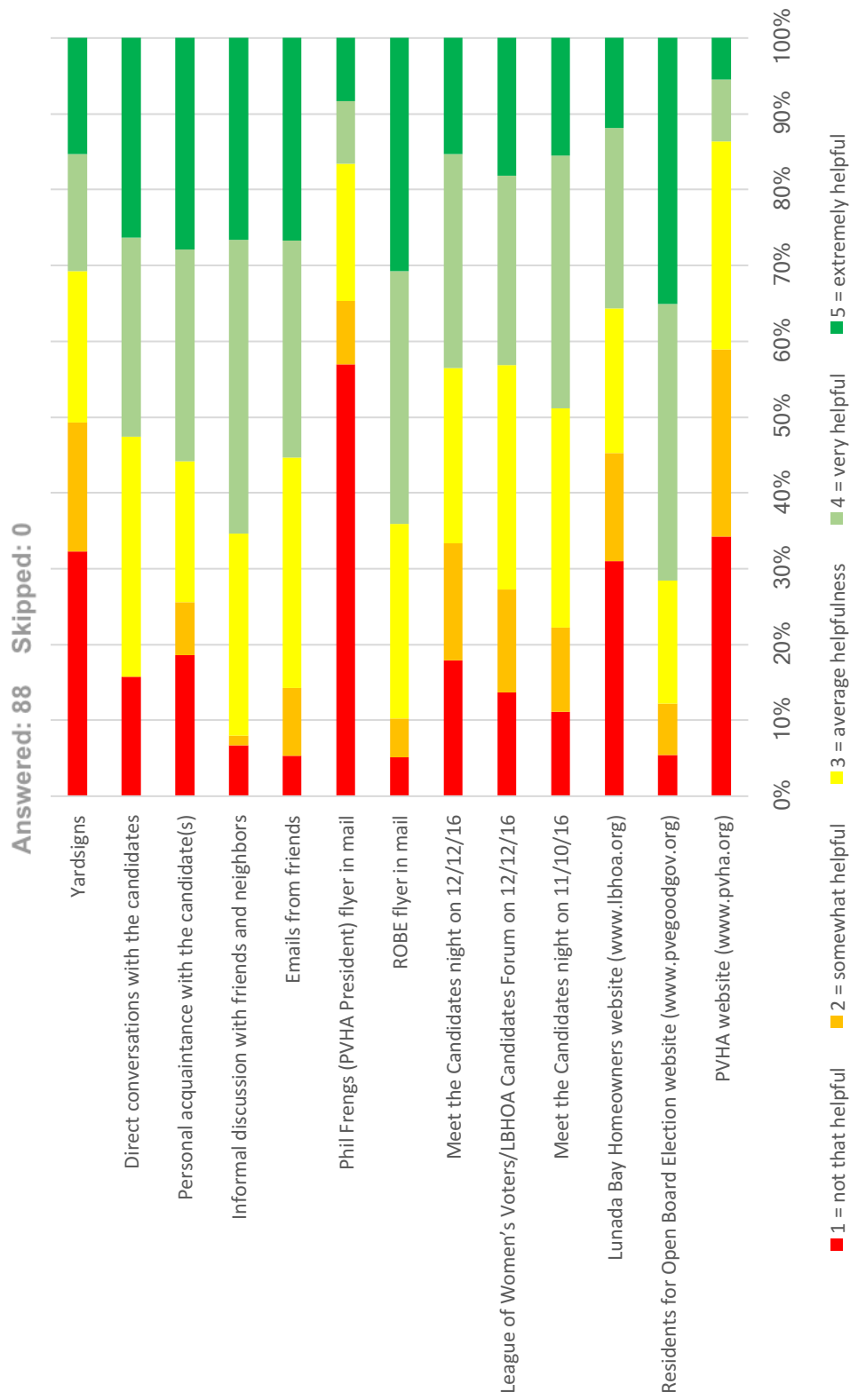
- “Supporting selling off public parkland, non responsiveness to community, obtuse/ oblique arcane rules & regulations”
- “Egregiously violating CC&Rs, then filing lawsuit in judgement against them for selling parkland, and for doing all they can to impede opposing views and efforts, while avoiding accountability”
- “Selling the parkland and trying to defend a indefensible action”
- “Personal experience!”
- “This Board is arrogant and disrespectful to residents of PVE”
- ”Do not follow the their own rule and no communication!”
- “They appear to make their own rule for their own sake.”
- “Sale of Parkland in 2012, and then the decision to appeal after Judge ruled PVHA actions were illegal”

Comments on Performance (cont.)

- “Election process and old ‘boys’ network in leadership”
- “Arbitrary decisions of the Homes Association”
- “Three reasons:
 - Sale of PVE protected parkland
 - Inconsistency in approval/denial given to homeowners.
 - Candidates for vacancy on Homes Assn. Board are selected by the Board. Candidates have never run for office and sent info to citizens re: their positions on issues of interest to the citizens. I did not vote prior to the Parklands Debacle because I felt that if the candidates didn't care enough to seek my vote then I didn't care enough to vote. I told the Homes Assn. for many years that I would not vote until candidates supplied me with info about their positions on various issues”
- “Selling our Parklands is absurd. Not counting the ballots is absurd. The whole Art Jury process is absurd”
- “Lack of transparency and lack of fiscal responsibility. Also, we need term limits!”

Helpfulness of Sources

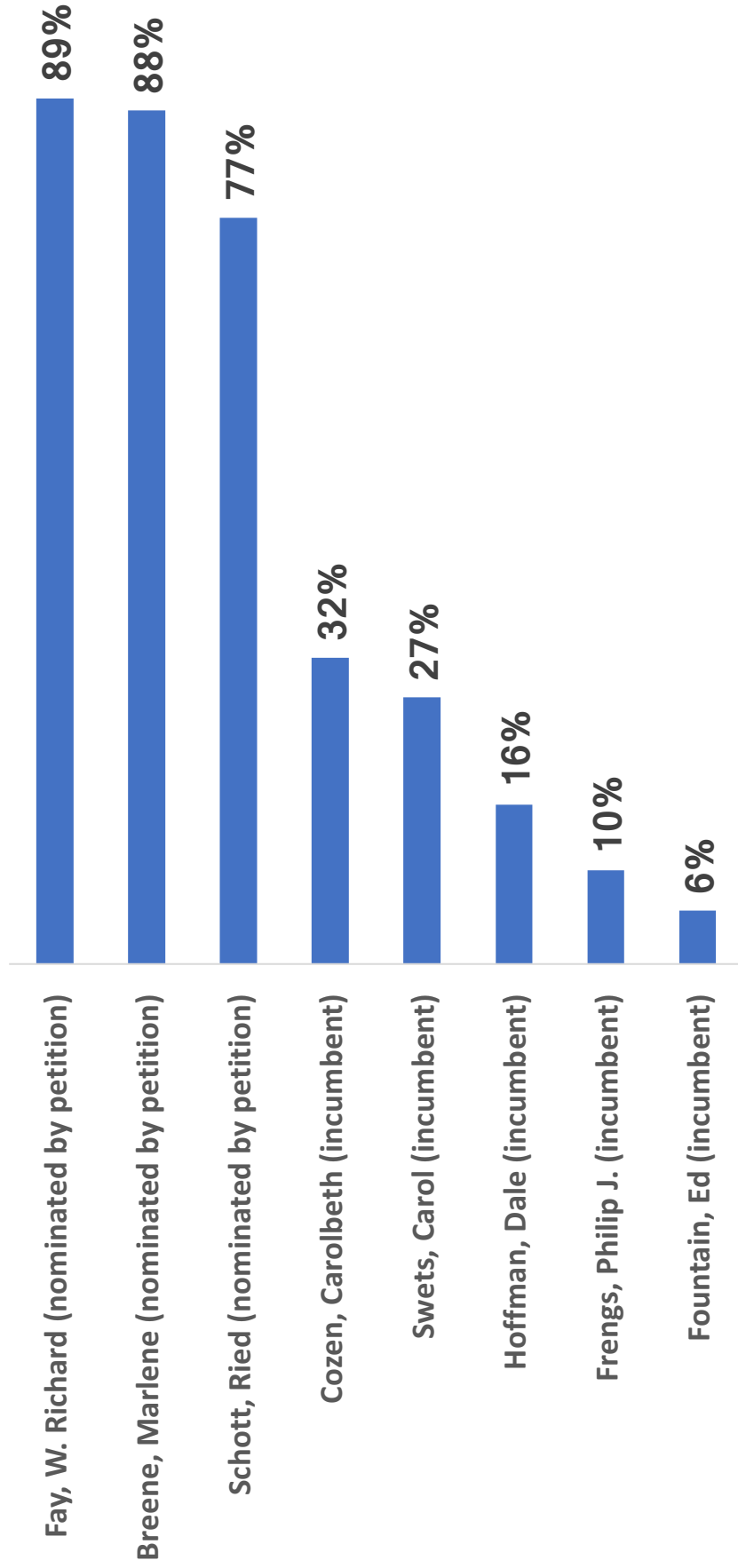
Rate the helpfulness of sources of information on the election in making your decision?



Votes by Candidate

If you did vote in the recent PVHA Election, would you be willing to share who you support for the PVHA Board (pick up to five)?

