

Chemeketa Park
Mutual Water Company (CPMWC)
Operating Procedures
DRAFT
Version 1, September 18, 2024

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April 23, 2025	2	1st round of revision suggested. Final version will be approved in April's board meeting for presentation at June's annual board meeting.

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Purpose, Board Adoption and Changes

Purpose

The Chemeketa Park Mutual Water Company (CPMWC), 501(c)12 a non-profit mutual benefit corporation, Board of Directors (BOD), in accordance with the company's By-laws, is responsible for governing the company's affairs. This includes establishing the framework for water services, roads, the clubhouse, and the financial management system. Their duties encompass planning for the system's financial future, preparing and adopting annual budgets, monitoring and overseeing financial performance, and ensuring the accountability and integrity of the financial system.

The Standard Operating Procedures (SOP) is a comprehensive compilation of policies, processes, and procedures that document how the Board of Directors, CPMWC Officers, members, and volunteers will conduct the company's affairs. The purpose of this document is to establish the CPMWC SOP for the BOD, Officers, and Project/Project Volunteer Leads.

References: CPMWC's Articles of Incorporation, By-laws, Robert's Rules of Order, AB 240, AB 54, SB3, California code Part 3. Non-profit mutual benefit corporation 7110-8910, and accepted business practices. If the SOP conflicts with the By-laws, the By-laws always take precedence.

Board Adoption and Changes

The initial draft of the SOP was adopted on September 18, 2024 after review and vote by the Board. The SOP should be reviewed and consulted as a guide for conducting board business. At no time should this SOP hinder or impede the execution of the duties of the Board. In the event that updates or changes to this document are necessary, these changes will be reviewed by the BOD and approved by a majority vote.

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Roles and Responsibilities

The board of directors are corporate directors with duties of having good faith and having the shareholders' best interest in mind. The President, Vice President, Treasurer, and Secretary are officers of CPMWC with specific responsibilities with regard to running of CPMWC's business. The following expands on the roles and responsibilities of board positions as defined in the By-laws, Article 6. All roles are 100% volunteer and will not be compensated due to the non-profit status of CPMWC.

Members of the Board

According to [SB 918](#), allows 4 year terms which can be staggered and determined by which directors will initially serve two year terms.

Members of the BOD, elected by a majority vote of the CPMWC membership, or appointed by a majority vote of the BOD to fill a vacant position, have the following responsibilities:

- Ensuring that the affairs of the CPMWC are conducted in a manner that is consistent with the By-laws and the SOP
- Ensuring actions taken on behalf of the CPMWC by the BOD are in the best interest of CPMWC
- Ensuring volunteer leads, acting on behalf of the BOD, execute their respective responsibilities consistent with BOD direction/intent
- Ensuring equal access and service to all members of the CPMWC.

President

President of CPMWC. During the 1st monthly board meeting after the annual board of directors and shareholder's meeting, the president is elected by fellow directors, not by the membership, and serves at the pleasure of the board. The president is referred to as the "Board President" or "President of the Board."

Duties. Unless otherwise provided in the bylaws, a president's duties generally include:

- Presides over board and membership meetings,
- Serves as liaison between CPMWC's attorney and the board,
- Serves as general manager and overseeing day-to-day matters, such as meeting with vendors, soliciting bids, etc. (unless another board member has been elected to handle those duties),
- Co-signs checks with the vice-president or treasurer,
- Serves as an ex-officio member of Projects.

The BOD can pre-authorize the president to spend up to \$500 on CPMWC matters at the president's discretion. The amount authorized varies from board to board and depends on CPMWC's budget. Once a limit has been established, expenditures by the president must be reported to fellow directors. Reporting can be done as costs are incurred and then noted in the board's monthly financial report.

Voting Rights. Under Robert's Rules of Order, the president is not required to abstain from

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making motions or voting on motions. Unless CPMWC's governing documents prohibit voting by the president, he/she/they may actively participate in board meetings and vote on all matters brought before the board, whether in open or executive session meetings.

Procedures. The rules governing such meetings are different from the rules that hold in other assemblies, in the following respects: . . . the president [may] . . . vote on all questions. (Robert's Rules, 11th ed., pp. 487-488.)

The exception to voting is when the president has a conflict of interest and needs to recuse him/herself/themself from the vote.

Duty to Monitor. The BOD has a duty to monitor the president's actions. If the president fails to abide by spending limits set by the board, fails to timely report matters affecting CPMWC or exceeds other limitations set by the board, fellow directors can immediately appoint a new president.

No Veto Power. The president cannot veto board decisions. If the president refuses to implement a lawful decision of the board, he/she/they can be removed as president and a new one appointed by the board.

Vice President

The Vice President (VP) is a member of the BOD elected by the BOD to serve as Vice President. The Vice President is a voting member of the BOD unless he/she/they is acting as President. The VP has the following responsibilities:

- Assumes the role and responsibilities of the President during his/her absences. Should the President become incapacitated or resign, the VP will act as the president until such time that the BOD elects a new President
- Serves as the "Gatekeeper" for discussions during BOD and other CPMWC meetings ensuring the speaker stays on point with regards to the agenda and/or the motion before the board. The VP also is the "Timekeeper" ensuring agreed to time limits for addresses and discussions before the Board and other CPMWC meetings are adhered to
- Serves as the official keeper of the "Parliamentary Robert's Rules of Order" and umpire for all "Points of Order" before the board.

Secretary

Unless the governing documents provide otherwise, a secretary's duty is custodian of records, ensuring that CPMWC's records are maintained.

Secretary Absent. If the secretary is absent from a meeting, the president should appoint someone to take the minutes so there is a record of the board's actions. (Robert's Rules, 11th ed., p. 459.)

Other responsibilities include:

- oversee giving notice of board and membership meetings,
- ensure that minutes of meetings are taken and approved,

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- oversee the preparation of the membership list,
- file appropriate documents with the Secretary of State,

Treasurer

Authority of the Treasurer. Treasurers do not have unlimited authority over CPMWC's monies. Unless the governing documents provide otherwise, a treasurer's duties are as follows:

- oversee CPMWC's operating and reserve accounts,
- keep and maintain CPMWC's financial documents provided by the hired bookkeeping and accounting services,
- oversee the deposits provided by the hired bookkeeping and accounting services,
- ensure that bills are paid by the hired bookkeeping and accounting services,
- oversee the preparation of the budget provided by the hired bookkeeping and accounting services,,
- ensure that a report of financial transactions is made to the board provided by the hired bookkeeping and accounting services,
- ensure that a reserve study is prepared provided by the hired bookkeeping and accounting services,
- serve as the board's liaison with CPMWC's auditor (a licensed CPA with the state of California and experienced with mutual water companies),
- review monthly financial statements provided by the hired bookkeeping and accounting services,
- implement safeguards to protect CPMWC's financial assets,
- ensure that tax returns are filed on time, and
- sign bank cards and co-sign checks with the president or vice-president.

Treasurer's Report. It is industry practice to have the treasurer give a report at regular meetings of the board. The "Treasurer's Report" may be written or may consist "simply of a verbal statement of the cash balance on hand--or of this balance less outstanding obligations." The report does not require any action by the board. (Robert's Rules, 11th ed., p. 477.)

No action or acceptance by the BOD is required--or proper--on a financial report of the treasurer unless it is of sufficient importance, as an annual report, to be referred to auditors. (Robert's Rules, 11th ed., p. 479.)

The general practice is to have minutes reflect that "A monthly financial report was submitted to the Board." or "The Treasurer's report was given." or "An interim financial statement was received by the Board along with the Treasurer's report."

