

United Board Members Provide Answers

by **Marian Dailey**

The following United Laguna Hills Mutual (“United”) Board members attended the June 3, 2010 meeting of Friends of the Village (“FOV”) and responded to questions that were assigned to them prior to the meeting. Additional questions were then taken from the floor.

Gail McNulty, President
Marty Rubin, First Vice President
Arlene Miller, Second Vice President
Paul Vogel, Treasurer
Harold Allen, Director
Cynthia Chyba, Director
Ronald Beldner, Director
Barbara Copley, Director
Heather Gerson, Director
Libby Marks, Director

Program Chair Barbara Marsh introduced previous Golden Rain Foundation (“GRF”) Director Ruth May, moderator for the evening, noting that she has lived in Laguna Woods Village (“Village”) for 13 years, is active in several organizations and was recently named Honoree of the Month by the Historical Society.

Prepared questions were asked and answered as follows.

Q: What are the Board’s objectives and goals and how do they fit into the community?

A: **President Gail McNulty** responded with a review of the Board’s stated vision, its mission and its values. The vision is to provide a community where members are well informed, live in a variety of attractively priced and well-maintained residences and enjoy a choice of lifestyle and cultural opportunities based on a foundation of trust. The mission is to serve and preserve the community in a cost-effective manner in order to maximize equity; and the values that guide all day-to-day decisions and behaviors include flexibility, integrity, ethics, quality and responsibility.

Q: What is the Board’s responsibility to the community?

A: **Director Libby Marks** explained that the Board has three basic responsibilities: fiduciary duties, transparency and fairness:

- A fiduciary is an entity holding assets for another party, often with the legal authority and duty to make decisions regarding financial matters on behalf of the other party. The Board is responsible for the maintenance of United’s property so that the community receives the best value for the assessments paid.
- Transparency includes providing the open communication that is essential in order for the community to understand the decisions made by the Board that will affect the entire community.
- Fairness means that everyone in the community must be treated fairly and equally. The Board has a committee that meets the fourth Monday of every month at 1:00 p.m. in the Birch Room for the purpose of meeting with members of the community who think they have been treated unfairly. PCM staff and the Board members do their best to help those people.

Q: Has the Board started long-range planning and, if it has, can you tell us about it?

A: According to **Treasurer Paul Vogel**, United does not yet have a formal long-range planning committee. However, most of the things the Board is currently doing with regard to planning, objectives, and controls include long-range planning. United, Third Mutual and GRF are trying to put together a committee that will include some Board members and many volunteers in order to identify specific issues and prioritize them.

Q: What is the Board’s role in relating to our management company? What procedures are used in evaluating the performance of the management company?

A: **First Vice President Marty Rubin** stated that the Board is in charge of the relationship with the management company, i.e., the Board pays the management company to do its bidding and the Board

does the bidding of the community. The Board sets the policies, procedures and levels of service and holds the management company responsible for the outcomes. According to Rubin, the Board has a very good relationship with the management company and experiences no resistance to its expectation of a high level of service. He also explained that supervision in the past has been done primarily through committees but that during the last two years the Board has been collecting data that will enable it to direct the management company very specifically. A point-of-service evaluation form that will provide feedback from residents regarding service received will be initiated soon. In short, the Board is building new technology to enable it to provide real oversight about the management company's performance.

Q: What is being done to control how many unauthorized people are living here? Do we have any legal guidelines on the unauthorized people who live here? How can we cut down the abuse of these rules?

A: This is one of the most difficult problems we have, according to **Director Barbara Copley**. There is no way to track these people unless they are reported by residents. PCM has a department that deals with this, and there is a whole process in place that sometimes reaches the point where legal assistance is needed. Copley noted that there seem to be more unauthorized people moving in with family members due to the economy. There is a process in place for caretakers, who can be registered, and then PCM should be notified if that situation changes, but that doesn't always happen. The Bylaws are being rewritten and some of the language will be tightened up so there is more control over this problem. Meanwhile, enforcement relies on reports from residents.

Q: What are the pros and cons of doing away with the six-month leasing?

A: **First Vice President Marty Rubin** reported that the Finance Committee received a report about the relevant legal issues this past week. The legal opinion seems to be that the Board has the freedom to make changes, which could be from one extreme to the other. One extreme would be to do away with any leasing at all, which is highly unlikely; the other extreme would be to go to unrestricted leasing, and that doesn't seem like a good option either. The Finance Committee has heard a lot of reasons, both pro and con. In July, there will be a public meeting where everyone who is interested can express their opinions, and then the Board will make its decision. Rubin commented that whatever the decision, someone will be unhappy, the decision would probably be somewhere in the middle and the Board will attempt to do the best job it can.

