ATTACHMENT 1, EXHIBIT W - FINDINGS

Finding for Award No. 1 – Summary Judgment
Summary of Award: The Homeowners' Motion styled as a Motion for Summary Judgment is denied.

County Code Chapter 11A and the Rent Control Rules for Hearing are silent as to whether such Motion is allowed, although Rule 22 does allow the filing of "motions". The Arbitrator assumed and accepted that a Motion for Summary Judgment is allowed per Rule 22 and stated that such Motions are creatures of statute and subject to the provisions of such relevant statutes. The Arbitrator found that the Motion did not comply with the evidentiary requirements of California Code of Civil Procedure Section 437c and thus must be denied. Alternatively, the Arbitrator stated that even if the merits of the Motion were considered, there were specific material facts as to each issue that was disputed in the Motion, thus summary judgment was not appropriate and should be denied.

The Board finds that the Arbitrator proceeded in the manner required by law and included findings of fact that are supported by substantial evidence in the record; therefore the Arbitrator did not abuse his discretion and the Board affirms Award 1.

Finding for Award No. 2 – Objection to Reply Brief
Summary of Award: The Homeowners' Objection to Management's Reply Brief is denied.

Rather than conducting a post-arbitration hearing on attorney fees, the Arbitrator allowed Management counsel to assert that issue in a post-arbitration brief with an opposition brief permitted by the Homeowners. The Arbitrator did not specifically say that Management could provide a "Rebuttal" brief in response to the Homeowners' opposition. The Homeowners thereafter objected to the Rebuttal Brief filed by Management and asked the Arbitrator to disregard it. The Arbitrator found that principles of due process require allowing the moving party the opportunity to submit a Reply Brief. The Rent Control Rules for Hearing provide that hearings need not be conducted according to technical rules relating to evidence and witnesses (Rule 15.d), thus the Arbitrator has great discretion in the conduct of such evidentiary matters.

The Board finds that the Arbitrator proceeded in the manner required by law and included findings of fact that are supported by substantial evidence in the record; therefore the Arbitrator did not abuse his discretion and the Board affirms Award 2.

Finding for Award No. 3 – Meet & Confer
Summary of Award: The Meet & Confer requirements were complied with.

The Homeowners alleged that Management failed to comply with the Meet & Confer requirements by failing to provide copies of documents to the Homeowners' representatives. The Arbitrator found that the Meet & Confer requirements were properly complied with by Management by a preponderance of the evidence because the Rules for Hearing do not require that copies by provided, rather it requires that documents be "made available" for review by Homeowner representatives. Testimony by Waterhouse supports that Management made such

documents available for review. Additionally, a Homeowner representative conceded that such documents had been made available. Separate and apart from the Homeowner concession, the Arbitrator determined that the evidence provided proves that Management complied with the Meet & Confer requirements of the Rules for Hearing.

The Board finds that the Arbitrator proceeded in the manner required by law and included findings of fact that are supported by substantial evidence in the record; therefore the Arbitrator did not abuse his discretion and the Board affirms Award 3.

Finding for Award No. 4 – Timeliness of Notice of Increase
Summary of Award: The Notice of Increase in Monthly Rent Effective July 1, 2016 was timely.

The Arbitrator determined, based on testimony from Waterhouse, that Management delivered to all Homeowners the Notice on or about March 31, 2016. The rent increase in this notice was to take effect on July 1, 2016. No testimony or other credible documentary evidence was proffered by the Homeowners that would negate this conclusion. Ordinance 11A-8 permits not more than one rent increase per year and such increases are subject to the notice requirement. The Arbitrator found that the last rent increase prior to this one was in May of 2014 and was a 75% CPI increase pursuant to the Ordinance. Thus, the currently sought rent increase occurred approximately 2 years after the last rent increase, which is well within the provisions of the Ordinance and Rules for Hearing.

The Board finds that the Arbitrator proceeded in the manner required by law and included findings of fact that are supported by substantial evidence in the record; therefore the Arbitrator did not abuse his discretion and the Board affirms Award 4.

Finding for Award No. 5 – Automatically Allowed Rent Increase
Summary of Award: The automatically allowed rent increase based upon 75% of the CPI is granted, here 1.725%, retroactive to July 1, 2016.

The Arbitrator found that Ordinance 11A-5 permits and requires an increase of 75% of the increase in the CPI index. Management's expert St. John testified the CPI was obtained from the Department of Labor data base. The value of 1.725%, the amount per space will vary based upon the rent charged for each space. No contrary expert testimony, calculations, or contrary evidence was proffered by the Homeowners and the Arbitrator determined that St. John's testimony was credible, persuasive and unrebutted. Ordinance Section 11A-8 provides that Management may collect increases as of the effective date of increase specified in the notice, which here was July 1, 2016.

The Board finds that the Arbitrator proceeded in the manner required by law and included findings of fact that are supported by substantial evidence in the record; therefore the Arbitrator did not abuse his discretion and the Board affirms Award 5.

Finding for Award No. 6 – Return on Investment ($29.31)
Summary of Award: A rent increase is granted in the amount of $29.31 per month per space, retroactive to July 1, 2016.

The Arbitrator found that the Ordinance specifically circumscribes those "return on investment" increases that are shown in the document served on the Homeowners at the time of service. County Code Section 11A-5(i)(1)-(4) sets forth an addition to an allowable permanent rent increase above and beyond the automatic increase of 75%. The Arbitrator noted that no specific method of return on investment calculations are required or mentioned in the Ordinance and concludes that the Ordinance's lack of specifically approved or prohibited methods of calculation does not exclude or require a particular such method. The Arbitrator concluded that the evidentiary value of whatever method an expert uses in making his calculations and reaching his opinion is a matter within the Arbitrator's sound discretion based on the testimony and evidence received.