Delegating Authority. When it comes to paying bills, the board can empower the contracted and managing agent to pay routine, recurring expenses such as utility bills and insurance premiums. The board is still responsible for overseeing the hired bookkeeping and/or accounting services' actions. Accordingly, the board establishes internal controls and regularly reviews the treasurer's, bookkeeper, and accounting activities and CPMWC's finances. Otherwise, CPMWC will be vulnerable to the improper handling of company's

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finances up to and including embezzlement and the board could be held in breach of its fiduciary duties.

Volunteer Project Leads

Each member of the BOD, other than the President, is expected to assume a volunteer lead position. The By-laws do not preclude the appointment of volunteer project leads from the general membership of CPWMC with the consent of the majority of the BOD. The leads for the respective project are responsible for the following.

- Soliciting and securing CPMWC members to serve on their respective project
- Within the general framework provided by the BOD, setting the direction for the project for the year
- Working with the project volunteer(s) to execute the Project's agreed upon direction
- If the project volunteers has contracts (e.g. Grounds, s, etc), overseeing the execution of those contracts
- Overseeing project execution of BOD approved initiatives
- Developing and presenting information and motions to the BOD related to the project's activities
- Developing and submitting an annual project budget plan/request
- Managing the project's approved annual budget
- Submitting an annual report of key project events and decisions.

Training

AB 54 Training Required every 6 years. Each CPMWC director and board alternates are required to complete training required under AB 54 within 6 months, and must be repeated every 6 years.

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Finance, Banking, Accounting, and Bookkeeping

Bank Signature Cards

Signature Cards & Two Signature Rule

Bank Signature Cards. New signatures of the new board president, vice-president and treasurer should be completed within 30 days of the elections which is the 1st board meeting after the annual board meeting.

Bank signature cards were used by banks to minimize the risk of cashing fraudulent checks. The following board members (President, Vice-President, and Treasurer) are put on bank signature cards to ensure that at least one director is always available to sign checks. CPWMC restricts the number of authorized signers for stricter control of expenditures. Banks once compared the signatures on checks to those on the signature cards. However, with the advent of electronic banking, signature cards have little significance in the industry.

Two Signature Operational Checks. There is no requirement that checks against the operating account be signed by two directors--it is, however, best practice. It ensures that at least two sets of eyes are on expenditures. Two signatures should be required if the amount is over \$10,000.00.

Reserves - Two Signatures. Even though banks no longer monitor signatures, the best practice requires that all reserve transfers by CPMWC be authorized by at least two directors. For reserve accounts, **the board of directors must authorize by motion and vote to approve** the transfer of funds from reserve accounts.

Managing Agent. CPMWC allows their managing agent (Nilson & Associates) to pay routine operational expenses such as utility bills, insurance premiums, contracted services without director signatures. To limit their agent's check signing authority, the BOD requires that any unusual expenses or expenses above a certain dollar amount \$500.00 first receive treasurer and board president (or vice-president) authorization.

Recommendation: The authority to transfer funds and to protect CPMWC's funds against embezzlement, transfer authorization by two directors must be made at a board meeting. Then, the BOD must (i) be diligent in reviewing bank statements and reconciliations, (ii) establish internal controls, (iii) carry a fidelity bond, and (iv) conduct annual independent reviews.

Long Range Planning

(Reference: Rural Community Assistance Corporation - RCAC The Annual Budget Process Guide p. 40 - 49)

Long-range planning is essential for the effective management of CPWMC's resources. According to [AB 54 Section 14301.3 \(b\)](#), a financial reserve fund (CIP) is mandated for the repair and replacement of water production, transmission, and distribution facilities, ensuring continuous operation in compliance with the federal [Safe Drinking Water Act](#). The Long-Range/Capital Improvement Planning Meeting is responsible for developing, reviewing,

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and maintaining the CPWMC Long Range Plan. This plan outlines a vision for CPWMC's facilities and properties over five, ten, and fifteen-year periods, serving as a strategic roadmap for the Board of Directors. It guides project decisions related to property and facility investments, taking into account lifespan expectations, lifecycle costs, and emerging opportunities.

QUESTION: We need to replace the roof of our common area clubhouse. We already have enough money in the reserve account for the new roof, but one of our owners (a CPA) insists that replacing the roof is a "capital improvement" and therefore the board has to get membership approval before it can replace the roof. Do we really need membership approval to use the money in the reserve account to replace the roof?

ANSWER: *No, the board does not need membership approval to use reserve funds to replace the clubhouse roof. While a new roof might be a "capital improvement" in an accountant's eyes, it is not the kind of improvement that requires membership approval. By statute and CPMWC's governing documents, the board has a duty to maintain, repair and replace elements of the common areas. Monies are set aside in a reserve account for that specific purpose.*

Capital Improvements. A capital improvement requiring membership approval (if required by the governing documents) is the addition of a new amenity, i.e., something that did not previously exist and costs more than 5% of CPMWC's annual budget. If CPMWC does not have sufficient funds to pay for the improvement and needs to impose a special assessment, the board will need membership approval.

Mandatory Changes. Some alterations or expansions of existing common area amenities may be required for safety purposes and/or dictated by changes in the building codes. For example, a board might choose to construct a retaining wall in the common area, in order to stabilize a slope for safety purposes. Or the local fire authority might require the installation of a fire control system. These "capital improvement" would not require membership approval, because it is not voluntary. If there is insufficient funds to pay for the work, the board could impose an emergency assessment.

Upgrades of Materials and Technologies. The BOD are encouraged to take advantage of improved building materials and designs, and improved technologies, whenever possible. The installation or incorporation of upgraded materials and technologies into a repair/replacement does not require membership approval when those upgrades result in components that have a longer useful life and/or provide more benefit/cost savings than what they are replacing (e.g., replacing incandescent and fluorescent bulbs with LED bulbs). However, where an upgrade that is significantly more expensive than what is being replaced or significantly changes the look of the amenity, membership approval may be required.

Significant Alteration in Appearance. Any repair or replacement that constitutes a significant alteration in the appearance of the development or of a major amenity should involve the membership's input in some way or another, even if the estimated cost does not exceed the

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5% threshold. Generally, the BOD need not seek membership input to change the kind of materials used, as long as the color and look are the same or similar (e.g., grey-painted wood siding changed to grey-colored fire-resistant siding).

Privately Funded. Private funding of a capital improvement is permissible. If an owner wants to donate money for example for new playground equipment or a fountain, CPMWC can accept the funds and set them aside for that purpose.

Other

Projects or sub-Projects will be created as needed for specific purposes/focuses. Those Projects will have a charter that minimally describes the purpose of the Project, Project volunteer and the length of time the Project will operate (if not specified, the Project will operate for a year and be reviewed for continuation or conversion to a standing Project by the new BOD).

Annual Budgets

(Rural Community Assistance Corporation - RCAC The Annual Budget Process Guide p. 8 - 23)

Assessments. The Board of Directors (BOD) is responsible for imposing regular and special assessments as necessary to fulfill their obligations under the governing documents. Their primary responsibilities include:

1. Maintenance: Ensuring the upkeep of the water systems, roads, and clubhouse.
2. Reserves Funding: Allocating funds to reserves for the maintenance of the water systems, roads, and clubhouse.
3. Insurance: Securing insurance for the water systems, roads, and clubhouse in accordance with statutory requirements and the Covenants, Conditions, and Restrictions (CC&Rs).
4. Enforcement: Enforcing the governing documents.

Regular monthly assessed payments pursuant to an annual budget should be called "assessments" not dues.