Q: Are there any plans to improve all the lighting in the United area?

A: According to **Director Ron Beldner**, United has 6,323 manors, 1,124 buildings, 5,432 carport stalls, 177 laundry rooms and several miles of walkways – all with lighting. Seven months ago, United started a proactive program whereby residents and staff can report a specific area that needs additional lighting, and then three lights are installed every month in chosen areas. A lighting consultant has also been hired to review and report on the lighting in all areas. When the report is received, residents will be advised of its contents.

Q: What is being done to reduce turf in our community and why is this necessary?

A: California is in a constant state of drought, and last year the El Toro Water District implemented water restrictions. Failure to comply carries hefty monetary penalties, which have been experienced in the community. **Director Heather Gerson** described plans that are underway to reduce turf by creating park-like settings that include benches, drought-friendly plants, modular paving, gravel, etc. She stated that the Landscape Committee is thinking "outside the box" in order to respond to the needs of the Water District while improving the landscaping and providing areas that the residents can enjoy.

Q: What is the status of permitting the enclosures of atriums? (*In answer to Ron Beldner's question, both atria and atriums are correct plurals of atrium.*)

A: **Director Ron Beldner** reported that, after 45 years of being able to enclose either atriums or patios, the City of Laguna Woods has imposed new restrictions regarding egress. These new requirements will affect the use of patios and some bedrooms as sleeping rooms. Although PCM's Permit Department has always advised residents to have appropriate exits to the outside, there are almost 3,800 units that may not meet the new requirements. Residents can take pictures to the Permit Department to learn if existing enclosures are acceptable. At this time, the City is only requiring the new standards for

new enclosures; they have not decided to require changes to existing enclosures. The Board is watching this situation very closely.

Q: We understand the laundry rooms need to be cleaned up and also that non-residents are continually using them. Are there any plans to take care of this problem?

A: According to **Director Harold Allen**, new standards for the maintenance of the laundry rooms are being developed. He and Director Beldner have walked through all 100 laundry rooms in United and have also taken staff through some of them. Once the new standards have been developed and implemented, Board members will walk through again to evaluate compliance. New standards are also being developed for the equipment. Some of the machines are over 16 years old, and they are "tuckered." Progress has been delayed a little because of budget meetings, but the process is ongoing. Washers will be replaced, as needed, with high-efficiency machines that use less water and less soap. They also spin the clothes twice as dry so drying will use less electricity. Regarding use by non-residents, many abuses have been reported and stopped. Live-in caregivers are permitted to use the laundry facilities for their personal laundry, but in some cases, people who have no business in the community have come in and used the laundry rooms for commercial purposes. Residents are urged to call Security immediately if they see unauthorized use of the laundry rooms.

Q: Many people have two cars and are parking them in the unassigned parking places in the visitor area or on the street where it makes it difficult for emergency vehicles to get through. Is there anything that is being talked about to solve this problem?

A: **Director Harold Allen** replied that there is no easy answer to this but that there are some things we can do as individuals. He suggested calling Security if cars are parked too far from the curb or if they are left in a space too long and also thinks discussing the problem with neighbors would help. He pointed out that guests can park in clubhouse parking lots for seven days if the cars aren't going to be used and that the RV lot has twelve spaces available that can be used for trucks attached to trailers for about \$160 a year. Vehicles parked in the Village have to be properly licensed and in workable condition, and violations should be reported to Security. Allen reiterated that neighbors communicating and working together can make a big difference.

Q: Could we set up educational meetings with the realtors to help them explain more carefully the rules and regulations of the co-ops so that leasing and maintenance insurance are better understood by new residents?

A: **Director Cynthia Chyba** advised that a plan is underway to set up a meeting within the next two weeks that will include PCM staff, brokers and Board members. She also urged members to run for a Board position stating that it is a wonderful way to make new friends and help your neighbors.

Q: What is the impact of the San Sebastian building on our community? Will they have access to our facilities?

A: **Second Vice President Arlene Miller** believes that the only major impact is visual; some people feel that it "looms over us." Residents will have no access to the amenities in our community.

Q: What about the idea of turning the co-ops into condos?

A: It would be a major undertaking that would take three to five years to complete, and **Director Ron Beldner** listed the many expenses involved. He pointed out that it would cost about \$20,000 just to put the idea to a vote and that it would be extremely difficult to get a two-thirds affirmative vote since most elections only draw about half the members. He also described the benefits of remaining a co-op.