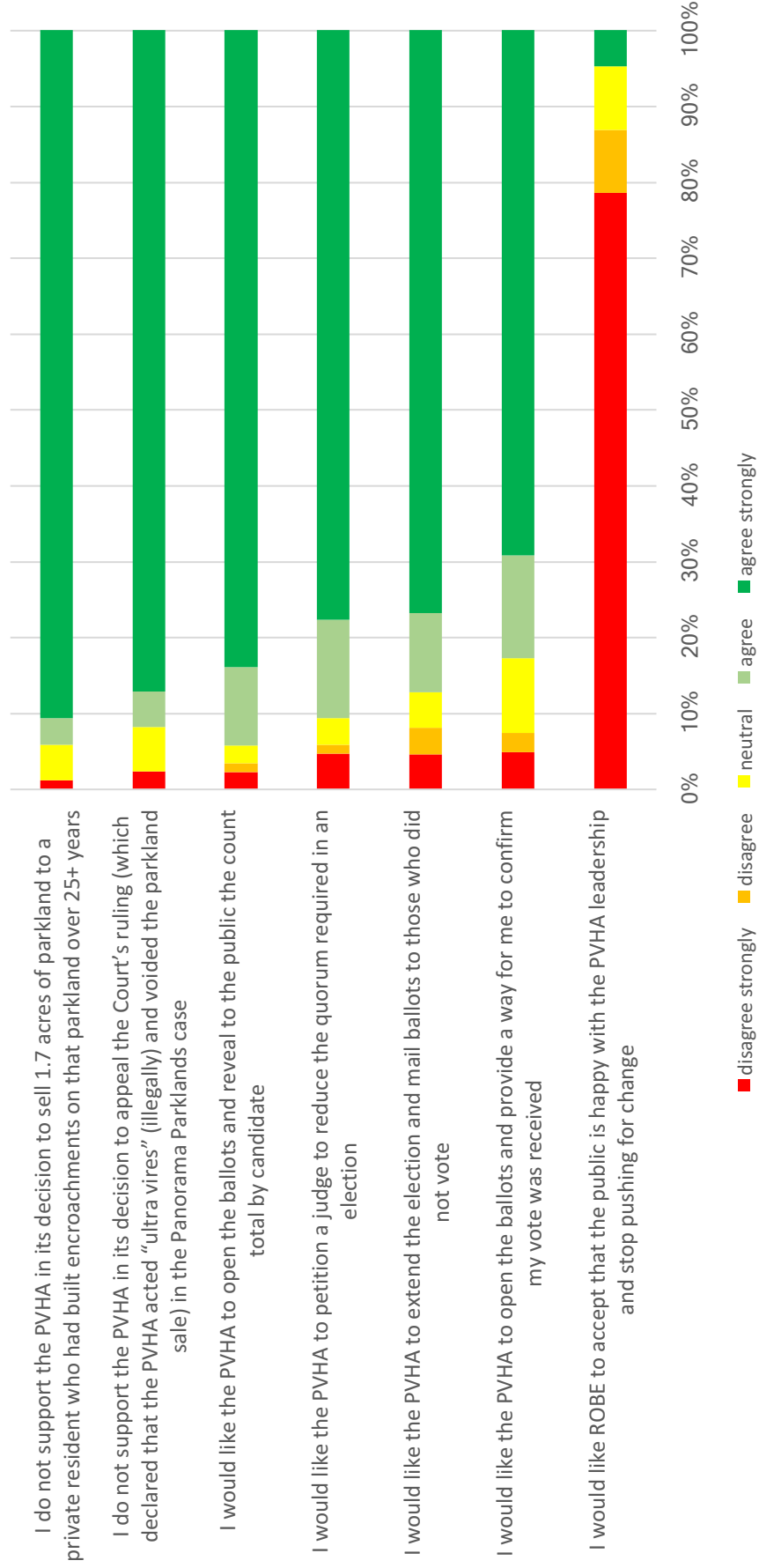
Answered: 73 Skipped: 15



What Should PVHA Do Next?

Please indicate the degree to which you agree or disagree with the following statements:

Answered: 88 Skipped: 0



Additional Comments?

What additional comments do you have?

Answered: 27 Skipped: 61

Note: All comments included in their entirety, unedited

- “Hope PVHA does not interfere with park lands in the future. In the next election Harbison should run for PVHA director spot - he is very passionate”
- “Get the old boys and girls out and put all new people, change is good!”
- “Stop spending money on the art jury; disband it completely”
- “I would just like to see a real vote every time there is an election and that anyone can nominate a candidate and that the candidates are expected to give us a reason why we should vote for them. Just straight forward democracy, nothing more, nothing less”

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Additional Comments? (cont.)

- “The quorum currently set at 50% makes it unrealistic to ever expect a democratically elected board. The current board is corrupt and needs to be removed.”
- “The results of the PVE CC and treasurer votes is telling. Change is being demanded. PVHA will be held accountable and the stewardship of our community will see ppl committed to what residents want, rather than what individuals in their arrogant, exclusive tower think they can continue to operate under.”
- “Multiply these answers times 2 for all the adults at our location.”
- “After so many years, it is time for new/change leadership. I was very unhappy about the parkland sale.”
- “Keep up the good work”
- “We live in a democracy!”

Additional Comments? (cont.)

- “God bless the folks who took on the fight to keep the parklands safe from City Hall selling it off and who work to preserve those parklands, they are what make the City feel rural in the mist of urban sprawl. Without our parklands, the City would not be so special. The City itself brags in its promotional literature about how many acres are dedicated to open space/parkland--yet they turn around and neglect the parklands (i.e. Via Tejon/Dunes trails and the parkland {alleyways} trails encroached upon by surrounding neighbors) and they sell it off to the politically influential. I hope for every city staff member and every city elected official who asserts they are 'serving the city' take a hard look at their actions; if they ignore the beauty and the benefits of the parklands, and cannot be bothered to promote the maintenance of those parklands then search your motives for 'serving' the residents and resign--that includes council members and city staff.”

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Additional Comments? (cont.)

- "I think the election should be redone for several reasons: 1) the change in the election process was unknown to many HO (it differed greatly from past) 2) the physical address mistake created doubt about the receipt of ballots and the failure to make the error public and address the situation proactively furthered the doubt, 3) the different election date and the Jan meeting date made no sense other than to prevent a quorum, 4) a reduction in the quorum number should be considered since the PVHA has failed to reach one for many years"
- "Demand that the PVHA open the envelopes so that residents know if their vote was counted and if not why not?"
- "Voted for the candidates you suggested. Assume that was the non-incumbents"
- "I don't really understand how all this affects me directly and I'm not sure I have an opinion on the matter. Sorry if that makes me sound dumb....."

Additional Comments? (cont.)

- “Change the system, it is not working”
- “At the heart of this matter is PVPUSD's lawsuit and appeal to sell lots between PVIS and PVHS that did not belong to them. They should have raised funds in a more honorable way. Because of that, I *refuse* to support the school district because they have wasted PVE residents' taxpayer money on lawyers (for both sides) an issue that they were never going to win in court. To me, the school board at the time as well as those in charge at the district are the true villains. I found it laughable when I heard that the school district needed two superintendents because one was needed to deal with legal matters. Our city and homeowners' association were put in a very bad position so I think that they were trying to do the best that they could given their position. Still that doesn't make selling parklands right, but I sympathize with their position”

Additional Comments? (cont.)

- “I would strongly encourage Jennifer Laity to rejoin the ballot”
- “The actions of the current board are shameful. They should all be recalled”
- “We need new blood on the PVHA board!”
- “We need new members to affect real change”
- “We need a greater effort to reach residents who have become complacent and nonparticipating in our elections”
- “Extend the election, which is our right!!”
- “PVHA Board should count the ballots and appoint the top 5 vote getters - even without a quorum”
- “The lack of interest and follow through on the part of the public is not limited to local issues; this election was well advertised”

BY-LAWS OF PALOS VERDES HOMES ASSOCIATION

Adopted June 25, 1923, Amended Dec. 5, 1923

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ARTICLE I

MEMBERSHIP AND DUES

**BUILDING SITE
DEFINED**

Section 1. A "building site" shall be taken to be a lot (exclusive of streets, open recreation areas, and lands excepted, reserved, segregated or retained in accordance with the restrictions, conditions, and covenants affecting same, shown on any map of record):

(a) Of any original subdivision which is now on file or which shall hereafter be filed in the office of the County Recorder of the County of Los Angeles, California, of that certain tract of land situated in the County of Los Angeles, State of California, being a portion of Lot "H" of the Rancho Palos Verdes as set forth and described in that certain deed dated March 1, 1923, executed by Jay Lawyer et ux, to Commonwealth Trust Company, a corporation, and recorded in Book 1649, page 389 of

Official Records of Los Angeles County, California, or

(b) Of any re-subdivision of any plots or parcels of said land which re-subdivision is approved by this corporation and is permitted by the restrictions applicable thereto and thereby allowed to be used as a building site, or

(c) Of any subdivision or re-subdivision of any land which hereafter becomes subject to the jurisdiction of Palos Verdes Homes Association by virtue of restrictions, conditions, covenants, and/or contracts relating thereto, and by acceptance of jurisdiction by the Board of Directors of this corporation.

