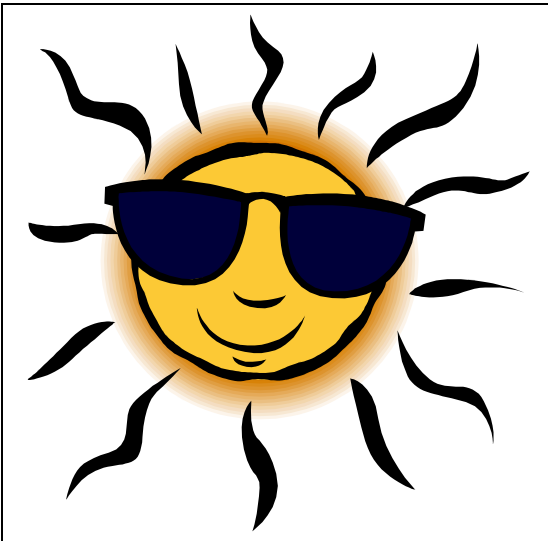


Friends of the Village Newsletter

Volume 2, Issue 6

 Laguna Woods Village

June/July 2010



HAVE A WONDERFUL SUMMER!

**FRIENDS OF THE VILLAGE WILL NOT MEET
IN JULY OR AUGUST**

**PUT SEPTEMBER 2 ON YOUR CALENDAR FOR
THE NEXT MEETING WHEN WE WILL
“MEET THE CANDIDATES”
FOR THE UNITED AND THIRD BOARDS**

Lawsuit Discussed at June 15 Third Mutual Board Meeting

by Lynn Hamm

Regarding the lawsuit that was filed against professional community management (PCM) on June 10, 2010, 14 residents commented as follows: Three spoke against the suit, one of whom was a United resident; eleven spoke in support of the suit, five of whom were United residents.

Those in opposition pointed out:

- Legal costs could be very high; future mortgages can be affected during the lawsuit; odds of winning are iffy; the suit could take years; PCM could walk away and the Third Mutual Board may not be up to outsourcing all services; discovery could cost \$1 million dollars; the Incentive Plan was perfectly in place; management has the right to decide how to compensate employees; we need to move forward, not dig into the past

Those in support of the suit stated:

- Thank you Third Directors for your courage, integrity and research - it's long overdue; why so small an amount? - \$1 million for a lawsuit is nothing compared to \$5.4 million issued as incentive

payments; it isn't true that Directors knew about the incentive plan; PCM would not provide information when a past United Director requested details; they want all other Mutuals to join the suit; residents trust PCM too much; one member said she trusted the Board.

Directors then addressed the residents' concerns:

- Director Paulus stated that the investigation of the incentive plan started three years ago.
- Director Freshley stated that directors have the duty of inquiry and the duty of loyalty, which means their closed door discussions need to stay behind closed doors. When she became a Director, Freshley recognized that there were issues that needed to be investigated, resulting in higher legal fees.
- Director Straziuso stated this lawsuit was prepared last year and was not submitted for a second opinion; thus it has the potential to be a very expensive lawsuit. He asked if residents understood that the lawsuit has accused PCM of criminal acts and whether they want a suit against past Board members. He also asked if residents understood what could happen to their property values and HOA fees.

- Director Hatch stated the Board of Directors has a fiduciary duty to investigate allegations concerning the incentive plan. He went on to state that our country was founded on the Rule of Law. Third will win, lose or settle; and, if the suit goes before a jury, "we are talking big bucks". He explained that Third's cost relative to the incentive plan was \$424,233.00 (for the years 2000 through 2006). He thinks Third residents have a right to know: What are the chances of winning? What's the suit going to cost? How long will it take? He also stated that he is troubled that the community knows how the Board voted and that this information was disseminated to the whole community by a certain group. He asked, "Why not just hold open meetings which all members could attend?"
- Director Lippert stated all issues have pros and cons and they need to clean the books and move forward.

At this point, Director Straziuso resigned from the Board, due to the direction it was taking.

This concludes an overview of the Third Mutual Board's open meeting discussions regarding the lawsuit on June 15, 2010.

Facts on Third Mutual's Lawsuit Against PCM

by Mary Robertson

The following is information about the lawsuit Third Mutual has filed against PCM and issues on costs and effect on selling manors that have been raised on the matter.

Lawsuit Charges

On June 10, the Third Mutual Board filed suit against PCM, Milt Johns (previous Village General Manager) and Janet Price (current Finance/HR Director) over the incentive plan offered to PCM employees. They filed five charges: Breach of Contract, Breach of Fiduciary Duty, Fraud by Concealment, Violation of Business & Professions Code §17200, Elder Abuse, and Negligence.

The Incentive Plan

The incentive plan ran from 1996 through 2007. A total of \$5.4 million was issued in incentive plan payments to employees based on "first year savings" of \$18 million over this period of time. The amount of the incentive payments was paid based on first year savings only from the innovations that saved Village funds; many of the improvements provided continuing yearly savings to the Village so over the 12 year period, the savings are considerably higher than the \$18 million.