The factors that impact assessments include:

- Age of the Development: the older it is, the more expensive it is to maintain it;
- Utilities: some properties are master metered for water; others are not;
- Insurance: deductibles and levels of insurance may vary significantly; in addition, some carry earthquake insurance and others do not;
 - Glatfelter Insurance Group (Carrier)
 - Leavitt Pacific Insurance Brokers
- Common Areas: clubhouses, streets, lighting, type of roofing, type of structure, quality

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of plumbing, etc.;

- Deferred Maintenance: the longer maintenance has been deferred, the more costly the repairs;
- Management Philosophy: expectations by the membership for extra or upgraded services for security, holiday parties, etc.;

Distribute Budget Report. The budget must be available to eligible shareholders within 30 days of the annual board meeting or the board meeting at which the budget is adopted.:

- Operating budget
- A summary of the CPMWC's reserves
- A statement regarding any deferral of reserve item repairs
- A statement whether special assessments are anticipated related to reserves or reserve components
- A statement of how reserves will be funded
- A statement of how the reserves were calculated
- A statement regarding any outstanding association loans

Deadline. The Annual Budget Report must be distributed each to the shareholders on or before the start of the company's fiscal year (May) (AB240).

- Email Distribution. Unless members authorize delivery by email, budgets must be distributed in non-electronic form, i.e., paper.
- Re-mailing Budget Report. Sometimes absentee members forget to update their contact information and the budget package is returned to CPMWC.

Notice of Increase. CPMWC BOD must present to the shareholders the details of the notice of increase during the annual board of directors and shareholders meeting. A vote will be taken to decide if it passes or did not pass. If it passes, the increase will take place 1st of the month 30 days after it passes.

Midyear Budget Increase (Unexpected Expenses)

Sometimes a board discovers partway into a fiscal year that unexpected significant increases in utility rates or insurance premiums push operating expenses into negative territory and create a significant operating deficit. When this happens, the BOD have the following options for funding unexpected midyear expenses:

1. 5% Assessment. the BOD can approve a special assessment of 5% or less. If the amount is insufficient, the board must explore other options as described below.
2. Emergency Assessment. the BOD can approve a special assessment greater than 5% if it qualifies as an emergency.
3. Membership-Approved Increase. the BOD can present a special assessment or amended budget to the membership for approval. If the membership disapproves, the board must

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look for alternatives to address the expense.

4. Reserve Borrowing. the BOD can borrow from reserves to cover unexpected expenses and then repay the borrowed amount the following year.
5. Budget Reductions. the BOD can look for items in the budget to reduce or eliminate so as to offset unexpected expenses.
6. Midyear Budget Increase. The benefit of amending the budget is the board can increase assessments by up to 20%.

In many instances, the largest unexpected and unbudgeted expense is a substantial increase in insurance premiums or an emergency repair.

Operating Budget

The Operating Budget is a detailed projection of income from annual dues and/or assessments or other event revenues, and expenses based on forecasted operating costs during a given period, usually one year. It generally consists of major categories aligned with costs of operations, such as taxes and insurance, grounds upkeep, and clubhouse maintenance. Since an operating budget is primarily associated with the short term, capital outlays are excluded because they are classified as long term and/or investment and/or capital improvement costs.

Creation and Acceptance

The BOD creates an Operating Budget for the following year and acceptance/modification of an Operating Budget by the new BOD. The budget is developed primarily based upon current year expenditures, as modified by known adjustments in income or expenses.

This will need to be approved at the 1st monthly BOD meeting after the annual meeting.

Execution

The Treasurer with the services provided by the bookkeeping and accounting services ([Nilson & Associates](#)) tracks budget execution through posting of income and expenses in QuickBooks online. The bookkeeping and accounting services ([Nilson & Associates](#)) provides Board members with monthly budget execution information and highlights any concerns so that the BOD may take action as may be appropriate.

Invoices, Late Payments, and Returned Checks

An invoice is sent by mail or email to each property owner/shareholder, specifying the date the payment is due.

- a. Payments. Acceptable forms of payment include account # and/or address:
 - cashier's check, money order, or checks payable to CPMWC or Chemeketa Park Mutual Water Company and mailed to PO Box 588, Redwood Estates, CA 95044;
 - Online payment

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- No CASH will be accepted.
- b. Late Payments. When a payment is not received by the due date, a second invoice will be sent and the matter referred to the BOD for action. The BOD will decide when it is appropriate to engage services for collection or other appropriate action.
- c. Returned Checks or NSF ACH. Returned checks of NSF ACH, whether for annual dues, fines, or other appropriate payables, will be charged a fee of \$25.

Capital Reserves/Sinking Funds

Capital reserves are funds that are set aside for use with specific projects that present a long-term capital investment, or that may be related to some sort of capital expense in the future. The Capital Reserve Fund provides a means of incrementally accruing funds for anticipated future needs such as acquisition or replacement of fixed assets. A capital reserve may also be used for ongoing projects or as a means of preparing for some future project. The main idea behind a capital reserve fund is to set aside monetary assets that are outside the scope of an operating budget, and can be used to offset capital expenses.

Checking and Saving Accounts

CPMWC maintains 3 checking and 1 saving accounts to conduct its business. Annual and Monthly Dues are deposited into the (operational) checking account. Accounts payable (bills) are paid from this account. Those payables include utility bills, monthly bills for active contracts (grounds, services), etc. The Grant funds are deposited and AP (invoices) are paid from the grant checking account. Checks for bills are prepared by the bookkeeping and accounting services (Nilson & Associates) once a week and signed electronically by the Board President.

- a. Credit Cards. CPMWC maintains a credit card to be able to purchase supplies and limited equipment. The President has CPMWC credit cards. Credit card bills are reconciled monthly and purchases applied to the appropriate element in the Operating Budget.
- b. Reimbursements. As part of conducting CPMWC's business, Board members and at times, project volunteer leads purchase items (consistent with the Operating Budget or as approved by the Board). Individuals will mail or email bookkeeping and accounting ([Nilson & Associates](#)) with appropriate documentation to be reimbursed. As part of the weekly paying of bills, a check will be prepared and issued to the individual for reimbursement once a week or according to the payment terms in the contract..
- c. Quickbooks online. CPMWC uses Quickbooks online to manage and account for financial assets. Accounting and Bookkeeping ([Nilson & Associates](#)) maintains Quick Books online. The accountant provides backup of QuickBooks online through remote application.

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Inclearings & Automation. Unlike over-the-counter checks, which are deposited at the same bank they are drawn against, "inclearing" checks are deposited at other financial institutions and processed by those institutions through a clearing house such as the Federal Reserve before returning the check to the bank of origin. Once checks enter the system, they are scanned and processed in bulk using high-speed automation instead of being processed one check at a time by a live person. It saves banks time and money and speeds the transfer of money. It also means banks can no longer compare checks against signature cards.

Banks Held Harmless. Banks can still place an alert on accounts if so requested. Arguably, it means a lone board member cannot walk into a branch and clean out a two-signature account. Even so, language in the signature card and bank disclosure documents hold the bank harmless if a one-signature check is honored by the bank. That means the company cannot go after the bank if a board member absconds with the money. Instead, CPMWC must go after the director.

Electronic Signatures. Whether by design or not, signatures on a check are required:

Email Approval. Since electronic signatures are now recognized to be the same as signatures on a piece of paper, they can be used to authorize the transfer of reserve funds. Accordingly, email authorizations from two directors to the bookkeeping and accounting services ([Nilson & Associates](#)) also satisfy the requirement. The bookkeeping and accounting services should be careful to preserve those instructions so they have a paper trail showing each transfer was authorized. Otherwise, CPMWC could find itself in hot water if the transfers were ever challenged.

Governing Documents. CPWMC BOD should first review their governing documents before changing how they handle reserve transfers.