The members of this corporation shall be all who hold legal title of record to any such building site or who, while holding a contract for the purchase of any such building site from Commonwealth Trust

Company, shall reside upon the building site described in such contract. Such holding of legal title or such residence shall be the sole qualification for membership in the corporation. Contract holders shall establish their right to membership to the satisfaction of the Secretary of this corporation.

QUALIFICATIONS OF MEMBERS

Section 2. The following persons shall be qualified to be, and shall become members of this corporation:

(a) Persons holding legal title to or an interest in any such building site, except as provided in (b) of this paragraph and provided, further, that no person or corporation taking title hereafter as security for the payment of money or performance of other obligations shall thereby become entitled to membership.

(b) Persons holding a contract for the purchase of any building site, who shall reside upon the property described in such contract, in which case the holder of the legal title shall not be qualified for membership by virtue of holding the title to such building site.

(c) The owner or owners of land adjoining or adjacent to said property when such land shall have been placed under the jurisdiction of the Art Jury and Palms Verdes Homes Association in accordance with the provisions of Section 6 of this Article.

CREATION OF MEMBERSHIP

Section 3. (a) The acceptance by a grantee of a deed conveying to him such real property as to qualify him for membership in said Association shall ipso facto constitute such grantee a member of said Association.

(b) The acceptance by a purchaser of a contract of sale covering such real property as shall qualify him for membership, together with the act of residing thereon by such purchaser, shall ipso facto constitute such purchaser a member of said Association.

(c) The certificate of the Secretary certifying that a person is a member of this corporation shall be conclusive evidence in favor of all third persons as to the facts recited therein.

TERMINATION OF MEMBERSHIP

Section 4. Whenever a member of said Association becomes disqualified for membership, as hereinabove provided, such person shall ipso facto cease to be a mem-

ber of said Association; if the member holds the legal title to more than one such building site, then upon the transfer of record of the legal title to all his building sites, or, if the member does not hold the legal title to any building site, then upon such member ceasing to be the holder of a contract for the purchase of any such building site or upon his ceasing to reside upon the building site described in such contract. A member holding the legal title of record to more than one building site may transfer membership with each building site transferred and retain membership for each building site not transferred. When a building site is owned of record in joint tenancy or tenancy-in-common, the membership as to such building site shall be joint and the rights of such membership shall be exercised only by the joint action of all owners of such building site.

Section 5. No membership fee shall be charged, nor shall members be required to pay at any time any amount to carry on the business of the corporation, except to pay annually the maintenance charge or assessment, which is or may be made a lien on the respective properties of the members, and such other liens, fees and charges as are set forth, authorized or permitted in the Declaration of Establishment of restrictions and conditions of Commonwealth Trust Company, dated June 26th, 1923, and recorded on July 5th, 1923, in the office of the County Recorder of the County of Los Angeles, State of California, in Volume 2360 of Official Records of Los Angeles County at page 231 and following pages, or any amendments thereof, or as set forth in any other Declaration of Commonwealth Trust Company, its assigns or successors in interest, applicable to said property on file or hereafter filed in the office of said County Recorder.

FEES AND DUES OF MEMBERS

Section 6. If at any time the owner or owners of land adjoining, adjacent or within a distance deemed reasonable by the directors hereof of any portion of said property shall agree with the directors hereof to hold, sell and convey said land subject to conditions, restrictions, covenants, reservations, liens or charges set forth in a declaration of restrictions by such owner or owners approved by the Board of Directors of this corporation and the Art Jury, and such agreement and declaration are

ANNEXATION OF ADDITIONAL PROPERTY

hereafter recorded in the office of the Recorder of the County of Los Angeles, the Board of Directors of this corporation and the Art Jury shall have power to do and perform any and all of the acts and to fix, impose and collect charges, assessments and dues from the owners of lots in such property, on such basis, authority and power as they may have for the said property. Owners and contract holders of such additional property shall be entitled to membership in Palos Verdes Homes Association with property rights and voting power upon the same basis and conditions as herein provided for owners and contract holders already under the jurisdiction of the Palos Verdes Homes Association and the Board of Directors of this corporation and the Art Jury shall thenceforth have and assume the enforcement of the restrictions, conditions, covenants, reservations, liens or charges created for the benefit of the owners of building sites in said last named property, or to which said building sites may at any time be subject.

**PROPERTY
RIGHTS AND
INTEREST**

Section 7. No member of this corporation shall have any right of property in any of the real or personal property held by, or in the possession and control of this corporation, except those persons who are members of this corporation at the time of its dissolution, and their rights shall be determined by the law then in force and effect. Each member of this corporation shall have such an interest in all the property owned by this corporation as is represented by the ratio of the number of votes to which said member is entitled to the total number of votes to which all members of this corporation are entitled; provided, however, that during the continuance and life of this corporation and renewals thereof, that no member of this corporation shall have the right of distribution of any real or personal property held by or in the possession or control of this corporation, provided, however, that those persons who are members of this corporation at the time of its dissolution may, upon said dissolution, be and become entitled to such property, as may be owned by this corporation and as may be subject to distribution among its members in proportion to their interests and property rights as above determined and according to the law then in force and effect.

ARTICLE II

VOTING POWER

At all corporate meetings the voting power of the members of this corporation shall be unequal according to the following rules, to-wit:—

(a) Except as provided in (d) of this paragraph, each member of this corporation shall have at least one vote at any meeting of the members of the corporation.

(b) Except as provided in (d) of this paragraph, each member of this corporation holding legal title to more than one building site shall have the right as such member, at any meeting of the members of this corporation, to cast a number of votes equal to the total number of building sites, the title to which is held by him.

(c) Except as provided in (d) of this paragraph, each person who is a member of this corporation by reason of being a purchaser of more than one building site located in any subdivision of the said property under a contract or contracts of purchase shall have the right to cast as many votes, at any meeting of the members of this corporation, as shall equal the total number of building sites covered by his contract or contracts.

(d) When legal title to a building site is vested in, or subject to contract or agreement to convey to two or more persons in joint tenancy or otherwise, the several owners or purchasers of said building site shall collectively be entitled to one vote only therefor.

ARTICLE III

CORPORATE POWERS

The corporate powers of this corporation shall, except as otherwise provided herein, be vested in a Board of Directors who shall be members of this corporation, and three shall constitute a quorum for the transaction of business but a smaller number may adjourn from time to time.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 1. The Directors shall be elected by secret ballot at the Annual Meeting of the members to serve in the first instance as follows: one for a period of one year, two for a period of two years and two for a period of three years, and to serve until their successors are elected. Their successors shall be elected for a term

**ELECTION OF
DIRECTORS**

of three years. The Board of Directors shall be the judge of the election and qualifications of its own members subject to review by the courts. Any member of the Board of Directors who shall have been convicted of a crime while in office shall thereby forfeit his office.

VACANCIES IN THE BOARD OF DIRECTORS

Section 2. Vacancies in the Board of Directors shall be filled by the remaining Directors when assembled as a Board and such appointees shall hold office until the next Annual or Special Meeting of the members thereafter at which time an election shall be held.

POWERS OF DIRECTORS

Section 3. The Directors shall have power:

(a) To call special meetings of the members whenever they deem it necessary, and they shall call a meeting at any time upon the written request of members holding the legal title of record of 20% in number of all said building sites.

(b) To select from their own number a president and vice-president and to appoint and remove a secretary, building commissioner, manager, and as herein further provided one or more members of the Art Jury, but no director shall serve as any of such officers; and subject to the further provisions hereof, to adopt appropriate resolutions prescribing their duties, fixing their compensation and requiring from them security for faithful service.

(c) Except as otherwise herein provided, to conduct, manage, and control the affairs and business of this corporation and to make regulations and rulings not inconsistent with the laws of the State of California, or of the By-Laws of this corporation for the guidance of the officers and management thereof, provided that not less than one-fourth of the receipts of the total annual maintenance charge or assessment, mentioned in Article I hereof, shall be appropriated and set aside for the sole use and support of the Park and Recreation Board as hereinafter provided.

(d) To determine its own rules of procedure, punish directors for misconduct and compel attendance of directors.

(e) To determine, levy and assess annually the maintenance charge or assessment mentioned in Article I hereof, and such other charges or fees as it may have power or jurisdiction over and to fix the

rate per annum of such maintenance charge or assessment, but never to exceed in any one year the total annual tax rate established for all purposes for the then current fiscal year by the City Council of the old City of Los Angeles.

(f) To make all needful rules and regulations for the conduct of election, for the prevention of fraud in elections and for the recount of the ballots in case of doubt or fraud.

Section 4. It shall be the duty of the Directors:

DUTIES OF DIRECTORS

(a) To cause to be kept a complete record of all their minutes and acts, and of the proceedings of the members, and present a full statement at the regular annual meeting of the members, showing in detail the assets and liabilities of the corporation, and generally the condition of its affairs. A similar statement shall be presented at any other meeting of the members when required by persons holding of record the legal title to at least one-half of the said building sites.

(b) Except as otherwise provided herein, to supervise all officers and see that their duties are properly performed, and cause certificates of membership to be issued to the members of the corporation.

