

1 MAYER BROWN LLP
Christopher J. Kelly (SBN 276312)
2 cjkelly@mayerbrown.com
Anne M. Selin (SBN 270634)
3 aselin@mayerbrown.com
Cristina A. Henriquez (SBN 317445)
4 chenriquez@mayerbrown.com
Two Palo Alto Square, Suite 300
5 3000 El Camino Real
Palo Alto, California 94306-2112
6 Telephone: (650) 331-2000
Facsimile: (650) 331-2060

ENDORSED FILED
SAN MATEO COUNTY

MAR 13 2018

Clerk of the Superior Court
By BROOKE N. JIMENEZ
DEPUTY CLERK

7 Attorneys for Applicant IRENE LAUDEMAN
8

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 COUNTY OF SAN MATEO

11 IRENE LAUDEMAN, an individual,

Case No.

18C1V01274

12 Applicant,

AFFIDAVIT OF IRENE LAUDEMAN IN
SUPPORT OF APPLICATION
PURSUANT TO CORPORATIONS
CODE § 601(C) FOR AN ORDER
SUMMARILY DIRECTING THE
GIVING OF THE NOTICE OF A
SPECIAL SHAREHOLDERS'
MEETING

13 v.

14 PALO ALTO PARK MUTUAL WATER
COMPANY, a California corporation,

Date: March 28, 2018
Time: 9:00 a.m.
Dept: _____

15 Respondent.

The Honorable _____

[Filed concurrently with Application,
Affidavit of Shannon Pekary, and [Proposed]
Order]

1 AFFIDAVIT OF IRENE LAUDEMAN

2 I, IRENE LAUDEMAN, declare:

3 1. I am a resident of East Palo Alto, California. Since 2000, I have been the owner of a
4 total of 2.16 shares of common stock of the Palo Alto Park Mutual Water Company (the
5 “Company”), a California corporation. Attached as Exhibit A is a true and correct copy of the
6 Company’s Articles of Incorporation. Attached as Exhibit B is a true and correct copy of the deed
7 to my home in East Palo Alto, which I offer as proof of my shareholder status.

8 2. I submit this affidavit in support of my accompanying Application Pursuant to
9 Corporations Code § 601(c) for an Order Summarily Directing the Giving of the Notice of a
10 Special Shareholders’ Meeting. The matters set forth herein are true and correct and based upon
11 my personal knowledge, unless otherwise stated, and if called and sworn as a witness, I could
12 competently testify about these matters.

13 3. I have been concerned about the management and operations of the Company, which
14 supplies water to my residence and other residences in East Palo Alto, for some time. I and other
15 concerned shareholders have attempted to address these concerns pursuant to the Company’s
16 Bylaws. Specifically, I and other shareholders planned to elect a new board at the Ninety-Third
17 Annual Shareholders’ Meeting, which was held on September 23, 2017. Attached as Exhibit C is
18 a true and correct copy of the newsletter the Company sent to give notice of that meeting.

19 4. All five board seats were to be filled at the Ninety-Third Annual Shareholders’
20 Meeting because the terms of all five directors were ending: three of the directors had been elected
21 at the Ninetieth Shareholders’ meeting, so they had already served their three year terms; and the
22 other two had been appointed to fill vacancies, which Article III of the Bylaws provides “may be
23 filled by the vote of the remaining Directors,” but only “until the next Annual Stockholders’
24 Meeting at which time the shareholders shall elect a Director to fill out the balance of the three-
25 year term.” Attached as Exhibit D is a true and correct copy of the Company’s Bylaws.

26 5. At the Ninety-Third Annual Shareholders’ Meeting held on September 23, 2017,
27 however, the agenda that the Company’s incumbent leadership gave to the shareholders at the
28

1 beginning of the meeting indicated that only two seats would be filled by election. When I and
2 other shareholders asked for clarification and attempted to amend the agenda to elect all five board
3 members, the Company's incumbent leadership insisted that only two seats would be filled that
4 day. They said the meeting could not continue unless we voted to adopt the agenda, and that we
5 could not even vote to amend the agenda unless we adopted it. But the Company's incumbent
6 leadership also said that if we adopted the agenda, we could no longer amend it. Throughout the
7 meeting, I and other shareholders attempted to enforce our right to elect all five board members,
8 but the Company's incumbent leadership ignored our efforts and eventually shut down the meeting
9 without holding any election. No election occurred on that date, nor, to my knowledge, has one
10 occurred since that date.

11 6. When I called the special shareholders' meeting on December 14, 2017, I held
12 proxies from shareholders holding over one-third of the Company's shares. My calculations as to
13 the shares I represented are based on information and belief and on a diligent search of County
14 records. I used the list of addresses within the Company's service area, which the Company
15 recorded with San Mateo County, to identify the Company's shareholders. Attached as **Exhibit E**
16 is a true and correct copy of the address list that the Company recorded with the County. Then,
17 using the same address list, another shareholder calculated each shareholder's shares by allocating
18 one share for every two thousand five hundred square feet of real property owned, pursuant to
19 Article XII of the Bylaws.

20 7. On December 14, 2017, I exercised my proxy power to call a special shareholders'
21 meeting for January 20, 2018 by submitting a written request to the Company. On my behalf,
22 Shannon Pekary, another Company shareholder, hand delivered to the Company that written
23 request, which consisted of three pages: the first two pages, of which true and correct copies are
24 attached hereto as **Exhibit F**; and a third page, which was identical to the bottom of the second
25 page of the request, beginning from the signature lines, except that the third page was signed by
26 another proxyholder instead of me. I did not keep a copy of that third page, and I do not have
27 access to that third page. In addition, Mr. Pekary also delivered copies of proxies for 673.38
28


1 shares, approximately forty-three percent (43%) of the total 1536 Company shares, that I
2 represented when I acted to call that meeting. Attached as Exhibit G are true and correct copies of
3 the proxies submitted to the Company that day.

4 8. As of the date of this affidavit, I have not received any notice or any response related
5 to the meeting that I, on behalf of the shareholders, called for January 20, 2018.

6 I declare under penalty of perjury that the foregoing is true and correct.

7 Executed on March 7, 2018 at Palo Alto, California.

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28


Irene Laudeman, Shareholder of Record of the
Palo Alto Park Mutual Water Company and
Proxyholder of Palo Alto Mutual Water Company
Shares

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

CALIFORNIA JURAT WITH AFFIANT STATEMENT
Government Code § 8202

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
:)
County of Santa Clara)

Subscribed and sworn to (or affirmed) before me on this 7th day of March, 2018, IRENE LAUDEMAM proved to me on the basis of satisfactory evidence to be the person who appeared before me.

WITNESS my hand and official seal.

Signature *Michele Quinnette* (Seal)