Recommendation: Because the two signature rule applies and not banks, the BOD cannot rely on banks to monitor checks for them. Instead, the BOD must adopt internal controls and carefully monitor their reserve accounts for any unusual activity. There need to be safeguards on the withdrawal of both reserve and operational funds. An additional safeguard is for the BOD NOT to authorize debit cards, credit cards, or ATM withdrawals on reserve accounts. In addition, the BOD still has the option of requiring all transfers from reserves be done by check and requiring all reserve checks be signed by two directors. the BOD should consult legal counsel, their CPA, and their bookkeeping and accounting services ([Nilson & Associates](#)) before deciding on a particular policy.

Collection Policy

When a property owner/shareholder defaults, CPMWC may file a lien on the owner's interest for the amount of the fees.

Negative Impact. Uncollected assessments are an asset belonging to the membership. Failure by the board to collect that asset puts a burden on paying members who must make up the difference in CPMWC's budget. Uncollected assessments can result in higher dues, special assessments and reduced services. Leaving delinquent assessments uncollected too

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long can result in bad debt. High delinquency rates and poor collection efforts can also negatively impact CPMWC's ability to obtain bank loans. Lenders look at an association's delinquency history to gauge its ability to repay a loan.

Protect Membership's Interest. To protect its membership against increased assessments, reduced services, and to preserve CPMWC's ability to borrow, the BOD must record liens on delinquent owners and initiate collection actions.

Compromise, Payment Plan and Waiver. The BOD has the power to establish payment plans, waive fees, and compromise delinquent assessments owed by members to CPMWC. However, the BOD bases such actions in the best interests of the Chemeketa Park community.

Collection Policy Required. CPMWC are required to adopt and then annually distribute their collection policies:

Suspension of Privileges. CPMWC will suspend use of water services, common area and voting privileges for unpaid fees, fines, and assessments as one of its inducements for owners to pay monies owed to CPMWC.

Assessment, Fees, and Changes. The collection policy must be included in CPMWC's Assessment, Fess, and Changes policy for payment plans, imposing late charges and interest.

Annual Notice Required. CPMWC must disclose their policies and practices in enforcing lien rights and other legal remedies for collecting delinquent assessments such as money judgments and suspension of privileges. The policy must be annually delivered to the members.

Fair Debt Collection Practices Act (FDCPA). The FDCPA prohibits debt collectors from making false or misleading representations and from engaging in abusive and unfair practices in the collection of consumer debt. Violations of the Act can result in fines and damages against CPMWC plus attorneys' fees.

FDCPA Applies to Assessments. The CPMWC may hire third parties to collect delinquent assessments, such as lawyers, collection companies, and management companies, which are governed by the FDCPA that requires certain disclosures be made to homeowners. In addition, debt collectors are prohibited from making harassing telephone calls, making idle threats, directly contacting owners represented by counsel, etc.

No Offsets. Members cannot deduct a portion of their dues because they do not use recreational facilities or because they have a grievance against CPMWC.

Abandonment of Property. Vacating or abandoning a property in Chemeketa Park (merely vacating possession) does not release a homeowner of liability for paying his maintenance assessments.

Notice of Right to Dispute. Owners have the right to dispute assessments which may have been incorrectly levied or where payments may not have been credited, etc.

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Pay Under Protest. Owners do NOT have the right to withhold assessments.

ASC 606 - Reserve Revenue Recognition. In December 2017 FASB issued Accounting Standards Code 606, “Revenue Recognition from Contracts with Customers” that took effect for accounting years beginning after December 15, 2018.

Definitions. Following are a few important definitions:

- AICPA: American Institute of CPAs. The national CPA governing body that sets and enforces CPA ethical rules and work product standards. It creates and administrates the nationwide uniform CPA exam. It provides ASC implementation guidance. Individual states have separate governmental agencies that grant, monitor, and revoke the CPA designation.
- FASB: Financial Accounting Standard Board. The governing body that establishes U.S. Accounting Standards as expressed in its Accounting Standards Code.
- ASC: Accounting Standards Code. The accounting “laws” to which all GAAP-compliant work products must conform with one major exception. If when applying the applicable ASC code, the result is misleading or fails to reflect economic reality, the CPA is required to modify the reports to satisfy those two tests. Clear permission and requirement for the CPA to exercise professional judgment.
- GAAP: General Accepted Accounting Principles. The ASC establishes GAAP to which all CPA attest products must comply (CPA audits, reviews, compilations, etc.)

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Facilities and Property

CPMWC has facility and property assets. Care and maintenance of those facilities and properties are the responsibility of the BOD and respective vendors, contractors, and consultants. CPWMC property assets are accounted for financially by the accountant.

Permits

Environmental Health Permit (place in waterproof pouch) posting that is visible to the public

Conducting of Company Business

Board of Directors

The BOD conducts the CPMWC's business through its volunteers and project leads. Additionally, the Board members converse electronically, by telephone and in person. The BOD meets periodically to hear from residents, reports from volunteers and project leads, and to decide upon matters before the Board.

Board Meetings

Dates for Board meetings are scheduled for the 3rd Wednesday of every month (approved by the board July 11, 2024) and publicized in order to provide residents an opportunity to attend the meeting. The meeting is conducted generally under Roberts Rules of Orders. In order to provide the community ample time to review the agenda and prepare questions for any potential motions, the agenda should be published 7 days prior to the meeting no later than 4 days prior or at least 2 days before the meeting if the meeting will only consider executive session items. (AB240) Published motions should include the item, and details of the scope of the item, and cost.

By 24 hours before the regular board meeting, determine whether any eligible persons have provided notice to attend the meeting. (AB240)

If the regular meeting location at the Clubhouse will not accommodate expected attendance, consider postponing the meeting and find a suitable location to accommodate the anticipated attendance. (AB240)

Proceed with board meeting, board discussion and action must be limited to agenda items, unless an exception applies or required grounds for addition to the agenda are not. (AB240).

Executive/Closed Sessions

Purpose. Executive sessions of the board of directors are provided by statute so the BOD can address confidential matters. Because they are confidential, members do not have a right to attend the meetings or to review executive session minutes.

1. Litigation. the BOD may go into executive session "to consider litigation..." Based on these definitions both threatened and pending litigation fall under the executive session privilege.
2. Formation of Contracts. the BOD may consider matters relating to the formation of contracts with third parties.
3. Disciplinary Hearings. the BOD should meet in executive session for all disciplinary hearings. The accused member is entitled to attend the executive session for that portion of the meeting dealing with the member's hearing.
5. Payment Plans and Liens. The board may meet with members in executive session to discuss requests by delinquent members for payment plans and liens..
7. Disability Requests. When a disabled person requests reasonable accommodation for

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their disability. [California Code of Regulations 12176\(b\)\(1\)](#) requires, "All information concerning an individual's disability, request for an accommodation, or medical verification or information must be kept confidential and must not be shared with other persons..."

8. Mental Illness. When a resident has a mental illness that is impacting other members of CPMWC, such as hoarders.

9. Director Censure. When a director is disrupting meetings, violating confidentiality, harassing vendors and/or staff, etc., the board may need to discuss possible censure of the director. This may involve legal issues.

10. Termination of a Contract. The BOD may not want a vendor to know that it is contemplating the termination of the vendor's contract. There, such as legal opinions related to insurance, personnel, maintenance, easements, recalls, etc. would also be appropriate topics for executive session. Whenever CPMWC's attorney is giving legal advice to the board, it is protected under [Evidence Code §§ 950-962](#).

Form of Meeting. Executive session meetings can be held by any of the following methods:

- In Person. Directors can meet in person at a physical location.
- Email. Emergency meetings via email are allowed.
- Telephone-Video. Directors can meet via telephone or video conference.
- Unanimous Written Consent. A "unanimous written consent" may be used for emergency actions.