(c) To hold, after due notice, such public hearings as may be necessary or advisable for the modification, amendment, or approval of any restrictions, conditions, covenants, reservations, liens or charges applicable to any property subject to the jurisdiction of this corporation, or applying for acceptance thereof.

ARTICLE V

MEETINGS

Section 1. The annual meeting of the members shall be held in the City of Los Angeles, County of Los Angeles, on the second Tuesday in January of each year, and shall be called by a notice in writing mailed to each member at his last known place of residence or business, or directed to each member at Los Angeles; such notice to be deposited in the United States post-office at Los Angeles at least ten days preceding the date of meeting, and postage thereon must be prepaid.

MEETINGS OF MEMBERS

Special meetings of the members shall be called in like manner after five days' notice.

No meeting of members shall be competent to transact business unless the record holders of legal title to a majority of the said building sites be represented, except to adjourn from day to day or until such time as may be deemed proper.

At such annual meeting of the members, Directors for the ensuing year shall be elected by secret ballot, to serve as herein provided and until their successors are elected. If, however, for want of a quorum or other cause, a member's meeting shall not be held on the day above named, or should the members fail to complete their elections, or such other business as may be presented for their consideration, those present may adjourn from day to day until the same shall be accomplished.

MEETINGS OF DIRECTORS

Section 2. Regular meetings of the Directors shall be held on the second and fourth Wednesday of each month, at the office of this corporation at two o'clock, p.m. provided that the Board of Directors may change, by regulation, the day of holding the regular meeting. No notice of the regular meeting of the Board of Directors need be given. The President or any two of the Directors at any time, and notice shall be given of such called meeting by depositing in the United States Post Office at Los Angeles, California, a written or printed notice thereof, with the postage thereon prepaid, addressed to each Director at the last address left with the Secretary, at least four days before the time of meeting, or by serving personally such notice on each Director one day before such meeting. Such service of notice shall be entered on the minutes of the corporation, and the said minutes, upon being read and approved at a subsequent meeting of the Board shall be conclusive upon the question of service.

Notice specified in this Article for the members need be given only to members appearing as such on the books of the corporation.

All meetings of Directors and sessions of their committees shall be open to members.

ARTICLE VI

REGULATIONS AND RESOLUTIONS

The Board of Directors shall act only by the adoption of a regulation or a resolution; and all regulations and resolutions,

except regulations making appropriations, shall be confined to one subject which shall be clearly expressed in the title. The regulations making appropriations shall be confined to the subject of appropriations. No regulation shall be passed until it has been read on two separate days or the requirement of readings on two separate days has been dispensed with by an affirmative vote of four Directors. The final reading shall be in full, unless the regulation shall have been typed or printed and a copy thereof furnished to each member prior to such reading. The ayes and noes shall be taken upon the passage of all regulations on resolutions and entered upon the journal of the proceedings of the Board of Directors, and every regulation or resolution shall require on final passage the affirmative vote of three Directors. No Director shall be excused from voting except on matters involving the consideration of his own official conduct, or where his financial interests are involved. Provisions shall be made for the printing and publication in full of every regulation within thirty (30) days after its final passage.

ARTICLE VII

THE RECALL

Section 1. The Board of Directors or any director may be removed from office by the members as herein provided.

Any member may make and file with the secretary an affidavit containing the name or names of the director or directors whose removal is sought and a statement of the grounds for removal. The secretary shall thereupon deliver to the member making such affidavit copies of petition blanks for such removal, printed forms of which he shall keep on hand. Such blanks shall be issued by the secretary with his signature and official seal thereto attached; they shall be dated and addressed to the directors, shall contain the name of the person to whom issued, the number of blanks so issued, the name of the director or directors whose removal is sought. A copy of the petition shall be entered in a record book to be kept in the office of the secretary. The petition before being returned and filed shall be signed by members who are holders of record title of at least fifty (50) per cent of all of said building sites owned by members and to every signature shall be added the place of residence of the signer, giving the street and number

PROCEDURE
FOR FILING
RECALL
PETITION

or other description sufficient to identify the place. Such signatures need not all be on one paper, but the circulator of every such paper shall make an affidavit that each signature appended to the paper is the genuine signature of the person whose name it purports to be. All such papers shall be filed as one instrument, with the endorsements thereon of the names and addresses of three persons designated as filing the same.

EXAMINATION
AND AMEND-
MENT OF
RECALL
PETITIONS

Section 2. Within ten days after the filing of the petition the secretary shall ascertain whether or not the petition is signed by the requisite number of members and shall attach thereto his certificate showing the result of such examination. If his certificate shows the petition to be insufficient, he shall forthwith so notify in writing one or more of the persons designated on the petition as filing the same, and the petition may be amended at any time within ten days after the giving of said notice, by the filing of a supplementary petition upon additional petition papers, issued, signed and filed as provided herein for the original petition. The secretary shall, within ten days after such amendment, make like examination of the amended petition, and attach thereto his certificate of the result. If then found to be insufficient, or if no amendment was made he shall file the petition in his office and shall notify each of the persons designated thereon as filing it of that fact. The final finding of the insufficiency of a petition shall not prejudice the filing of a new petition for the same purpose.

CALLING OF
RECALL
ELECTION

Section 3. If the petition or amended petition shall be certified by the secretary to be sufficient he shall submit the same with his certificate to the Board of Directors at its next meeting and shall notify the director or directors whose removal is sought of such action. The Board of Directors shall thereupon, within ten days of the receipt of the secretary's certificate, call a special members' meeting for the purpose of a recall election to be held not less than thirty nor more than forty-five days thereafter. Provided, that if an annual members' meeting is to occur within sixty days after the receipt of said certificate, the Board of Directors may in its discretion provide for the holding of the recall election on the date of such annual meeting.

Section 4. Unless the director or directors whose removal is sought shall have resigned within ten days after the receipt by the Board of Directors of the secretary's certificate the form of ballot at such election shall be as nearly as may be: "Shall A be recalled? Shall B be recalled?" etc., the name of the director or directors whose recall is sought being inserted in place of A, B, etc., and the ballot shall also contain the names of the candidates to be elected in place of the men recalled, as follows: "Candidate for the place of A, if recalled; candidate for the place of B, if recalled," etc., but the director or directors whose recall is sought shall not themselves be candidates upon such ballot.

In case of those voting for or against the recall of any director the members who are holders of record title of two-thirds (%) of all said building sites owned by members, shall vote in favor of recalling each director he shall be thereby removed, and in that event the candidate who receives the highest number of votes for his place shall be elected thereto for the balance of the unexpired term.

If the director or directors sought to be removed shall have resigned within ten days after the receipt by the Board of Directors of the secretary's certificate referred to in this section above hereof, the form of ballot at the election shall be the same, as nearly as may be, as the form in use at an annual members' meeting.

ARTICLE VIII

OFFICERS

The officers shall be a President, Vice-President, Secretary, Building Commissioner and Manager, which officers shall be elected by and hold office at the pleasure of the Board of Directors, except as provided herein; and a Park and Recreation Board, Planning Board, Health Board, and Art Jury as provided in these By-laws.

ARTICLE IX

PRESIDENT AND VICE-PRESIDENT

The Board of Directors shall, at their first regular meeting, elect one of their number to act as President and another to act as Vice-President, to serve for one year and until their successors are elected; and, if at any time the President shall be unable to act, the Vice-President, shall take his place and perform his duties; and, if

FORM OF
BALLOT
TO RECALL
DIRECTOR

the Vice-President, from any cause, shall be unable to act, they shall appoint some other member of the Board to act, in whom shall be vested for the time being all the duties and functions of the office of President, or in his absence, or inability to act, the Vice-President, or, in the absence or inability to act of both the President and the Vice-President, the Director appointed as above provided, who:

1st. Shall preside over all meetings of the members and Directors and shall have the casting vote.

2nd. Shall sign as President all certificates of membership and all instruments of writing which have been first approved by the Board of Directors.

3rd. Shall have such other powers consistent with the office as may be conferred upon him by the Board of Directors.

4th. Shall be recognized as the official head of Palos Verdes Homes Association for all ceremonial purposes and by the courts for serving civil processes.

ARTICLE X

SECRETARY

The Board of Directors shall elect a Secretary to serve at the pleasure of the Board, with the following duties:

1. To keep a record of all the proceedings of the Board of Directors and of the members.

2. To keep the corporate seal of the corporation and the book of blank certificates of membership; to fill up and countersign all certificates issued, and make the corresponding entries in the margin of such book of issuance; and he shall affix said corporate seal to all papers requiring a seal.

3. To serve all notices required either by law or the By-laws of the corporation, and in case of his absence, inability, refusal or neglect so to do, then such notices may be served by any person thereunto directed by the President or Vice-President of the corporation.

4. To keep proper books showing the date of issuance of each certificate of membership and the name of the person to whom issued, and showing the date of and parties to each transfer of membership.

ARTICLE XI

THE BUILDING COMMISSIONER

Section 1. The Department of Buildings shall be in charge of a Building Commissioner named by the Board of Directors to serve at their pleasure, who shall have full, sole and final authority to approve or disapprove in the name of said corporation and to issue Building Permits and Certificates of Completion and Compliance for any and all plans, specifications or construction work of any kind within the jurisdiction of said corporation, and shall inspect and superintend the construction of buildings and structures in or upon said property in accordance with the powers and rights conferred upon it by virtue of any and all restrictions or contract agreements which may at any time be placed upon or exist in connection with any of said property or any property over which this corporation shall have or accept jurisdiction.

