

# Stratford of San Mateo Homeowners Association

## Operating Rules of the Association

**Approved by the Board of Directors on April 29, 2025 following the mandatory 30-day membership comment period, and applying to the 2025-26 and subsequent years.**

David G. Messerschmitt, President

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May 30, 2025

### **1. Introduction**

These are the Operating Rules of the Stratford of San Mateo Homeowners Association (Stratford HOA). These Rules and their approval are governed by the California Davis-Stirling Common-Interest Development Act (California Civil Code §4340). Operating Rules are defined therein as "... a regulation adopted by the board that applies generally to the management and operation of the common interest development or the conduct of the business and affairs of the association".

The structure and governance of the Stratford HOA also conforms with the Continuing Care Contract Statutes (Chapter 10 of Division 2, California Health and Safety Code). One provision of these CCC Statutes is:

"Every licensed residential care facility for the elderly, at the request of two or more residents, shall assist the residents in establishing and maintaining a single resident council at the facility. The resident council shall be composed of residents of the facility." and "A resident council may, among other things, make recommendations to facility administrators to improve the quality of daily living and care in the facility and to promote and protect residents' rights." (California Health and Safety Code 1569.157)

The Stratford facility has designated the Stratford HOA as the facility's single Resident Council in a Continuing Care Resident Agreement between each new

resident and the Stratford and Sunrise Senior Living. Some aspects of these Operating Rules may overlap or pertain to the association's resident council role.

These Operating Rules are intended, and shall be read, to comply with the California Davis-Stirling Common Interest Development Act, the California Health and Safety Code, and all other California statutes as amended by the legislature from time to time.

## **2. HOA representatives to the Laurel Avenue Trust**

- A. **Definitions:** The "LAT" refers to the Laurel Avenue Trust and the "LAT Agreement" refers to The Laurel Avenue Trust Agreement. The "HOA" or "association" refers to the The Stratford of San Mateo Homeowners Association. The "HOA Board" refers to the Board of Directors of the HOA. The "LAT Board" refers to the Board of Trustees of the LAT as defined in the LAT Agreement. There are four members of the LAT Board, two of whom represent the association (referred to as "HOA Trustees") and two representing Sunrise corporate entities (referred to as "Sunrise Trustees").
- B. **LAT Responsibilities:** The LAT has several responsibilities defined in the LAT Agreement. These are: (a) Manage building reserve funds, which pertain to building components and amenities, such as additions, improvements, replacement, maintenance, and repair; (b) provide backup support for the operations of the Laurel Wing assisted living care unit; and (c) consider loans to residents who become destitute and can no longer afford the Stratford monthly dues. Two additional responsibilities are: (d) Act as a buffer for Stratford operational calendar-year deficits and surpluses; and (e) pay incidental expenses such as premiums for liability insurance covering the members of the LAT Board, state and local taxes, and tax preparation fees.
- C. **Appointment:** The LAT responsibilities are significant to Stratford residents, and thus the two HOA Trustees can be deemed to play a significant role in the Stratford governance. The two HOA Trustees are appointed by, and serve at the pleasure of the HOA Board. Each HOA Trustee may, but need not, also be a director of the association. One or both HOA Trustees may be terminated or replaced at any time, with or without cause, by majority vote of the HOA Board.
- D. **HOA Trustee term:** As defined in the LAT Agreement, each HOA Trustee shall be "appointed by the Association and shall serve a three-year term." This three-year term shall be deemed herein to begin and end on the date of the annual meeting of the HOA, which normally occurs in April. A current HOA Trustee whose term is complete is eligible to be re-appointed to a new three-year

term. Where possible, a HOA Trustee is appointed by a newly elected HOA Board, nominally in the same meeting in which officers of the board are chosen.