Who May Attend. As noted above, members do not have a right to attend executive session meetings. However, that does not mean the meetings are limited to directors only. Directors, managers, recording secretaries, CPMWC's may be legal ramifications that need to be discussed with legal counsel. Although terminating a contract is not one of the approved categories for executive session, canceling contracts should be done in executive session. Before ending a contract, the BOD often engages in a wide-ranging discussion about problems with the contractor, possible legal consequences related to the termination, and input from legal counsel on how best to minimize legal exposure (potential litigation is one of the approved reasons for discussing matters in executive session).

If the debate about terminating a contract were done openly, it would compromise CPMWC's legal position and expose the board to potential claims from the contractor. Accordingly, discussions related to the termination should take place in executive session. Anytime the board contemplates terminating a contract, it should get the advice of counsel.

11. Potential Liability Issues. There may be other issues of concern over potential liability that need to be discussed with legal counsel. Non-litigation matters legal counsel, members subject to disciplinary action as well as witnesses (but only for that portion of the meeting involving the disciplinary hearing), and others invited by the board (such as vendors bidding on a project) may attend executive session meetings.

Scheduling the Meeting. Email discussion of director availability for the meeting as well as

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the date and time for the meeting is allowed. Scheduling discussions are not deemed "board meetings".

Notice must be posted in a prominent place or places in the common areas and by mail to any owner who had requested notice by mail (at the address requested by the owner). In addition, notice may be given by mail, by delivery of the notice to each unit in the development, by newsletter or similar means of communication, or, with the consent of the member, by electronic means. (See [Notice of Meetings](#).)

Electronic Motions, Discussion, and Votes

From time to time it may be necessary for the Board to conduct business via email. A board member may make an electronic motion via group email to the board (bod@cpmwc.org) which must be seconded. There may be discussions and questions via email; the President may call for the vote, and all Directors should respond with their vote. The Secretary records the details of the vote, and these are recorded. Any motions made via email are presented at the next regular Board meeting.

Adjournment

Adjournment has two separate meanings. Depending on how it is used, it can either mean "conclude" a meeting or temporarily "suspend" a meeting.

1. Conclude a Meeting. To adjourn a meeting is to terminate or finish a meeting.

When the business for which the . . . meeting was called has . . . been completed and no question is pending, someone should move "to adjourn," or the chair can call for such a motion. ([Robert's Rules](#), 11th ed., pp. 551-552.)

2. Continue Meeting to a Later Date. Where the business of the meeting is not finished, a meeting may be adjourned to a later date so as to continue with the meeting's business.

- a. Membership Meetings. Adjournment of membership meetings occurs most often when quorum is not met. This scenario is often addressed in CPMWC's bylaws. If not, provision in Robert's Rules can be used.

...in the absence of a quorum, the assembly may fix the time to which to adjourn, adjourn, recess, or take measures to obtain a quorum...the chair calls the meeting to order, announces the absence of a quorum, and entertains a motion to adjourn" to a later date. ([Robert's Rules](#), 11th ed., pp. 347-349.)

- b. Board Meetings. Sometimes all the business on a meeting's agenda cannot be completed and the board continues the meeting to another date. The Corporations Code requires notice to board members but is silent about notice to the membership:

A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

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The more conservative approach is to always post notice of continued meetings. If new agenda items are added to the meeting, then it is no longer the same meeting and a minimum four-days notice must be given along with a revised agenda.

"Business is immediately resumed at the next meeting at the point where it left off..." ([Robert's Rules](#), 11th ed., p. 236.)

- c. Executive Session Meetings. If not addressed in CPMWC's bylaws, the conservative approach is to (i) give notice to any directors who were not in attendance at the meeting, and (ii) post notice so the membership is aware of the adjourned meeting if the adjournment is more than 24 hours.

Board Minutes

Within 30 Days. Open meeting board minutes, draft minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes of any meeting of the board of directors, must be made available to eligible persons within 30 calendar days after the meeting. (AB240) For email and paper distribution, the meeting minutes must be submitted to the bookkeeping and accounting services ([Nilson & Associates](#)) by the end of each month.

Corrections. Once a draft has been prepared, the Secretary or Recording Secretary can distribute the minutes to the board for review and feedback to the Secretary on any corrections that need to be made. This does not violate the Open Meeting Act because it's not an email discussion. Instead, it is feedback from individual directors to the secretary on corrections and revisions. The draft minutes then go into the board packet for the next meeting for board discussion and approval.

Records Inspection Requirements (AB240). Within 15 days, CPMWC will respond to any requests by any eligible person for any of the following company records (the request must be limited to records for the 3 years preceding the request):

- Agendas and minutes of the board meetings conducted on or after Jan. 1, 2014.
- A copy of the company's annual budget.
- A copy of the accounting report.
- A copy of any records reporting the results of a water quality test.
- A copy of the company's annual report that is distributed to shareholders.

If the board is concerned about the expense of copying and mailing minutes, the BOD can bill the requestor for the cost \$25.00 per page. ([AB 240](#).)

Posting Minutes. There is nothing in the [AB 240](#) requiring the BOD to post minutes. Instead, the statute requires that CPMWC provide members with both draft and finalized open meeting minutes upon request. If the minutes have attachments that are filed in CPMWC's minutes, attachments are not required.

Website Postings. Board can and should routinely post minutes (except for executive session minutes) on CPMWC's website in a password protected area of the site. Also, The board should (i) summarize its meetings in a newsletter, (ii) post minutes in a common area bulletin

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board and/or (iii) distribute the information each month in the billing statement.

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Legal Counsel

The BOD may decide to retain an attorney for the purpose of obtaining legal counsel on appropriate matters. Legal counsel is not to be sought without agreement of a majority of the BOD. When counsel is sought, the President or Vice President ensures that matters to be referred to the attorney are prepared in a manner that best ensures a useful response or product and can be done in a manner that minimizes the expense associated with obtaining counsel.

The current retained attorney is [Lagerlof, LLP](#).

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Accountant

The BOD, on behalf of CPMWC, has an accountant ([Gail Egan, CPA and Attorney](#)) who is licensed and insured. The accountant's responsibilities include the following; determination and payment of taxes (payroll, corporate, etc), preparing of CPMWC's annual financial statement, providing oversight of financial transactions, annual financial review, and accounting for CPMWC's facilities and property.

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Purchasing and Contracting

CPMWC purchases and contracts for goods and services. The BOD's goal is to obtain the best value (price and quality) for its needs. This is achieved by striking a balance between utilizing established relationships with proven suppliers and contractors, and acquiring multiple quotes/prices for the goods and services required. Purchases of goods or services that are not included in the approved operating budget for that category, or exceed the approved amount for that category, must be submitted via motion and approved by the BOD. Refer to Policies and procedures for purchasing and contracting.

Conflict(s) of interest: Businesses or firms in which board members have a financial interest will not normally be considered as qualified vendors for supplying goods or services to the system. If, under extraordinary circumstances, the system must secure goods/services from such firms or business, they shall not receive preferential treatment in the procurement process. The reasons for each such procurement from such a firm shall be individually documented on any purchase requisition and must be in accordance with applicable state statutes. Actual or perceived conflicts of interest shall be subject to full disclosure requirements in the system's financial statements.

Records and Record Keeping

It is important that CPMWC maintain accurate records. Overall responsibility for record keeping falls to the BOD Secretary in his/her role as the CPMWC's Chief Administrative Officer. Day-to-day record keeping is the responsibility of the Secretary.

CPMWC uses Google workspace.