Section 2. The Board of Directors shall provide for the safety of building construction by establishing and enforcing regulations for the granting of said Building Permits and Certificates of Completion and Compliance by the Building Commissioner and for making and collecting a charge therefor, including such provisions as are usually contained in city building codes; and to provide for light, air, sanitation, health, comfort, and convenience for the occupants of existing and/or hereafter erected buildings by establishing such regulations as are usually included in city housing, sanitation, plumbing, electric wiring and other codes or zoning regulations.

Section 3. The Building Commissioner shall keep records of all building permits and/or other approvals or disapprovals made or issued by and in the name of this corporation and furnish certified copies of any record which the Board of Directors may authorize to be furnished and, from time to time, to issue Certificates of Completion and Compliance covering respective parcels of property with respect to which buildings, structures, and/or other improvements or changes have been made, as herein provided.

Section 4. The Homes Association and every officer, board, or employee thereof, performing any act or erecting, constructing, altering or maintaining any building,

BUILDING
CODE

RECORDS

PERMIT FOR
ASSOCIATION
WORK

structure, improvement, work of art, etc., shall secure a Building Permit and a Certificate of Completion and compliance and approval of the Building Commissioner and/or the Art Jury, in the same manner as required of any private owner subject to the jurisdiction of the Homes Association and the Art Jury.

Section 5. No building permit shall be issued by the Building Commissioner for any building or structure or any part thereof unless and until it conforms to all the then requirements of ordinances of the County of Los Angeles, California, applicable thereto, and to the California State Housing Act, State Tenement House Act, State Hotel and Lodging House Act, State Dwelling House Act, and all other State Acts and requirements as to housing and sanitation applicable to incorporated cities, and said laws and amendments thereto shall have the same force and effect as if property were all within an incorporated city of the State of California, except such modifications and variations thereto as may be adopted by regulation by the Board of Directors. (As amended Dec. 5, 1923.)

ARTICLE XII

THE MANAGER

THE MANAGER Section 1. The Manager shall be the chief executive officer of the corporation. He shall be chosen by the Board of Directors solely on the basis of his executive and administrative qualifications. The choice shall not be limited to inhabitants of the said property. The Manager shall be appointed for an indefinite period. He shall be removable by the Board of Directors. If removed at any time after six months he may demand written charges and a public hearing on the same before the Board of Directors prior to the date on which his final removal shall take effect, but during such hearing the Board of Directors may suspend him from office. During the absence or disability of the Manager the Board of Directors shall designate some properly qualified person to perform the duties of the office.

POWERS AND DUTIES OF THE MANAGER Section 2. The Manager shall be responsible to the Board of Directors for the proper administration of all affairs of the corporation, and to that end shall make all appointments, except as otherwise provided in these By-laws. Except when the Board

of Directors is considering his removal, he shall be entitled to be present at all meetings of the Board of Directors and of its committees and to take part in their discussions.

Section 3. The Manager shall prepare and submit to the Board of Directors the annual budget after receiving estimates made by the heads of the departments.

ARTICLE XIII

ADMINISTRATIVE DEPARTMENTS

Section 1. There shall be administrative departments as follows:

Law, works and utilities, safety and welfare, library, and finance, and a Park and Recreation Board, Planning Board, Health Board, and Art Jury, the functions of which shall be prescribed by the Board of Directors except as otherwise provided herein. The Board of Directors shall fix all salaries, which in the classified service shall be uniform for each grade, as established by the Service Commission, and the Board of Directors may, by a four-fifths vote, create new departments, combine or abolish existing departments or establish temporary departments for special work, except the Art Jury and the Park and Recreation Board and except as otherwise provided herein.

ADMINISTRATIVE
DEPARTMENTS
CREATED

Section 2. At the head of the departments of law, works and utilities, safety and welfare, library, and finance, there shall be a director. Each director shall be chosen on the basis of his general executive and administrative experience and ability and of his education, training and experience in the class of work which he is to administer. The director of the department of law shall be a lawyer; of the library, a trained librarian; of works and utilities, an experienced and qualified engineer; of safety and welfare, a man who has had administrative experience; of finance, a man who has had experience in banking, or other financial matters; or in each case the person must have rendered active service in the same department in this or some other community. The manager may appoint an advisory Library Board, to serve at his pleasure and to advise and aid him and the librarian in library matters, and for other advisory boards.

DETAILS OF
DIRECTORS OF
DEPARTMENTS

DEPARTMENT DIRECTORS Section 3. Each department director shall be appointed by the manager and may be removed by him at any time.

RESPONSIBILITY TO DEPARTMENT DIRECTORS Section 4. The department directors and the various boards and officers thereof, except as otherwise provided herein, shall be immediately responsible to the manager for the administration of their departments, and their advice in writing may be required by him on all matters affecting their departments. They shall prepare departmental estimates, which shall be open to public inspection, and they shall make all other reports and recommendations, concerning their departments at stated intervals or when requested by the manager. The Board of Directors, the manager, and any officer or board authorized by them, or either of them, shall have power to make investigations as to corporation affairs, and compel the production of books and papers.

ARTICLE XIV

PARK AND RECREATION BOARD

Section 1. The Department of Parks, Boulevards, Forestry, Music and Recreation shall be under the control and management of a Board to be known as the Park and Recreation Board composed of the manager and three persons named by the manager, well known for their intelligence and integrity, and whose term of office shall be for a period of three (3) years; provided, that the first members of said Board shall so classify themselves by lot that the term of one member shall expire at the end of one year, one at the end of two years, and one at the end of three years from the date of their first appointment, and at the expiration of the term of each member his successors shall be appointed by the manager for a term of three years from the date of expiration of the official term of his predecessor. Vacancies shall be filled by the manager for the unexpired portion of the term. Said commissioners shall serve without compensation. They shall elect their own officers, adopt their own rules and regulations and shall meet at least once a month. Two members of the Board shall constitute a quorum for the transaction of business and an affirmative vote of at least two appointed members shall be necessary to authorize any action of the Board.

Section 2. Said Board shall keep record of its proceedings and shall appoint a Secretary who shall not be a member of the Board and who shall hold office at the pleasure of the Board.

Section 3. The Park and Recreation Board shall also appoint a Landscape Architect, to advise the Board, and a Chief Executive Officer as superintendent under the Board who shall hold office at the pleasure of the Board and who shall in behalf of said Board and of this corporation have charge, supervision and direction of all work and of all officers and employees under said Board and may dismiss any officer or employee under him except the Secretary and Landscape Architect of the Board or other consulting expert who may be called in to render special service.

Section 4. The Park and Recreation Board shall have power and it shall be its duty:

(a) To devise and adopt a system of parks, parkways, boulevards, playgrounds, recreation areas and open spaces for the use of the members of this corporation and the inhabitants of said land, and by and with the approval and authority by regulations of the Board of Directors, to lease, purchase, and/or otherwise acquire in the name of this corporation lands for parks, parkways, playgrounds, recreation areas and/or common lands for general welfare and by and with the approval and authority by regulation of the Board of Directors to establish, change and/or re-establish the grade of any boulevard, parkway or other property under its supervision or control, and no change shall be made in the grade of any street subject to the jurisdiction of the Park and Recreation Board unless the Park and Recreation Board shall approve such change of grade.

(b) To superintend, control and manage any and all parks, parkways, boulevards, playgrounds, open spaces and recreation areas, tennis courts, golf courses and/or club houses, swimming pools, bath houses, bathing beaches, boats, boat houses, boat landings, life rafts, life guards, life saving apparatus, skating rinks, hangars and fields for air craft, band stands, dancing pavilions, cinemas, places of amusement, community buildings, aquariums, and in general community facilities appropriate

SECRETARY

OTHER OFFICERS AND EMPLOYEES

POWERS AND DUTIES OF THE PARK AND RECREATION BOARD

for the use and benefit of members and/or for the improvement and development of said property, grass plots and other areas, and all trees or plantings, within the lines of streets, parkways, walks, or other easements or rights-of-way, or on school or other public grounds by arrangement with public authorities having jurisdiction therein, and except as otherwise provided herein all improvements in, on, or upon the same belonging to or under control of this corporation, and of such other grounds and thoroughfares as may upon the recommendation of the Park and Recreation Board be placed under the control and management of said Board and by and with the approval of the Board of Directors to construct, improve, adorn, regulate and maintain the same in such manner as it may deem best, and to establish a width of sidewalk on all boulevards and parkways. And the Board of Directors shall, upon the recommendation of the Park and Recreation Board, pass regulations for the control and orderly government of the same, and other lands subject to its control, and prescribe penalties for the violation thereof. No building, structure, planting or improvement of any kind shall be erected, constructed, altered or maintained in, on, or upon any land or portion of said property under the jurisdiction of the Park and Recreation Board except with the approval and authority of the Park and Recreation Board; nor shall any land or any portion of said property be acquired or leased by the Homes Association, nor any property once subject to the jurisdiction of the Park and Recreation Commission be at any time sold, conveyed, mortgaged, leased, encumbered, or in any way disposed of except with the approval of the Park and Recreation Board. No building or structure for any purpose other than a park purpose shall be erected, constructed, altered or maintained upon any land subject to the jurisdiction of the Homes Association, when such land has been accepted for park purposes only.

