

**Emerald Hills Homeowners Association, Inc.**  
**Minutes of Special Member Meeting**  
**June 25, 2007 at 7:20 p.m., Elks Club Lodge**

The following are the minutes of a special meeting of the Members (the "*Members*") of the Emerald Hills Homeowners Association, Inc. (the "*Association*"). There were 212 Members in attendance. The following members of the Board of Directors (the "*Board*") attended the meeting: Michael Mangini (acting Chair), Adriana Botto, Carolyn Chaney, Steve Harper, Lee Lukehart, and Cheryl McGovern. Director Milo Medin attended very briefly (after the formal portion of the meeting had concluded) and Steve Hill was absent. Due to a resignation from the Board, the ninth Board seat was vacant at the time of the meeting.

Also in attendance by invitation from the Board were Shauna Wilson Mora, Manager of Facilitation Programs of the Peninsula Conflict Resolution Center (the "*PCRC*") and Julia Salinas, Community Engagement Specialist, also of the PCRC.

1. Michael Mangini, Vice President, called the meeting to order, offered a welcome and introduced Shauna Wilson Mora of the PCRC.
2. Shauna Wilson Mora gave a brief background of the PCRC and provided a brief overview of how the meeting would be run and outlined the ground rules for the meeting including the group agreement to be respectful, take responsibility for your own participation, speak from your own experience, and allow the facilitator to guide the process.
3. The Board had asked Members Jan Heinemann and David Vallerga to present arguments in favor and against the petition proposals, respectively.

Mr. Heinemann, a resident of 11 years, spoke first. He discussed how he believed that the [Association's] proposed zoning regulations would have negatively impacted the community and how nice it was to see the greater community involvement at the March 27 Member meeting because so few Members have historically attended. He explained that he and the 71 other Members had signed the petition to try to help bring the community back together, to have the Association focus on things the community supports, and to remove this polarizing [land use] issue from the forefront of the organization. He stated that the EHHA was not a homeowner's association through deed restrictions and he asked that the Association to get out of restricting the community's property rights. He urged Members to embrace the proposed changes.

Mr. Vallerga, a resident of 25 years spoke next. He began by stating that he did not agree with many of the things the Association had done, but in particular with how the Design Review Process had worked. He indicated that he believed the Bylaws changes were a bad idea, and that changing the Association's name was absolutely not necessary. He stated that since Design Review was gone, the Association's involvement in land use issues was no longer an issue. He discussed how changing the definition of Member was not necessary because Members can vote; you don't have to sign a list to join. He explained that appointments were just a matter of keeping the organization going and stated that term limits were absolutely unnecessary. He concluded by urging Members to vote against an audit because it was a waste of money.

4. Discussion of alternating "pro" and "con" analysis of each petition proposal followed, and Directors added clarification and answered questions as needed.

Proposal 1: Director Chaney clarified that the state of California had mistakenly allowed a homeowner's association in San Luis Obispo to use the Association name and ID number. The Association has since filed paperwork with the state to rectify the situation.

Proposal 3a and 3b: Director Chaney informed Members that according to advice received from legal counsel, if proposals 3a and 3b passed and the definition of Member was changed, there would be unforeseen changes to the Association's Bylaws. She also clarified that if proposal 3a passed, the Association would be an Association of residents, and that residents would be able to vote on Association matters, not just homeowners as is currently the case. She further stated that if proposal 3a did not pass, that the Board would be willing to undertake a discussion with the community about whether or not to remove the wording "who resides in their own home" from the definition of Member in the Association Bylaws, and to bring that back to the next Annual Member Meeting for a vote on a potential Bylaw change. She further clarified that property owners who do not own a home, do not have a vote in the Association. She also indicated that the Board has discussed the option of "opting out" of the Association, so if Members vote no on 3b the Board would be willing to allow Members to let the Association know and we will remove them from our rolls.

Proposal 4a, 4b, or 4c: Director Mangini clarified how Board vacancies were currently handled. According to Association Bylaws, the Board can replace that person with a person of their choosing to serve the remainder of that term; there is no required confirmation of that person at this time. Currently the Board consists of 9 members with one vacancy. He further indicated that he believed these proposals were brought forward as a result of the imbalance in board seats, whether through attrition or resignation, the election cycle has gotten out of sync. He believed the proposal was aimed at reconciling that imbalance noting that obviously this is something that the Board will have to address very soon, to get the cycle of Board elections back in sync.

Proposal 4a, 4b, or 4c: Director Lukehart noted that in all of the Association's recorded history, there has only been one appointed Board member and that all the rest had been voted in by the general membership at the annual meeting.