Communications

BOD communication with members of the Chemeketa Park community is a critical element in conducting CPMWC's business. The BOD desires to be transparent in its business operations. The BOD uses multiple means to communicate. Mass email (via [Mailchimp](#)) and the CPMWC Web site are the most expedient communications channels available to the Board. The regularly scheduled BOD meeting is the public forum where CPMWC conducts its business. It affords shareholders/members the opportunity to participate in CPMWC's deliberative process by hearing the debate and offering comments and suggestions. The BOD also uses the [CPMWC Website](#) and mass emails (via [Mailchimp](#)) to communicate with members. As needed, the Board conducts meetings and issues community-wide communication to present issues and solicit community input.

Community-Wide Email

The BOD and CPMWC Project Manager (David Shimmin) use the community-wide email to alert residents of a variety of communications, from emergency(ies), security issues to routine community business such as BOD meeting announcements. Every effort is made to limit the number of emails.

Project volunteer leads may from time to time send out communications regarding specific

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events or issues that fall under their area. Other board members or even residents may request a community-wide email be sent when the topic may be in the interest of CPMWC. The President and Vice-President are the primary decision makers on whether an email is appropriate for community-wide distribution. When in doubt, the CPMWC Project Manager will consult with the President and/or Vice President.

Website

The CPMWC Project Manager maintains the CPMWC Web site. The website provides both an outward (“marketing”) face to the world, as well as an inward face to the residents. Features available to the general public include:

- a. Descriptions and related rules/regulations of the amenities
- b. By-laws, and restrictions
- c. Notifications

Features available only to Chemeketa Park residents include:

- a. Board member names and contact information
- b. Community, Clubhouse, and Events calendar
- c. Archives of community-wide emails
- d. Board meeting minutes and special reports
- e. Access to online payment options for **annual and** monthly dues
- f. FAQs

The website also includes a “general contact” where any visitor may ask questions, discuss concerns, or request information.

Nextdoor

Nextdoor is a third-party private social network for CPMWC and its neighboring communities. Neither the CPMWC nor any of its members control this forum; however it is a valid and powerful means of communication with the Chemeketa Park community as well as the surrounding neighborhoods. Any registered member may post on Nextdoor within their established guidelines. Any “classified ad” or “bulletin board” type communications should be posted here, as opposed to the chemeketapark.org website.

Surveys and Banners

The BOD may use any of these communications measures as needed.

- 1) Banners announcing special events and BOD meetings may be placed at the main entrance no later than one week prior to the event. They are to be removed the first business day after the event.
- 2) Meetings may be scheduled as needed by the BOD. Meetings should and will be for a specific issue; not a catch-all for multiple subjects. If possible, meetings, including the discussion topic, must be announced via email and posted to the CPMWC Web site no

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later than 30 days prior to the event in accordance with By-Laws.

- 3) The BOD may elect to survey the community for its input on issues before the Board.

The use of surveys should be limited to keep the community from getting “survey fatigue.”
Surveys will be announced via email and posted on the CPMWC Website.

Results should be released via email and posted on the website.

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Violation Process Procedures - DRAFT & TBD

- a. The BOD provides monthly reviews of issues in Chemeketa Park. Reported issues may be discussed among members and insights into these reports may be disclosed or shared/discussed among the BOD members by email.
- b. When a possible issue within (or associated with) Chemeketa Park is made known to the BOD, a BOD member will volunteer to further report on the issues to other members, to consider and discuss the reported issue(s), and/or to disclose pertinent details about conditions reported at or observed. Such discussion and disclosure among and between BOD members is required to address and resolve the issue.
- c. Phone Call and/or Letter or email of First Notice. When an issue is determined to exist, a phone call and/or letter or email of First Notice, containing a specific description of the issue in question and the specific section reference of the by-laws, is sent to the property owner to address the issue within a certain period of time, or asking that an acceptable written plan of action be forwarded and explaining the procedures for the requesting of an exception. Notice letters for issues are prepared and mailed by the secretary, with copies emailed to the BOD for records.
- d. Letter or email of Second Notice. If the issue continues on with no acceptable plan or response received and no request for an exception or appeal typically within 10 days, then a Letter of Second Notice is sent by certified mail via USPS, with copies emailed to the BOD.

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Purchasing and Contracting Policies and Procedures

In general, multiple bids are required for contracted work to be performed by a third party vendor for CPMWC community. The following is the procurement schedule:

- \$0 to \$500: Open-market purchase
- \$500 to \$1,000: At least 3 written quotations received prior to purchase
- \$1,000 to \$5,000: At least 3 written quotations received prior to purchase
- Over \$5,000 Sealed competitive bids from qualified vendors

Expenditures in this amount may also be considered “capital investments” and should be reviewed by the BOD. Under this policy, the following actions are required:

1. The project lead which has oversight for the area in which the activity will be conducted will define the scope of the project, which may include:
 - a. Description of goods/services to be purchased
 - b. Expected timeline
 - c. Rough order estimate of expected cost (if available)
2. The project lead will present the preliminary details of the project to the Board.
3. If the estimated cost is known, the Board may choose to approve the funds allocation (via motion and majority vote) prior to receiving bids; this allows the bids process to proceed quickly and with assurance to potential contractors that the funds are allocated. In this case, a subsequent motion/vote is not required, but the Project Volunteer Lead must report the chosen vendor and final cost to the President, Vice-President, the Treasurer, and the Project Manager before proceeding with the project.
4. If it is determined that competitive bids are required, the project lead will obtain proposals/bids from at least 3 appropriate vendors. The Project Manager may assist in seeking proposals. The project lead volunteer should consult with the board members and the Project Manager to determine if there are previous vendors that have performed satisfactory work for CPMWC. Recommendations may also be sought from board members, as well as local sources such as Nextdoor.
5. Once the bids are received, the project lead volunteer will work with his/her/their project volunteers to make a recommendation on the vendor selection based on the ability of the vendor to satisfactorily complete the job, any past experience with the vendor, quality, and cost.
6. Unless the Board has already approved the expenditure, the project lead volunteer will then propose to the BOD via the monthly agenda packet with a proposal stating the project, the selected vendor, and the cost. To expedite the process, the project volunteer lead should consult with the treasurer prior to the board meeting for review of budget and current expenditures.
7. Exemptions and exclusions to this process are:

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- a. Emergency Contracts: bidding is not required if it would limit the ability of an association to obtain needed products and services in an emergency;
 - b. Sole Source Contracts: bidding is not required when the potential vendor is the only source of supply within the unincorporated area of Santa Clara county serving CPMWC; and
 - c. Renewals of Contracts Awarded Under the Competitive Bidding Process: if a contract is awarded under the competitive bidding process and contains renewal options, then it may be renewed without further bidding so long as 1) the contract contains a provision that allows the board to cancel the contract on 30 days' notice, 2) the Treasurer validates funds are available to cover the option period, and 3) the project lead volunteer for the respective contract believes the prices in the option are still fair and reasonable given the market conditions at that time.
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1. Terms and Definitions