(c) To plant or replant, trim, cut back, remove or replace, care for and/or maintain hedges, trees, shrubs, or flowers on vacant or unimproved lots or on other private property as far as may be permitted by the restrictions applicable thereto and thereby allowed, and to remove and/or burn grass, weeds, or any unsightly or obnoxious thing therefrom.

(d) To make such agreements with county, township, state, national or other public officials, or with any corporation or individual, for and in behalf of the owners of said property and of this corporation, for a division of the work upon any property subject to the jurisdiction of the Park and Recreation Board or for the care, maintenance and improvement of the same, as will enable the Homes Association to co-operate with the said officials, corporations or individuals to secure the greatest benefit to the said property or portions thereof.

(e) By and with the approval of the Board of Directors, to accept bequests and donations, and to take and hold title to real and/or personal property, and to administer and disburse and/or dispose of the same and/or to use the income and/or proceeds therefrom for the purposes for which it is established.

ARTICLE XV

PLANNING BOARD

Section 1. There shall be a Planning Board of five members consisting of the Manager, the Director of Works and Utilities, and three members of the Homes Association, one of whom may also be a member of the Park and Recreation Board, named by the Manager whose term of office shall be for a period of three years; provided that the first appointed members of said Board shall so classify themselves by lot that the term of one member shall expire at the end of one year, one at the end of two years and one at the end of three years from the date of their first appointment, and at the expiration of said term his successor shall be appointed by the Manager for a term of three years. Vacancies shall be filled by the Manager for the unexpired portion of the term. Said board members shall serve without compensation. They shall elect their own officers, adopt their own rules and regulations and shall meet at least once a month. Three board members, at least two of whom shall be appointed members, shall constitute a quorum for the transaction of business.

Section 2. The Planning Board shall appoint a Consultant in City Planning to advise the Board and a Secretary who shall have some knowledge of city planning. The Engineer of the Department of Works

SECRETARY
AND OTHER
EMPLOYEES

and Utilities shall also serve as Chief Engineer of the Planning Board, and it shall be his particular duty to make recommendations designed to bring all the engineering work of this corporation into harmony as parts of one comprehensive plan. The Planning Board shall have power to call upon any officer or department or board of this corporation at any time for information and advice, which in its opinion, will insure the efficiency of its work.

POWERS AND DUTIES OF THE PLANNING BOARD Section 3. (a) The Planning Board shall have full and sole authority on behalf of this corporation to give approval in the name of the Homes Association for each subdivision or re-subdivision plat or map of any property subject to the jurisdiction of the Homes Association. Each such approval shall be certified to the Secretary of the Homes Association who shall thereupon affix the official seal of the corporation.

(b) It shall be the duty of the Planning Board to keep itself informed of the progress of city planning in this and other countries, to make studies and recommendations for the improvement of the general plan of the Palos Verdes region and vicinity with a view to the present and future movement of traffic, the convenience, amenity, health, recreation, general welfare, and other needs of this area dependent on such plan; to consider and report upon the designs and their relation to the general plan, of all new public ways, lands, buildings, bridges, and all other public places and structures, of additions to and alterations in those already existing, and of the layout or plotting of new subdivisions of this area or of territory adjacent thereto.

(c) All acts of the Board of Directors, officers or boards of this corporation affecting the general regional plan for Palos Verdes Rancho or any part thereof, shall be submitted to the Planning Board for report and recommendations. The Board of Directors may at any time call upon the Planning Board to report with recommendations, and the Planning Board of its own volition may also report to the Board of Directors with recommendations on any matter which in the opinion of either body, affects the general regional plan. Any matter referred by the Board of Directors to the Planning Board shall be acted upon by the Planning Board within thirty days of the date of reference, unless a longer or

shorter period is specified. No action by the Board of Directors involving any points hereinbefore set forth shall be legal or binding until it has been referred to the Planning Board and until the recommendations of the Planning Board thereon have been accepted or rejected by the Board of Directors.

(d) The Planning Board shall submit to the Board of Directors an annual report summarizing the activities of the Planning Board for the fiscal year, the recommendations made by it to the Board of Directors during the year and the action of the Board of Directors during the year on any and all recommendations made by the Planning Board in that or former years. The annual report of the Planning Board shall also contain a program for improvements to the regional plan year by year during the three years next ensuing, with estimates of the cost thereof and recommendations as to how the cost shall be met.

ANNUAL REPORT

ARTICLE XVI

HEALTH BOARD

Section 1. The Department of Health shall be under the control and management of the Health Board composed of the Manager and three persons named by the Manager because of their special knowledge of public health and welfare matters, provided that at least one of said members shall be selected from a list of three persons nominated by the County Medical Society of Los Angeles County. The term of office of said members shall be for a period of three years, provided that the first members of said Board shall so classify themselves by lot that the term of one member shall expire at the end of one year, one at the end of two years and one at the end of three years from the date of their first appointment. And at the expiration of the term of each member his successor shall be appointed by the Manager for a term of three years from the date of expiration of the official term of his predecessor. Vacancies shall be filled by the Manager for the unexpired portion of the term. They shall elect their own officers, adopt their own regulations, and meet at least once a month.

Section 2. The Board shall appoint a Health Officer who shall be a person well trained in matters of public health, and necessarily an inhabitant of said property.

HEALTH OFFICER

who shall act as Chief Executive Officer under the Board, hold office at the pleasure of the Board, and who shall in behalf of said Board and of this corporation have charge, supervision and direction of all work and of all officers and employees under said Board and may dismiss any officer or employee under him. The Health Board shall have charge and control of the administration of all health and sanitation measures within the jurisdiction of said corporation.

ARTICLE XVII

THE ART JURY

Section 1. The Palos Verdes Art Jury appointed by Commonwealth Trust Company of Los Angeles, April 12, 1923, is hereby adopted, confirmed and established as the Art Jury of this corporation. The Art Jury shall have full jurisdiction over all lands and property over which Palos Verdes Homes Association has jurisdiction.

APPROVAL OF STREETS, SUBDIVISIONS AND GENERAL PLANTING

Section 2. No part of the said property and/or of any property at any time within the jurisdiction of the Art Jury or of Palos Verdes Homes Association shall be subdivided, laid out or improved by street work, buildings, structures, landscaping or planting, or its physical contours cut into, altered or changed, or any premises maintained except with the approval of the Art Jury as to a uniform and reasonably high standard of artistic result and attractiveness, in exterior and physical appearance of said property and improvements; provided, that as to any original layout, subdivision and landscaping of the said property for Commonwealth Trust Company by Olmsted Brothers, Landscape Architects of Brookline, Massachusetts, the Art Jury shall not have any jurisdiction or power of approval other than to make suggestions unless specifically requested to do so by Commonwealth Trust Company; and provided also that at the end of ninety days after submission by Commonwealth Trust Company to the Art Jury of a subdivision map or of any proposed declaration of additional restrictions covering any portion of the said property, legal title to which is held by Commonwealth Trust Company, the said map or declaration shall be deemed to have been given full and final approval by the Art Jury, regardless of any action by it in the interim.

Section 3. No building, fence, wall, sidewalk, steps, awning, tent, pole, or other structure, improvement, utility, parking or planting shall be erected, constructed, altered or maintained upon, under or above any portion of said property or of any property at any time within the jurisdiction of the Art Jury or of Palos Verdes Homes Association (except as provided in Section 2 hereof) unless plans and specifications therefor, including the exterior color schemes together with a block plan indicating location, shall have been submitted to, approved in writing by the Art Jury and a copy of such plans, specifications and block plans as finally approved deposited for permanent record with the Art Jury. No alteration shall be made in the exterior color or design of any structure unless written approval of such alteration shall have first been obtained from the Art Jury. No sign of any kind or for any use shall be erected, posted or displayed upon or about any property under the jurisdiction of the Art Jury without the written approval of the Art Jury.

APPROVAL OF WORKS OF ART

Section 4. No work of art shall become the property of Palos Verdes Homes Association, or of any corporation, organization or public or semi-public body which may succeed or be substituted for any of them, whether acquired by purchase, gift or otherwise, unless such work of art or a design of the same, together with a statement showing the proposed location of such work of art, shall first have been submitted to and approved in writing by the Art Jury; nor shall any work of art until so approved be contracted for, erected, placed in or upon, or allowed to extend over or under any street, avenue, square, park, recreation grounds, school or public buildings, or other public or semi-public property over which the Art Jury has jurisdiction. The Art Jury may, when it deems proper, also require a model of the proposed work of art, or a map, drawing or profile of any proposed site therefor. The term "Work of art" as used in this section shall apply to and include all paintings, mural decorations stained glass, statues, bas-reliefs, tablets, sculptures, monuments, fountains, arches, entrance gateways, or other structures of a permanent character intended for ornament or commemoration. No work of art over which the Art Jury has jurisdiction shall be removed, relocated or in any way altered

without the approval in writing of the Art Jury.