The amount Third is suing for is \$424,233 which is the amount of incentive plan payments made by Third from 2000 through 2006 (equates to 83¢ per manor per month for the seven years involved).

The total amount for the incentive plan for the Village between 2000 and 2006 is \$2,973,594 or \$2.78 per manor per month. This amount includes payments from United, Third and GRF, coming out of their approved compensation budgets for PCM. Third's lawsuit is only suing for return of the amount paid from Third's budget (\$424,233). PCM states that the \$2,973,594 was distributed as part of an overall compensation program and the distribution to PCM staff was based on the savings to the Village of \$9,911,981 due to actions taken by those staff members.

There are past Directors who have said they did not know about the incentive plan and ones who have said they did know about the incentive plan.

Third Approves Incentive Plan

For the last year of the incentive plan, 2007, the Third Mutual Board had approved up to \$120,000 per year (\$1.64 per manor per month) for its part of the incentive plan (as always, subject to there being remaining funds from the compensation budget approved by the Board). This maximum amount is "inclusive of any allocation by GRF from a similar award." This was written into the management agreement between Third and PCM that was signed in February of 2007.

Effect on Sales

In response to concerns raised over the effect of the lawsuit on selling manors, I spoke to a mortgage broker who does business in Third. He stated he is concerned over whether or not the lawsuit will result in banks denying mortgage requests. Fannie Mae requires information on any litigation; banks sell their loans to Fannie Mae.

When he asked a major bank (which currently approves mortgages in Third) if this lawsuit would affect Fannie Mae agreeing to take over the loan, the bank had concerns over it. Fannie Mae accepts the typical slip and fall covered by insurance lawsuits but this does not fit that mold. Until the bank can advise him that Fannie Mae will accept mortgages with this lawsuit, the broker has informed his agents that they must advise potential buyers that this lawsuit could affect their getting a mortgage.

Costs

The cost of the lawsuit is unknown. Legal sources advise if it goes to trial, legal fees would be \$100,000 at a minimum. Third is asking for reimbursement of its legal fees if they win the suit.

Under the management agreement, Third Mutual must defend, indemnify and hold PCM and its officers and employees harmless against any lawsuit arising from PCM's performance of the management agreement (including paying attorneys' fees). However, the "Mutual shall not be liable to [PCM] for reimbursement for actions involving willful misconduct or gross negligence."

United Mutual's Response to Third's Action

The United Mutual Board issued a statement on Friday, June 25, 2010, stating they are retaining an independent auditor and independent legal counsel to assist United in performing a thorough and independent due diligence investigation of the matter [raised by Third's lawsuit] to determine the appropriate actions to protect the best interests of the members of United.

United further stated, "We will properly investigate this matter and make well reasoned decisions once we know all the facts, review the documents, and consider the reports and recommendations of the independent experts."

Additional Information on FOV Website

I hope this has helped clarify some of the issues that have come up as result of the filing of this lawsuit. Third and United's full statements are on the FOV website, www.friendsofthevillage.com, as well as PCM's response to Third's filing of the lawsuit. The website also contains additional details about the Village's incentive plan.

GRF to Propose New Room Rental Fees at July 6 Meeting

by Mary Robertson

The GRF Community Activities Committee met with club members and other interested residents on June 17 to reevaluate the recommended schedule for room rental fee changes for 2011. This was in response to club presidents objecting to the suggested fee changes presented at the GRF Board meeting in June.

As a result, a change was made in the cost of renting the main lounges and large dining rooms and the Clubhouse #3 auditorium, increasing the discount rate from 80 percent to 85 percent. Other room rentals remained as originally proposed at an 80 percent discount.

A major change to current policy is to combine clubs, resident private parties and religious groups into one category instead of the three separate fee rates under the current plan. No change was made in the room rental cost for outside organizations/groups which ranges from \$210-\$825.

Room rentals will now be on an hourly basis, with a minimum rental of two hours. Rooms were divided between small conference rooms, multi-purpose rooms, small dining rooms and main lounge/large dining rooms.

The new price range for renting rooms by clubs/private resident parties/religious groups are:

Community Center Rooms & Conference Rooms	\$2-\$8 first 2hrs; \$1-\$3 per hour thereafter
Small Dining Rooms	\$7-\$13 first 2 hours; \$2-\$4 per hour thereafter
Multi-Purpose Rooms	\$7-\$16 first 2 hours; \$2-\$4 per hour thereafter
Main Lounges & Large Dining Rooms	\$8-\$43 first 2hours; \$2-\$11 per hour thereafter
Auditorium: Rehearsal Room	\$8 first 2 hours; \$2 per hour thereafter
Auditorium	\$30 first 2 hours; \$15 per hour thereafter
Performance Package	\$36 first 2 hours; \$18 per hour thereafter
Ticketed Event	Flat daily rate \$345

Lastly, patios will no longer be rented separately. Persons renting the main lounge/large dining room may use the patio connected to it at no extra cost.