- Forecasting is the activity of predicting what will happen in the future, largely expressed in terms of past experience and life cycle predictions and especially the organization's own key figures. The important element is that it is based upon certain general assumptions regarding costs and longevity.
- Budgeting expresses what the organization believes is specifically achievable and intends will be achieved, by its planned actions. The budget is a target that the Chemeketa Park Mutual Water Company (CPMWC) sets for itself, so that the budget becomes the commitment to action by the Board of Directors.
- The Operating Budget is a detailed projection of income from annual dues and/or assessments or other event revenues, and expenses based on forecasted operating costs during a given period, usually one year. It generally consists of major categories aligned with costs of operations, such as personnel salaries and benefits, taxes and insurance, grounds upkeep, clubhouse maintenance, and recreational facilities and community events. Since an operating budget is primarily associated with the short term, capital outlays are excluded because they are classified as long term and/or investment and/or capital improvement costs.
- Capital reserves are funds that are set aside for use with specific projects that present a long- term capital investment, or that may be related to some sort of capital expense in the future. The Capital Reserve Fund provides a means of incrementally accruing funds for anticipated future needs such as acquisition or replacement of fixed assets. A capital reserve may also be used for ongoing projects or as a means of preparing for some future project. The main idea behind a capital reserve fund is to set aside monetary assets that are outside the scope of an operating budget, and can be used to offset capital expenses. The Capital Reserve Fund has at least two component funds, the Capital Improvement Plan and the Contingency Fund.
- The Capital Improvement Plan is an outcome of long range planning and provides a detailed replacement cost analysis guide and projected annualized budgets over the long term for sustainment, replacement, or improvement of the physical property and capital assets of the CPMWC.
- The Contingency Fund is a fenced set aside of funds for emergencies or unexpected outflows. The contingency fund is often identified as a disaster recovery fund. This makes it possible for the CPMWC to provide initial recovery to the community property when some type of natural disaster takes place. It also serves as a backup against possible losses in income. When this is the

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case, the CPMWC Board of Directors can draw upon the contingency fund to cover shortfalls in operational costs, keeping key community services functioning.

- Capital Reserve Replenishment or Reserve Rate is an annual transfer of income from the operating budget to the Capital Reserve Fund to ensure the balance on hand in the Capital Reserve Fund is not less than the total of the anticipated capital expenditures planned for the next five years
- Long Range Planning serves to guide the decisions of the Board of Directors, now and into the future, regarding scheduled and forecasted investments in common properties and improvements for the quality of life.

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Policies, Forms and Applications

The policies, forms and applications are shown below for reference, but the attorney should be consulted to obtain the latest version.

Clubhouse

Clubhouse Policies (refer to SOP provided by David Shimmin)

ADU

History. To increase affordable housing in California, Governor Newsom signed legislation that encourages homeowners to convert their garages into living spaces and build small dwelling units in their backyards as low-income rentals. January 1, 2020, new laws went into effect voiding restrictions in planned developments that would prevent the construction of granny flats and the conversion of garages into rental units.

Defined. An “Accessory Dwelling Unit” (ADU) means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is situated. ([Govt. Code § 66313\(a\).](#)) If there is an existing primary dwelling, the total floor area of an attached accessory dwelling unit shall not exceed 50 percent of the existing primary dwelling. ([Govt. Code § 65314\(d\)\(4\).](#)) If it’s detached, it cannot exceed 1,200 square feet. ([Govt. Code § 6314\(d\)\(4\).](#))

A “Junior Accessory Dwelling Unit” (JADU) means a unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A JADU can include separate sanitation facilities, or may share sanitation facilities with the existing structure. ([Govt. Code § 66313\(d\).](#))

Parking. Local agencies cannot impose parking requirements for JADUs ([Govt. Code § 66334\(a\)](#)) reduce or eliminate parking requirements for any accessory dwelling unit located within its jurisdiction ([Govt. Code § 66314\(2\)\(1\)\(B\)\(ii\)](#)). CPMWC already has parking problems.

Rules Enforcement. CPMWC can continue to enforce parking within the right of way of the private CPMWC roads.

Fees Limited. In addition to streamlining applications, permit fees will be limited. CPMWC cannot treat ADUs as a new residential use for purposes of calculating connection fees or capacity charges for utilities including water, nor can CPMWC require the applicant to install a new or separate utility connection directly between the accessory dwelling unit and the utility or impose a related connection fee or capacity charge. ([Govt. Code § 66324.](#))

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Increased Parking. When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an ADU or converted to an ADU, local agencies cannot require that those off-street parking spaces be replaced. ([Govt. Code § 66314\(d\)\(11\)](#).) In other words, parking is pushed to the streets. In addition, if owners want to create additional parking on their lots, the bill allows for parking in setback areas. That means more vehicles can be parked on a lot, and parked closer to neighboring houses.

Property Values. Higher density created by ADUs means additional vehicles on streets. In addition to parking problems and rules enforcement issues, the influx of ADU renters will burden services and amenities such as water service and the clubhouse.

Additional Information. For more information, see the California Department of Housing and Community Development's Handbook on Accessory Dwelling Units (July 2022).

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~~Will-Serve-Letter Application~~

~~Application Fee: \$4000.00~~

~~Will-Serve Application Procedures—Draft & TBD~~

~~A Will-Serve Letter Request provides the conditions under which CPMWC will or will not provide water service to your property. As a condition of service, each shareholder (property owner) must abide by the policies, rates, bylaws, and regulations of CPMWC.~~

~~The Will-Serve Letter will identify that the project is completely within Chemeketa Park Mutual Water Company (CPMWC) boundaries. If approved, the Will-Serve Letter serves as notice that CPMWC will serve water to the project. The availability of water services is subject to the supply of water to CPMWC continuing to honor their contractual obligations relative to the amount of water to be supplied. CPMWC can make no representation as to the future intention.~~

~~All residential projects that either a) involve the installation of fire suppression systems, or b) involve additional structures such as a Junior ADU or ADU (attached or not attached).~~

~~Application Will-Serve Letter Request, Process and Requirements~~

- ~~1. Residents will complete either an Application for will-serve letter and submit to the CPMWC email via admin@cpmwc.org. The request will be logged, then scan and send the application to the BOD.~~
- ~~2. BOD will review the request for completeness and conformance with the Blue Book standards. The BOD will contact the resident if additional information is needed, and the request may be returned to the resident to be revised if required. The BOD will discuss the request in an Executive/Closed Session.~~
- ~~3. Please allow a minimum of 2 weeks for review of requests and maximum of 30 days.~~

~~Will-Serve Letters are not released until all details of the applications have been met.~~

~~Steps typically require a completed application and that supply and capacity issues are fully understood and identified.~~

~~The issuance of an approved Will-Serve Letter indicates that, at the time the letter~~

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is issued, CPMWC has capacity to provide service to the proposed project identified in the application of the will serve letter request.

4. All board of directors must review the request. Reviews can occur simultaneously to whether the request is approved. All reviews of the request should be completed within 5 working days and documented on the form. At least three reviewers must vote to “recommend approval” for the application to be approved.
5. If the application is approved, the property owner will receive a signed will serve letter and advise the property owner of the requirement to notify the office when the project is completed. The completed application will be filed and kept online for records keeping.
6. If the application is not approved, the board president will notify the property owner and explain the reason for the disapproval by mail or email. The property owner will be informed that they may appeal the decision to the Board if they so choose.

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Reporting Lawsuits

Currently there is no statutory duty to report litigation to the membership.

General Duty to Members. The courts have noted, however, that the BOD have a general duty to disclose facts that materially affect the rights and interests of members. Whether a particular piece of litigation should be disclosed to the membership will depend on the facts surrounding the case and its potential impact on the membership..

Audits. Most companies disclose litigation matters when asked. Any litigation that could have an unfavorable outcome is disclosed in its annual financial statement to the membership pursuant to Accounting Standards Codification Section 450 ("ASC 450"- Contingencies), which was previously known as FASB Statement No. 5, Accounting for Contingencies.

Recommendation. Unless there is a reason to temporarily withhold information, the BOD should disclose the existence of litigation involving CPMWC. When referring to litigation, it does not mean small claims actions. Such actions are by their nature small with limited, if any, impact on CPMWC. Even so, these are routinely reported to the membership by many companies.