CUSTODIAN OF ART WORKS

Section 5. The Art Jury shall be custodian of all works of art owned or accepted by Palos Verdes Homes Association; and shall have sole charge of the care and preservation thereof, and of such other works of art as it may accept charge of.

MEMBERSHIP

Section 6. (1) The Art Jury shall be composed of one member ex-officio named by Commonwealth Trust Company and of six other members appointed by Commonwealth Trust Company, of whom three shall be persons engaged in the practice of the fine arts in the instance of the first appointment selected from the membership of the Southern California Chapter of the American Institute of Architects and in case a vacancy among these three members occurs, Commonwealth Trust Company shall appoint his successor from a list of three persons engaged in the practice of the fine arts nominated by the Board of Directors of the Southern California Chapter of the American Institute of Architects. One member shall be a City Planner named by Commonwealth Trust Company and if a vacancy occurs as to this member Commonwealth Trust Company shall name his successor from a list of three City Planners, nominated by the Board of Directors of the American City Planning Institute. One member shall be appointed by Commonwealth Trust Company from a list of three persons nominated by the governing board of the University of California, Southern Branch, and one member shall be appointed by Commonwealth Trust Company from a list of three persons nominated by the Board of Directors of Palos Verdes Homes Association.

(2) The six members of the Art Jury appointed by Commonwealth Trust Company shall in the first instance serve for two years and thereafter shall choose by lot terms of office as follows: Two for one year, two for two years, and two for three years, and their successors shall be appointed by Commonwealth Trust Company for terms of three years each, except on appointment to fill a vacancy, which shall be for the unexpired portion of the term. In case any of the organizations entitled to make nominations, as heretofore provided, shall fail to make

such nominations within sixty days after written notification by Commonwealth Trust Company of the expiration of a term or the occurrence of a vacancy, Commonwealth Trust Company shall appoint a member to fill the vacancy upon its own nomination. Said appointees shall meet, organize and notify Commonwealth Trust Company and the Board of Directors of this corporation that the organization of the Art Jury has been effected and the duties thereof assumed, and furnish Commonwealth Trust Company and the Board of Directors with a certified copy of its rules of procedure. In the event that such appointees or any of them shall fail to accept said appointment Commonwealth Trust Company shall have the right to revoke such appointment, and to appoint any other person or persons in its judgment qualified to act as members of said Art Jury. If the Art Jury for any reason shall fail to meet and perform its duties for a period of thirty consecutive days, Commonwealth Trust Company may during the thirty days next thereafter remove one or all of the members and appoint any person or persons in its judgment qualified to act as members of said Art Jury in the place of the member or members so removed; provided appointees shall in all cases in number and qualifications fulfill as nearly as possible the provisions of paragraph (1) of this section as to membership.

(3) Any member of the Art Jury who shall be employed to execute a work of art or structure of any kind requiring the approval of the Art Jury, or who shall take part in competition for such work of art or structure, shall be disqualified from voting thereon; and, in such instance the Art Jury may, in its discretion, invite an expert advisor to give his opinion as to such work of art or structure.

(4) On July 1, 1932, or at any time prior thereto, Commonwealth Trust Company may terminate the term of office and its own power of appointment of the ex-officio member of the Art Jury, by written notification to the President of Palos Verdes Homes Association. On July 1, 1932, the right of Commonwealth Trust Company to appoint members of the Art Jury as provided in paragraph (1) of this section shall cease; or Commonwealth Trust Company prior to said date may resign and transfer said power of appointment to the President

of Palos Verdes Homes Association, by notice thereof to him in writing. From and after said date or upon receipt of such notification or either of them, the President of Palos Verdes Homes Association shall, as the case may be, become a member ex-officio of the Art Jury, as successor to the ex-officio member named by Commonwealth Trust Company and/or shall have power, as successor to Commonwealth Trust Company to appoint members thereof, as provided in paragraph (1) of this section, except as provided herein.

(5) The members of the Art Jury shall elect from their own number a President and Vice-President and shall adopt rules of procedure and prescribe regulations for submission of all matters within their jurisdiction. Four members shall constitute a quorum and shall have full power to act as the Art Jury during the period of any vacancy or vacancies in the membership thereof. The Art Jury shall designate and appoint a trust company to act as its Treasurer and to act as Trustee of all property of the Art Jury. The name of such Treasurer and of the Secretary shall be certified to Commonwealth Trust Company and to Palos Verdes Homes Association.

Section 7. Any funds available therefor may be used by the Art Jury to pay its members for time in attendance at meetings, and for other expenses which in its judgment are incidental to carrying out the purpose for which it is established, to enforce its decisions and rulings and/or to promote art education and community embellishment. The Art Jury may accept bequests and donations of, and through its Trustees take and hold, title to real and/or personal property and shall have power to administer, disburse, and/or dispose of the same and/or to use the income and/or proceeds therefrom for the purposes for which it is established. The Art Jury may file estimates of its annual budget needs with the manager and the Board of Directors and the Board of Directors shall carefully consider the same and may appropriate such sums for the Art Jury as to them may seem advisable.

RECORDS AND REPORTS **Section 8.** The Art Jury shall, on or before the first of May of each year, make a written report to Commonwealth Trust Company and to Palos Verdes Homes Association of its general proceedings, receipts and disbursements, during the preceding

calendar year and shall also furnish on written request by Commonwealth Trust Company or the Board of Directors a similar report covering any designated period.

(2) The Secretary of the Art Jury shall keep minutes of each approval, recommendations or other official act of the Art Jury and furnish certified copies of the result thereof, on request to any person, and the Art Jury may make a reasonable charge therefor. Said records shall be open to the public. The Secretary of the Art Jury or his duly authorized agent or deputy may at any time enter, inspect, and report upon any portion of said property as to its compliance with the provisions hereof, or as to the decisions of the Art Jury, or any officer or agent thereof shall not thereby be deemed guilty of any manner of trespass for such entry, and the Art Jury may authorize the Secretary thereof to issue a certificate of completion and compliance as to any property so inspected and to make and collect a reasonable charge therefor. In the absence of such certificate and after the expiration of one year from the date of approval by the Art Jury of plans of any structure or alteration, or of any matter requiring approval, the said structure or alteration or matter requiring approval shall, in favor of purchasers and encumbrancers in good faith and for value from the owner causing such structure to be erected or alteration to be made or matter approved, be deemed to be in compliance with all the provisions hereof, unless notice to the contrary shall appear of record in the office of the County Recorder of Los Angeles County.

ARTICLE XVIII

FINANCIAL PROVISIONS

Section 1. The Director of Finance shall have direct supervision over the Department of Finance and the administration of the financial affairs of the corporation, including the keeping of accounts and financial records; the levy, assessment and collection of charges or assessments, and other fees and revenues (except as otherwise provided herein); the custody and disbursement of corporation funds and moneys and the deposit of the same in such bank or banks as the Board of Directors shall designate; the control over expenditures; and such other duties as the Board of Directors may, by regulation, provide.

**THE DIRECTOR
OF FINANCE**

**ACCOUNTS AND
RECORDS**

Section 2. Accounts shall be kept by the Department of Finance showing the financial transaction for all departments of the corporation. Forms for all such accounts shall be prescribed by the Director of Finance with the approval of the manager; and shall be adequate to record all cash receipts and disbursements, all revenues accrued and liabilities incurred, and all transactions affecting the acquisition, custody, and disposition of values, and to make such reports of the financial transactions and conditions of the city as may be required by law or regulations of the Board of Directors. Financial reports shall be prepared for each quarter and each fiscal year, and for such other periods as may be required by the manager, or the Board of Directors.

**ANNUAL
BUDGET**

Section 3. Not later than one month before the end of each fiscal year the manager shall prepare and submit to the Board of Directors an annual budget for the ensuing year, based upon detailed estimates furnished by the several departments and other divisions of the corporation, according to a classification as nearly uniform as possible. The budget shall present the following information:

(a) An itemized statement of the appropriation recommended by the manager for current expenses and for permanent improvements for each department and board and each division thereof for the ensuing fiscal year, with comparative statements in parallel columns of the appropriations and expenditures for the current and next preceding fiscal year, and the increases or decreases in the appropriations recommended;

(b) An itemized statement of the charges or assessments required and of the estimated revenues of the corporation from all other sources for the ensuing fiscal year, with comparative statements in parallel columns of the revenues for the current and next preceding fiscal year, and of the increases or decreases estimated or proposed;

(c) A statement of the financial condition of the corporation and

(d) Such other information as may be required by the Board of Directors. Copies of the budget shall be available for distribution not later than two weeks after its submission to the Board of Directors; and a public hearing shall be given thereon by

the Board of Directors or a committee thereof before action by the Board of Directors.

Section 4. Not later than one week after the beginning of the fiscal year the Board of Directors shall pass an annual appropriation regulation, which shall be based on the budget submitted by the manager, except as provided in Article III hereof. The total amount of appropriations shall not exceed the estimated revenues of the corporation. Before the annual appropriation regulation has been passed, the Board of Directors, with the approval in writing of the manager, may make such appropriations for current department expenses, chargeable to the appropriations of the year when passed, in an amount sufficient to cover the necessary expenses of the various departments until the annual appropriation is in force. No other liabilities shall be incurred by any officer or employee of the corporation, except in accordance with the provisions of the annual appropriation regulation or under continuing contracts and loans authorized under the provisions hereof or as otherwise provided herein. At any meeting after the passage of the appropriation regulation and after at least one week's public notice, the Board of Directors, by affirmative vote of four members thereof, may amend such regulation, so as to authorize the transfer of unused balances appropriated for one purpose to another purpose, or to appropriate available revenues not included in the annual budget.