St. John testified at length as to the methodology he used in calculating the return on investment and capital expenditures and other improvement issues that the Ordinance allows to be passed on to the Homeowners where appropriate as required under Section 11A-6 et seq. St. John used the MNOI method (Maintenance Net of Operating Costs) to determine what is substantively an appropriate return on investment calculation. The Homeowners challenged that method as not specifically listed or contained in the Ordinance, but did not present any evidence or testimony to refuse St. John. St. John said MNOI was not mentioned per se in the Ordinance but is a standard method of evaluation and calculation in the profession. St. John recalculated the numbers in the manner requested by the Homeowners and provided that information at the second hearing. However, St. John's recalculations all resulted in higher figures that would justify a larger rent increase ($115.85 and $122.65 instead of $108.62). Management conceded that since they are limited to the amount in Management's notice of rent increase, that they could collect no more than that set forth in the March 31, 2016 notice. Ordinance Section 11A-8 provides that Management may collect increases as of the effective date of increase specified in the notice, which here was July 1, 2016.

The Board finds that the Arbitrator proceeded in the manner required by law and included findings of fact that are supported by substantial evidence in the record; therefore the Arbitrator did not abuse his discretion and the Board affirms Award 6.

Finding for Award No. 7 – Capital Improvements ($23.01)
Summary of Award: A rent increase is granted in the amount of $23.01 per month per space for Capital improvements for Common Area Paving, Common Area Electrical Work and Related Engineering Costs, capitalized at 9% for 15 years, retroactive to July 1, 2016.

The Arbitrator found that the total of $333,790.00 for Common Area Paving, Common Area Electrical Work and Related Engineering Costs was supported by a spreadsheet summary, invoices, plans, and proof of payment. There was no evidence proffered by the Homeowners challenging that amount. The reasonableness of the capitalization rate and time period was testified to by St. John. The Arbitrator found that such capital improvements are required to be amortized and the time period of the amortization must be specified in the notice of rent increase. (11A-6(a)(2)). The Notice complies with this requirement. Ordinance Section 11A-8 provides that Management may collect increases as of the effective date of increase specified in the notice, which here was July 1, 2016.

The Board finds that the Arbitrator proceeded in the manner required by law and included findings of fact that are supported by substantial evidence in the record; therefore the Arbitrator did not abuse his discretion and the Board affirms Award 7.

Finding for Award No. 8 and 9 (Attorney Fees and Costs)
For both of these Awards, the Arbitrator found that doctrines of collateral estoppel and judicial estoppel are applicable here because the previous positions taken by the Homeowners against same Respondent on substantively identical issues. The Arbitrator also found that even without estoppel considerations, case law permits the recoupment of attorney fees and the Ordinance does not specifically prohibit it. The Arbitrator found that substantial legal and administrative costs attributable to the rent review process should be properly included as expenses when calculating the proper rent readjustment.

The Homeowners objected to the award of attorney fees on the basis that this element does not appear in the Ordinance. The Homeowners do not provide any new or separate challenge to the amounts charged by Management or St. John, they only challenge the right to such fees. St. John testified that as an ROI issue, the attorney fees arose from allegedly obstreperous and obstructive litigation conduct of the HOs in the litigation of this and the 2011 case, causing significant capital cost expenditures that need to be recouped. St. John also testified to capitalization of 9% for 7 years. The Arbitrator took judicial notice of the Superior Court decision in the previous litigation between the parties, without objection. Moreover, the right to such fees was acknowledged by the Homeowners' expert (Baar) in the earlier case as an appropriate capital expense that required consideration, capitalization and amortization repayment. That testimony precludes relitigation in this case absent some new expert testimony of changed circumstances or the like. The Homeowners did not provide any new expert testimony.

> ***Detail of Award No. 8: Attorney Fees and Costs ($56.30)***
> *Summary of Award*: A rent increase is granted in the amount of $56.30 per month per space for attorney fees and costs incurred since the last arbitration hearing, capitalized at 9% for 7 years, retroactive to July 1, 2016.
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> Management sought $400,000 capitalized at 9% for 7 years pursuant to the testimony of St. John. The total in the exhibits of costs incurred is actually $408,935.09, but Management is "limited to" the amounts of pre-hearing attorney fees and costs reflected in the March 31, 2016 notice. Ordinance Section 11A-8 provides that Management may collect increases as of the effective date of increase specified in the notice, which here was July 1, 2016.
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> The Board finds that the Arbitrator proceeded in the manner required by law and included findings of fact that are supported by substantial evidence in the record; therefore the Arbitrator did not abuse his discretion and the Board affirms Award 8.
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> ***Detail of Award No. 9: Post-Hearing Attorney Fees and Costs ($12.14; $1.26)***
> *Summary of Award*: A rent increase is granted in the amount of $12.14 per month per space, capitalized at 9% over 7 years, retroactive to July 1, 2016 and a rent increase in the

amount of $1.26 per month per space, beginning at least 90 days after Management properly gives notice of such increase.

The Arbitrator closely reviewed Management's attorney's billing records and the billing records of expert St. John and determined that given the manner in which this case has been litigated by the Homeowners, there was no "padding" or improper billing in either the claimed attorney fees and expenses or expert billings. The portion of attorney fees and costs that were part of Managements estimates included in the Notice of Monthly Rent Increase can be made retroactive to July 1, 2016 per Ordinance Section 11A-8. The balance of attorney fees and costs may be imposed and collected at the same amortization rate, beginning at least 90 days after Management properly gives notice of such increase.

The Board finds that the Arbitrator proceeded in the manner required by law and included findings of fact that are supported by substantial evidence in the record; therefore the Arbitrator did not abuse his discretion and the Board affirms Award 9.