Proposal 6: Director Lukehart indicated that although he was extremely busy with his own business matters that he would take personal responsibility for the website and would commit to getting the financial information on the website within the next 7 to 10 days. He clarified that there was currently about \$9,000 in the Association bank account.

After the "pro" and "con" speakers concluded, the floor was opened up to those speakers who had general comments, and Directors added clarification and answered questions as needed.

General: Director Mangini clarified that currently renters cannot vote on Association matters.

General: Director Lukehart noted that the Association has a long history of supporting the Supervisors. He further noted that on the financial statement presented at the March 2007

Member Meeting all line items below \$1000 were not itemized.

General: Director Chaney noted that historically the Association's biggest expenditure is the cost of the newsletters, approximately \$700 per newsletter. She also informed Members that the cost of holding this meeting was by far the largest item we had in this year's expenditures, over \$2000. She continued that the Board is willing to make our expenditures more transparent, including putting expenditures on our website. She then addressed the subject of political contributions to Supervisors, including small amounts of money.

General: Director Mangini noted that the results of the Special Member Meeting would be posted on the Association website.

5. Final collection of ballots / Polls closed at 9:30 p.m.

6. The below listed tabulation represents the total ballots voted in person at the Special Meeting of Members:

<b>Proposal</b>	<b>For*</b>	<b>Against*</b>
1. To amend the Association's Articles of Incorporation to change the name of the Association to "Emerald Hills Neighborhood Organization, Inc." <sup>1</sup> <b>(Member submitted)</b>	61 (29%)	149 (70%)
2. To amend the Association's Articles of Incorporation to provide for an irrevocable carve-out to the Association's purpose(s) which shall specifically prohibit the Association from involving itself, directly or indirectly, in any type of residential land use issue within San Mateo County <sup>1</sup> <b>(Member submitted)</b>	60 (28%)	146 (69%)
3a. To amend the Association's Bylaws to redefine Member as an Area resident or homeowner <sup>2</sup> <b>(Member submitted)</b>	62 (29%)	134 (63%)
3b. To amend the Association's Bylaws to redefine Member as one who affirmatively joins the Association <i>in writing</i> <sup>2</sup> <b>(Member submitted)</b>	64 (30%)	134 (63%)

<sup>1</sup> In order to pass, this proposal required a 2/3 affirmative vote of Members present at the special Member meeting and also an affirmative majority vote of the Board of Directors.

\* Totals may be less than 100% due to abstentions and rounding.

<sup>2</sup> In order to pass, this proposal required a 2/3 affirmative vote of Members present at the special Member meeting.

\* Totals may be less than 100% due to abstentions and rounding.

<b>Proposal</b>	<b>For*</b>	<b>Against*</b>
4a. To amend the Association's Bylaws to provide that all directors be elected to and removed from the Board of Directors of the Association (the " <b>Board</b> ") by the affirmative majority vote of the Members at the Annual Meeting of Members <sup>2</sup> ( <b>Member submitted</b> )	48 (23%)	
4b. Retain the 2 year terms for Directors that now exist in the Bylaws but add the following language to Section 3.3, of the Bylaws which addresses appointment to fill vacated positions: "In the event the Board does appoint a Board member to fill a position vacated by resignation, death, or incapacity and that appointee will serve prior to the next member meeting (regular or special); each such appointee must be confirmed by the membership at the next annual meeting, in the event there is time remaining on the term of the appointee." <sup>2</sup> ( <b>Board submitted</b> )	93 (44%)	
4c. Neither 4a or 4b	61 (29%)	
5. To amend the Association's Bylaws to limit any director's service on the Board to not more than four (4) years in any eight (8) year period, beginning with the 2007 Annual Meeting of Members <sup>2</sup> ( <b>Member submitted</b> )	72 (34%)	135 (64%)
6. To require the Board to commission an independent audit of the Association's financial records by a certified public accountant (the " <b>Financial Audit</b> ") within 30 days of such approval at the Special Meeting and to publish the results of such Financial Audit on a publicly accessible area of its website (www.emerald hills.org) within 15 days of the completion of such Financial Audit <sup>3</sup> ( <b>Member submitted</b> )	69 (33%)	136 (64%)

6. Meeting adjourned at 10:20 p.m.

<sup>2</sup> In order to pass, this proposal required a 2/3 affirmative vote of Members present at the special Member meeting.

<sup>3</sup> In order to pass, this proposal required an affirmative majority vote of Members present at the special Member meeting.

\* Totals may be less than 100% due to abstentions and rounding.