Section 5. On or before the 15th day of October, in each year the Board of Directors shall, by regulation, fix and establish the amount of the annual maintenance charge or assessment mentioned in Article I hereof, necessary to meet the appropriations made (less the estimated amount of revenue from other sources).

Section 6. Money may be borrowed, in anticipation of the receipts from maintenance charges or assessments during any fiscal year, by the issue of notes or certificates of indebtedness; but the aggregate amount of such loans at any time outstanding shall not exceed twenty (20%) per cent of the receipts from maintenance charges or assessments during the preceding fiscal year.

**APPROPRIATION
REGULATIONS;
TEMPORARY
APPROPRIATIONS;
TRANSFERS**

**FIXING THE
ANNUAL
MAINTENANCE
CHARGES**

**TEMPORARY
LOANS**

**COLLECTION
OF MONIES
AND CUSTODY**

Section 7. All charges and assessments, and fees accruing to the corporation shall be collected by officers of the department of finance. All moneys received by any officer or employee of the corporation for or in connection with the business of the corporation shall be paid promptly into the corporation treasury, and shall be deposited with such responsible banking institutions as furnish such security as the Board of Directors may determine and shall agree to pay the highest rate of interest; and all such interest shall accrue to the benefit of the corporation. The Board of Directors shall provide by regulation for the prompt and regular payment and deposit of all moneys as required by this section; provided, however, that all funds received on account of the Art Jury or Park and Recreation Board shall be kept in separate accounts subject to the respective order of said boards.

**CONTRACTS
AND
PURCHASES**

Section 8. No continuing contract (which involves the payment of money out of the appropriations of more than two years) except public utility franchises shall be made for a period of more than ten years; and no such contract shall be valid without public hearing thereon.

Any work or improvement costing more than one thousand (\$1000.00) dollars shall be executed by contract, except where a specific work or improvement is authorized by the Board of Directors based on detailed estimates submitted by the department authorized to execute such work or improvement. All contracts for more than one thousand dollars shall be awarded to the lowest responsible bidder, after public advertisement and competition as may be prescribed by regulation. But the manager shall have the power to reject all the bids and to advertise again; and all advertisement shall contain a reservation of this right.

**PAYMENT
OF CLAIMS**

Section 9. Payments by the corporation shall be made only upon vouchers certified by the head of the appropriate department or other division of the corporation, and by means of warrants on the corporation treasury issued by the Director of Finance and countersigned by the manager. The Director of Finance shall examine all payrolls, bills and other claims and demands against the corporation and shall issue no warrants for payment unless he finds that the claim is in proper form, correctly com-

puted, and duly certified; that it is justly and legally due and payable; that an appropriation has been made therefor which has not been exhausted or that the payment has been otherwise legally authorized; and that there is money in the corporation treasury to make payment. He may require any claimant to make oath as to the validity of a claim. He may investigate any claim, and for such purpose may examine witnesses under oath; and if he finds it is fraudulent, erroneous, or otherwise invalid, shall not issue a warrant therefor.

Section 10. Upon the death, resignation, removal or expiration of the term of any officer of the corporation, other than the Director of Finance, the Director of Finance shall make an audit and investigation of the accounts of such officer, and shall report to the manager and Board of Directors.

**AUDIT OF
ACCOUNTS**

As soon as practicable after the close of each fiscal year an annual audit shall be made of all the accounts of all the corporation's officers; and upon the death, resignation, removal or expiration of the term of the Director of Finance, an audit shall be made of his accounts. Such audit shall be made under the provisions of any law for the inspection and audit of corporation accounts; and by qualified public accountants, selected by the Board of Directors, who have no personal interest, direct or indirect, in the financial affairs of the corporation or of any of its officers or employees. The Board of Directors may at any time provide for an examination or audit of the accounts of any officer or department of the corporation.

Section 11. All accounts and the records of every office and department of the corporation shall be open to the members at all reasonable times under reasonable regulations, except records and documents from which might be secured information which might defeat the lawful purpose of the officer or department withholding them from access to the members.

**PUBLICITY OF
ACCOUNTS**

Section 12. No member of the Board of Directors nor any officer or employee of the corporation shall have a financial interest, direct or indirect, in any contract with the corporation, or be financially interested, directly or indirectly, in the sale to the corporation of any land, materials,

**NO PERSONAL
INTEREST**

supplies or services, except on behalf of the corporation as a member of the Board of Directors, officer or employee; no officer or employee of a public utility operating on the Palos Verdes Rancho shall be a member of the Board of Directors. Any willful violation of this section shall constitute malfeasance in office, and any member of the Board of Directors, officer, or employee found guilty thereof, shall thereby forfeit his office or position. Any violation of this section, with the knowledge, expressed or implied, of the person or corporation contracting with this corporation, shall render the contract involved voidable by the manager or the Board of Directors.

ARTICLE XIX

BOOKS AND PAPERS

The books and such papers as may be placed on file by vote of the members or Directors shall, at all times in business hours, be subject to the inspection of the Board of Directors or of any member.

ARTICLE XX

CERTIFICATE OF MEMBERSHIP

Certificates of membership shall be of such form and device as the Board of Directors may direct, and each certificate shall be signed by the President and by the Secretary, and express on its face its number, date of issuance, the description of the building site for which, and the person to whom it is issued, and shall contain a statement that the property rights and interest in the corporation, evidenced by said certificates, shall be appurtenant to the building site therein described, and that the membership, represented by the certificate, shall be transferred only with a building site described in the certificate.

If a certificate shall be lost or destroyed,

the Board of Directors may order a new certificate issued upon such guaranty by the parties claiming the same as the Directors may deem satisfactory.

ARTICLE XXI

TRANSFER OF MEMBERSHIP

Upon satisfactory evidence of such transfer of a building site the membership of the transferor shall be marked "cancelled" on the books of the corporation as to the building site transferred, without requiring a surrender or cancellation of the transferor's certificate of membership and a new certificate of membership may thereupon be issued to such transferee.

If a certificate shall be lost or destroyed, the Board of Directors may order a new certificate issued upon such guaranty by the parties claiming the same as the Directors may deem satisfactory.

ARTICLE XXII

AMENDMENTS

The By-Laws may be repealed or amended or new By-Laws may be adopted at any meeting of the members by a vote representing two-thirds of all the said building sites owned by members, or by the Board of Directors when thereunto authorized at any meeting of the members, by a vote representing two-thirds of all the said building sites, or by the written assent of the record holders of the legal titles to two-thirds of all the said building sites.

ARTICLE XXIII

SEAL

The corporation shall have a common seal, consisting of a circle, having conveniently arranged on said seal the words, "PALOS VERDES HOMES ASSOCIATION, California, Incorporated May, 1923."

WRITTEN ASSENT TO BY-LAWS

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, being the holders of more than two-thirds of the memberships of PALOS VERDES HOMES ASSOCIATION, a corporation under the laws of the State of California, and having its principal place of business in the City of Los Angeles, County of Los Angeles, in said State, hereby assent to the foregoing By-Laws contained on page 1 to page 27, both inclusive, of this "Book of By-Laws," and we hereby adopt the same as and for the By-Laws of said corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 25th day of June, 1923.

(Signed) JAY LAWYER,
JOHN C. LOW,
JAMES FREDERICK DAWSON,
J. H. COVERLEY,
M. V. BOAZ.

CERTIFICATE TO BY-LAWS

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, being and constituting a majority of the Directors, and the Secretary of PALOS VERDES HOMES ASSOCIATION, a corporation under the laws of the State of California, and having its principal place of business in the City of Los Angeles, County of Los Angeles, in said State, do hereby certify and declare that the above and foregoing By-Laws set forth and contained on pages 1 to 27, both inclusive, of this "Book of By-Laws," were duly made and adopted as and for the By-Laws of said corporation, and do now constitute and are the By-Laws thereof.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 25th day of June, 1923.

(Signed) JAY LAWYER,
JOHN C. LOW,
JAMES FREDERICK DAWSON,
J. H. COVERLEY,
M. V. BOAZ.

Attest:
M. V. BOAZ, Secretary.

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I, Jason R. Ebbens, declare that I am over the age of 18 years, employed in the County of Los Angeles, and not a party to the within action; my business address is 734 Silver Spur Road, Suite 300, Rolling Hills Estates, CA 90274.

Brant H. Dveirin, Esq.
LEWIS BRISBOIS BISGAARD & SMITH LLP
 633 West 5th Street, Suite 4000
 Los Angeles, CA 90071

☒ BY MAIL. I am readily familiar with this law firm's practice for collection and processing of correspondence for mailing with the U. S. Postal Service. The within correspondence will be deposited with the U. S. Postal Service on the same day shown on this affidavit, in the ordinary course of business. I am the person who sealed and placed for collection and mailing the within correspondence on this date at Rolling Hills Estates, California, following ordinary business practices.

☒ (STATE) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Jason R. Ebbens
Jason R. Ebbens