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Volunteers

The Board may designate additional project volunteers to perform such tasks and to serve for such periods as may be needed. Each project volunteer is composed and will operate in accordance with the terms of the Board designating the Project or with rules adopted by the Board. Much of the business of the CPMWC is carried out through project volunteers. Following are the standing projects and their respective purpose:

- Clubhouse
- Community Participation and Events exist to provide for the welfare of the members of CPMWC by organizing events that are fun for all and provide the opportunity to get to know each other and strengthen the community.
 - Wine Wednesday: Diane Schenkelberg, Volunteer Lead
 - Oktoberfest: open
 - Trick-o-treat
 - Firewise Community: Mara Milinic, Volunteer Lead

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Communications

Communications exists to maintain and improve engagement with the community. Means of communication may include the CPMWC Website and other electronic means of communication. The Project may also implement and/or oversee digital security and process automation. Best practice is to research and recommend to the BOD the purchase, when required, to improve/replace current CPMWC software, firmware or hardware.

Notice & Delivery to Shareholders

Solicit Information. CPMWC requests members' preferred delivery method (email, mail, or both) for notices and disclosures. In addition, CPMWC must annually give notice that members are not required to provide their email address to CPMWC for the membership list, which CPMWC is obligated to maintain. This notice must be given no later than 30 days prior to mailing the Annual Budget Report. The email can be printed and stored in a file or stored electronically.

Owner Preferred Method of Delivery. Effective January 1, 2025, documents and notices that are required to be provided by "individual notice" or "individual delivery" must be delivered in accordance with the "preferred delivery method" specified by the member. CPMWC may find itself in the administratively difficult position of delivering notices four different ways:

- Mail to some members
- Email to other members; and
- No Preference. If a member does not provide a preferred delivery method, notices must be delivered by "first-class mail, registered or certified mail, express mail, or overnight delivery by an express service carrier addressed to the recipient at the *address last shown on the books of CPMWC.*"

Bounce-Backs. In addition, CPMWC designated board member will monitor email for bounce-backs or error notifications.

General Notice-Delivery. If a provision of this act requires "general delivery" or "general notice" (such as board meetings), the document may use one or more of the following methods:

- Billing Statement. Inclusion in a billing statement.
- Electronic. Email, facsimile, or other electronic means if the recipient has consented, in writing, to that method of delivery.
- Mail. First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the recipient at the address last shown on CPMWC's books.
- Newsletter. A notice or report mailed or delivered as part of a newsletter, magazine or other organ regularly sent to members shall constitute written notice or report pursuant to this division when addressed and mailed or delivered to the member, or in

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the case of members who are residents of the same household and who have the same address on the books of the corporation, when addressed and mailed or delivered to one of such members, at the address appearing on the books of the corporation.

- **Posted in a Prominent Location.** Posting the notice in a prominent location that is accessible to all members if the location has been designated for the posting of general notices by CPMWC in the annual policy statement.
- **Website.** CPMWC maintains an internet website for the purpose of distributing information on the company business to its members, by posting the notice on CPMWC's internet website in a prominent location that is accessible to all members if designated as a location for posting general notices in the annual policy statement.

Mailbox Rule. The "mailbox rule" is also known as the "mailbox posting rule" or "posting rule." When a letter (or contract or notice, etc.) is mailed, the rule determines when the letter is deemed "delivered" regardless of when it actually arrives at the other end. The mailbox rule came into use in the 1800s starting with contract law for determining when an offer is deemed accepted. Under the rule, an offer is considered accepted at the time the acceptance is dropped into a mailbox or handed to a postman. [When a letter] properly directed is proved to have been either put into the post-office or delivered to the postman, it is presumed... that it reached its destination at the regular time, and was received by the person to whom it was addressed. Proof of mailing creates presumption that the intended party received the letter. If the party denies receipt, it creates an issue of fact for a court to resolve. If the sender knows the letter was not received (because it was returned to the sender) the presumption no longer applies.

Individual Notice-Delivery. If a provision of this act requires that CPMWC deliver a document by "individual delivery" or "individual notice," the document shall be delivered by one of the following methods:

- First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document must be addressed to the recipient at the address last shown on CPMWC's books.
- Email, facsimile, or other electronic means if the recipient consented in writing to that method of delivery. The consent may be revoked by the recipient.

Sale of Emails. CPMWC and their managing agents cannot sell or transmit a member's personal information for any purpose without the consent of the member.

Incentives for Electronic Delivery. CPMWC can offer incentives, such as gift cards, bottles of wine, etc., to their members to switch from paper to electronic delivery of disclosures, notices, and documents.

Disclosure Checklist. CPMWC are required to disclose a large number of things to the membership, such as how they plan to fund their reserves, their rules enforcement policies, etc.

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Non-Disclosure Agreement for Board Members

Chemeketa Park Mutual Water Company (CPMWC) Board of Directors Non-Disclosure Agreement

1. As a volunteer member of the Board of Directors, I understand that in the course of my term in support of the Chemeketa Park Mutual Water Company (CPMWC), I may obtain access to sensitive and confidential information. This information can include, but is not limited to, minutes and substance of Executive Sessions, non-public CPMWC or resident's or employee's personal information, and budgetary and financial information, and other information that could create a potential conflict of interest or encroach on the privacy of CPMWC members. I acknowledge that the unauthorized disclosure of such information may impact the fairness and integrity and privacy of individual members of CPMWC and that of the Board of Director.
 - a. I agree that I will not disclose sensitive information from Executive Sessions or documentation related to the privacy of individuals, outside of the respective Board of Directors forum or Volunteer forum without the approval of the Board President or Vice President. I additionally agree that I will not misuse, misappropriate or disclose any confidential information directly or indirectly, to any other person or use it in any way, except as required in the course of Director's service to CPMWC.
 - b. Director acknowledges and agrees that the unauthorized use or disclosure of any Confidential Information obtained by Director during the course of Director's service on the Board constitutes a breach of the duty of loyalty to CPMWC.
 - c. Director further agrees that all files, records, and documents, and similar items relating to CPMWC, whether prepared by Director or others, are and shall remain exclusively the property of CPMWC.
 - d. I understand that my failure to protect sensitive information as described above may subject me to removal from my position as a Board or Project member or employee and could result in adverse civil action. If it appears that the Director has disclosed (or has threatened to disclose) confidential information in violation of this Agreement, the Board shall be entitled to an injunction to restrain the Director from disclosing, in whole or in part, the confidential information. The Board shall not be prohibited by this provision from pursuing other remedies, including a claim for losses and damages.
 - e. I understand that my obligation with respect to such information is a continuing personal obligation. I understand that my personal obligation continues so long as the information remains nonpublic. I understand that my personal obligation shall continue beyond my term as a Director.
2. I agree to refrain from activities which would create an actual or apparent conflict of

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interest during the term of my office or position, and will promptly notify the Board President should I violate this agreement

3. I certify that to the best of my knowledge, neither I nor other members of my household, or a business partner have any financial interest in any contractor which may or eventually does compete for business or contracts under CPMWC management. If such interests exist, I will declare such conflicts and recuse myself from participation in related discussions and decision-making processes.
4. By signing this agreement, I also acknowledge that I have read and will abide by the governing documents of CPMWCs, the By-Laws, and approved changes thereto.

Name	Title	Signature	Date
Erik Wilkerson	President		
Fred Schenkelberg	Vice-President		
Mike Lerman	Secretary		
Neil Abranyi	Director		
Vincent Marcewicz	Alternate, Director		
Geri Markey	Alternate, Director and Treasurer		

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Secretary’s Validation of Acceptance of the SOP

The CPMWC Standard Operating Procedures have been accepted by a majority vote of the Board of Directors on this day, **June 1, 2025.**

CPMWC Secretary

Key Dates