At the conclusion of the prepared program, the following questions were taken from the floor:

Q: How many buildings will be painted and fumigated this year and what is the budget for this service?

A: According to **Director Ron Beldner**, the schedule can be found at www.lagunawoodsvillage.com. In 2010, 123 buildings, 412 carports and 21 laundry rooms will be painted with a total budget of \$1.9 million. Before painting can start, inspectors have to look for dry rot, termites, etc., and any conditions they find have to be corrected; an additional \$512,000 is budgeted for this work. The budget to fumigate

42 buildings this year is \$195,000. Residents receive about six weeks notice of fumigation and the Mutual pays for two nights at the Ayres hotel.

Q: What rules are there about storage in carports other than in the original cabinets?

A: **President Gail McNulty** advised that the Board will approve the use of two Rubbermaid containers when it meets on Tuesday.

Q: Would manor values go down if we allowed more renting?

A: According to **Second Vice President Arlene Miller**, if United went to something beyond six-month leases, the market would be flooded, which would undoubtedly lower rents. **President Gail McNulty** pointed out that there are currently 80 units available for lease in Third, so there is no lack of rental units in the Village.

Q: What can be done about contractors and others putting illegal material in our dumpsters?

A: **President Gail McNulty** recommended calling Security when this kind of activity is observed.

Q: Why can't we have a forensic audit of the United and GRF Boards?

A: As explained by **Treasurer Paul Vogel**, a forensic audit is an audit of every transaction that happens in a given year. The Finance Committee has discussed the idea of a forensic audit of specific areas.

Q: What progress have you made in evening out the unfair situation for the single payer?

A: As explained by **First Vice President Marty Rubin**, when each owner became a member of the co-op, a share of stock was purchased and there was no differentiation based on how many people would be living in a manor. The Board must treat each shareholder the same way and to differentiate is not possible based on its fiduciary responsibility.

Q: How about solar panels to reduce our electric bills and artificial grass to cut maintenance and watering costs?

A: According to **Director Ron Belding**, United experimented with solar panels on laundry rooms several years ago. It was a failure because of the continual maintenance required. Every day that dust settles on the panels, energy is lost. Solar panels are very expensive and right now, there is no tax advantage to the community, so the return doesn't justify the cost. **President Gail McNulty** added that staff continually looks at the possibility of solar power as well as other alternative sources, so when it becomes fiscally advantageous, United will do it.

Q: Is there presently a cap on the number of manors that can be rented; and, if so, will that cap remain in place?

A: According to **Treasurer Paul Vogel** the lender imposes a 30 percent cap, but United is nowhere near that. He also clarified that United members hold shareholder's loans, not mortgages.

Q: A nasty neighbor has two old doors and two old cans of paint stored outside his manor and refuses to remove them. Who can take care of this?

A: **First Vice President Marty Rubin** advised the member to call the PCM Service Desk at 597-4600.

Q: What should we do about neighbors who use water to wash sidewalks, etc. And what about recycling?

A: **Director Heather Gerson** advised calling the El Toro Water District who will send a representative out to educate the person using the water improperly. Your name will not be used, and enforcement of the water restrictions are only as good as the information the District has. Don't be afraid to report abuses – everyone is paying for them. Regarding recycling bins, United is seriously considering following Third's lead by removing one of the black newspaper bins, on a trial basis, from each location that has two or three. This will reduce pick-up costs as we are charged for each black newspaper bin even if it is only half full. Hopefully, this will make room for more blue bins, which are always full of recyclables.

Q: Do renters have to be a certain age; and, if so, how do you monitor that?

A: One renter in each manor has to be over 55 years old according to **First Vice President Marty Rubin**. The Mutual owns the manor and will continue to maintain it when it is rented; however, the owner is responsible for any negligence on the part of renters. Owners of rented manors also must relinquish their membership cards and the right to all privileges.

Q: What is the difference between leasing and renting?

A: There is no difference, for all intents and purposes. There was some discussion about members renting out a room within their manor, but no conclusion was reached. **President Gail McNulty** volunteered to research this question and report the answer. *(At the following Board meeting, President McNulty advised that residents are not permitted to rent out rooms in United manors.)*

Q: There was a rumor circulating that PCM has been sold. Can more be done to quell rumors?

A: **First Vice President Marty Rubin** stated that no one on the Board was aware of such a sale, nor did they know of anything on the horizon.

At the conclusion of the question and answer period, **Director Ron Beldner** offered all attendees a little notebook to be carried in pocket or purse and used to record any issues that should be reported to PCM.