- E. **HOA Trustee replacement:** Should a vacancy occur for any reason intermediate to annual meetings, the goal is to appoint a replacement HOA Trustee within sixty (60) days. The term of any new HOA Trustee that is appointed to fill that vacancy will end on the date of the fourth subsequent annual meeting of the association. This implies that this newly appointed HOA Trustee will serve more than three (but less than four) years. This appointment need not be reconsidered or ratified at the immediately following annual meeting date.
- F. **Coincident or staggered terms.** There is no requirement that the two HOA Trustees serve either coincident or staggered terms. This means that zero, one, or two HOA Trustees may be appointed in any given year.
- G. **Nominations of candidates for HOA Trustee:** So that the Board may have a choice, it is desirable for there to be two or more candidates to fill a single HOA Trustee vacancy, or three or more candidates to fill two vacancies. Thus, whenever there is a vacancy the president of the association will distribute to all members of the association a nomination form that parallels the nomination form used for the annual association election of directors, giving members an opportunity for self-nomination and/or nomination of other members. Attached to this form will be a concise description of the purpose and importance of the LAT, the responsibilities of an HOA Trustee, and a statement of the ideal qualifications to serve as an HOA Trustee. In addition, the president will actively solicit other candidates from among the membership that he or she believes to be uniquely qualified. Finally, the president will put forth as candidates all nominees who have expressed a willingness to serve a three year term if chosen by the HOA Board.
- H. **Voting for HOA Trustee:** The HOA Board will choose among the candidates by a secret ballot conducted within a properly noticed open meeting of the board at which a quorum is present. Where there are more candidates than HOA Trustee vacancies, before the secret ballot is conducted the board is encouraged to allow the candidates to summarize their qualifications and what they would like to accomplish as an HOA Trustee, and the board is also encouraged to discuss the qualifications of the available candidates. Directors who are also a current HOA Trustee or a candidate need not recuse themselves from voting. Should the balloting outcome be ambiguous (two or more candidates receive the same number of votes), the discussion and secret balloting will be repeated. If after two such secret ballots the results remain ambiguous then the appointment will be determined by a random coin flip. Where there is a single candidate for a single

vacant position, or two candidates for two vacant positions, an up-or-down vote on each candidate shall also be conducted by secret ballot of directors.

- I. **Representation:** The LAT Agreement specifies that “All powers granted hereunder to a Trustee shall be exercised by that Trustee’s appointee on the Board.” With respect to the two HOA Trustees, this clause shall not be interpreted as encouraging an HOA Trustee to act completely autonomously. Rather, it is the intent of the HOA Board that its HOA Trustee appointees act as representatives of the association and of the entire association membership. Thus, wherever feasible an HOA Trustee shall seek prior input and opinions from the HOA Board on all matters of substance that may come before the LAT Board.
- J. **Voting on the LAT Board:** The two HOA Trustees are afforded a single vote within the LAT Board, while the two Sunrise Trustees are afforded one vote each. While the two HOA Trustees are encouraged to reach consensus, where their differences are irreconcilable they may split their single vote with equal weight given to each HOA Trustee.
- K. **Expenditure resolutions:** A specific power of the LAT Board is to approve resolutions authorizing each specific expenditure of LAT funds. A longstanding tradition is for the HOA Board to express concurrence (or not) with these resolutions with the advice of the HOA Finance Committee. This raises the issue of the order of concurrence by the HOA Board and vote of approval by an HOA Trustee. To address this, the HOA Board passed the following resolution, which is incorporated into these Rules by reference:

“Whereas the Stratford HOA Board of Directors is asked for its concurrence with Laurel Avenue Trust expenditure resolutions, on the advice of the Stratford HOA Finance Committee, whereas this concurrence should balance the goals of expeditious attention to building and amenities issues while giving the HOA Board an appropriate voice in expenditures, and whereas past practice has been for the two HOA Trustees to sign expenditure resolutions before concurrence is sought, be it resolved that the Committee and Board will henceforth be asked for concurrence prior to signing for larger project and expenditures; prior practice will be retained on small expenditures and in emergency situations; and in intermediate cases the Committee and Board members will be informed by email before the signing and given an opportunity to request a meeting for consideration of concurrence.”