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August 14, 2015

Via U.S. Mail

To All Members
Eastern Gardens Cooperative

Re: Adoption of Election Rules & Petition to Recall Board of Directors

Dear Members:

As many of you know, my law firm is legal counsel to the Eastern Gardens Cooperative. I had the pleasure of meeting many of you at the recent member June 29th town hall. As a follow up to the town hall meeting, I made several recommendations to the Board of Directors regarding the pending recall election set for July 16th. The purpose of this letter is two-fold: (1) to provide you with notice of the Board's intention to adopt Election Rules regulating the manner by which the Corporation holds elections (i.e. things requiring a secret ballot vote) and (2) to inform you the Board destroyed all ballots received for the recently postponed recall election.

Adoption of Election Rules

The adoption of the Election Rules requires a bit of background. In reviewing the Corporation's Election Rules, I noticed they do not include much of the information that's legally required. (See, Civil Code §§5100-5145.) I have carefully reviewed the enclosed proposed Election Rules with the Board, and they have authorized their distribution for member review.

Those who attended the town hall meeting will recall I explained that the law requires Election Rules that contain specific information (separate and apart from whatever the Bylaws may state). Because the Corporation's Election Rules lack much of what is legally required, I recommended the Board postpone any pending elections – including the recall– until such time as the Board could vote to adopt legally sufficient Election Rules. If the Board were to hold the upcoming recall election without proper Election Rules, an owner could challenge the election. If an owner were to win such challenge, which is likely, the Corporation faces potential civil penalties and may be forced to hold a new meeting that complies with the law. The Board of Directors owes a duty to the membership to act reasonably and in good faith, which includes lowering liability exposure and avoiding potentials for challenge to elections. For these reasons, the Board requested I prepare Election Rules so the Association's upcoming elections can be lawfully conducted.

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The enclosed Election Rules are for the Board – and only the Board – to adopt. They do not require Member approval, however, Members are encouraged to attend the meeting and provide the Board with your feedback on the proposed rules.

The date of the meeting when the Board will vote on this is as follows:

Date: Thursday, September 24, 2015

Time: 6:30 p.m.

Location: Clubhouse, 3045 Eastern Avenue, Sacramento, CA 95821

Petition to Recall the Board of Directors

As you likely already know, the Board voted to terminate the current recall election until after the Election Rules are approved. **The Corporation will hold the recall election**, however, not until the rules are adopted so the election can be lawfully held. The Board requested all ballots received for the prior recall be destroyed so as not to create any potential issues for the upcoming recall.

Per my recommendation, the Board will appoint an independent Inspector of Elections, such as the League of Women Voters to facilitate the recall. The Board will vote to appoint the Inspector of Elections at the election rule meeting. Then the Board will promptly mail out new secret ballots and voting instructions for the recall in a manner consistent with the Election Rules. The recall election will take place approximately 30-days after the above listed meeting.

The Board will provide notice of the recall vote in a separate letter to the members. The sole purpose of the recall meeting will be to tabulate the votes on whether to recall Directors Jeff Lema and Shirley Brown. If the vote to recall Directors Lema and Brown is successful, the vote will then tabulate the results of the director election. If the vote to recall Directors Lema and Brown is not successful, they will remain in place until their successors are elected at the next annual election this December.

Please also make sure to attend the upcoming meeting to provide the Board with your comments about the Election Rules. Upon adoption of these Rules, the Board will send confirmation notice within 15-days of the above listed meeting. If you have any questions, please contact a member of the Association's Board.

Very truly yours,



Jasmine Fisher Hale, Esq.
ADAMS KESSLER PLC

JFH/
Encl.