Those wishing to give input to the proposed new rental fees should attend the July 6 GRF Board Meeting at 9:30 a.m. in the Community Center Board Room. Residents may also send in written comments during the 30-day notice period following the meeting.

Have You Renewed Your Membership?

Our first club year ended May 31, and membership renewals are now due.

Dues are \$15 per year single and \$20 per year double.

Please send your check to Myra Norman, 3312 San Amadeo, Unit #C and mark it: "FOV Membership Renewal."

A form for new members may be found on the last page of this newsletter and at www.friendsofthevillage.com.



Left to right, FOV members Pat Feeney, Lynn Dvorak and Isabel Muennichow proudly display new FOV Tee Shirts.

To order one of your very own, contact Lynn Hamm at 949-206-0322 or send a check

for \$10 to Lynn at 747-C Avenida Majorca.



UNITED LAGUNA HILLS MUTUAL BOARD MEMBERS, LEFT TO RIGHT: DIRECTORS HEATHER GERSON, RON BELDNER, ARLENE MILLER, TREASURER PAUL VOGEL, FIRST VICE PRESIDENT MARTY RUBIN, PRESIDENT GAIL McNULTY, DIRECTORS CYNTHIA CHYBA, LIBBY MARKS, BARBARA COPLEY, AND DIRECTOR HAROLD ALLEN
 Photo by Ted Miller

United Board Members Provide Answers

by Marian Dailey

Members of the United Laguna Hills Mutual (“United”) 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.

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.

Due to space restrictions, following is a brief summary of the issues addressed; a complete transcript can be found at www.friendsofthevillage.com. Readers are urged to review the entire transcript as many important issues were discussed and clarified by the Board members.

- When asked to define the Board’s objectives and goals and explain how they fit into the community, **President Gail McNulty** responded with a review of the Board’s stated vision, its mission and its values. She also advised that, at its next meeting, the Board would approve the use of two Rubbermaid containers for storage in carports in addition to the original cabinets. When contractors or others are observed putting illegal material in dumpsters, McNulty advised residents to call Security. It was determined that there is no difference, for all intents and purposes, between renting and leasing. There was, however, some discussion about members renting out a room within their manor, and McNulty volunteered to research this question and report the answer.
- **First Vice President Marty Rubin** reported that the Finance Committee has recently received a report about the legal issues relevant to doing away with six-month leasing. In July, there will be a public meeting where members can express their opinions, and then the Board will make its decision.

Rubin stated that the Board is in charge of the relationship with the management company and explained that it has been collecting data that will enable it to direct the management company very specifically in the future. This will include a point-of-service evaluation form providing feedback from residents that will be initiated soon.

Rubin also explained that each owner in United owns a share of stock and there is no difference in charges based on how many people occupy a manor. To differentiate is not possible based on the Board’s fiduciary responsibility.

Members may report manors with visible clutter by calling the PCM Service Desk at 597-4600. With regard to age requirements, one renter in each manor has to be over 55 years old, and unauthorized residents should also be reported to PCM.

- **Second Vice President Arlene Miller** stated that the only major impact of the San Sebastian building on our community is visual and that the residents will have no access to the amenities in our community. When asked about

the lowering of manor values if more renting was allowed, Miller stated that the market would be flooded, and President Gail McNulty pointed out that there is no lack of rental units in the Village at the current time.

- According to **Treasurer Paul Vogel**, United does not yet have a formal long-range planning committee. 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. In addition, the idea of a forensic audit of specific areas is being discussed by the Finance Committee. Vogel also clarified that United members hold shareholder's loans, not mortgages and that United is nowhere near the 30 percent cap on leasing that is imposed by the lender.
- According to **Director Harold Allen**, new standards are being developed for the maintenance of the laundry rooms as well as for the equipment. Once the new standards have been developed and implemented, Board members will walk through all 100 laundry rooms to evaluate compliance. When reported, abuse of the laundry facilities by non-residents has been stopped; residents are urged to call Security immediately if they observe unauthorized use. Allen also suggested calling Security when parking problems are observed, including vehicles that are not properly licensed or in workable condition.
- **Director Ron Beldner** explained that 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 been hired to review and report on the lighting in all areas, and when the report is received, residents will be advised of its contents.

Beldner also reported that the City of Laguna Woods has imposed new egress restrictions on enclosed atriums that will affect the use of patios and some bedrooms as sleeping rooms. Residents can take pictures to the City's Permit Department to learn if existing enclosures are acceptable; however, the City does not require changes to existing enclosures at this time.

Beldner stated that turning co-ops into condos would be a major undertaking that would take three to five years to complete, and he listed the many expenses involved. He also pointed out that it would be extremely difficult to get a two-thirds affirmative vote since most elections only draw about half the members.

With regard to painting and fumigating of buildings, Beldner directed members to www.lagunawoodsvillage.com, where the schedule is posted.

United experimented with solar panels on laundry rooms several years ago; but, according to Beldner, it was a failure because of the continual maintenance required. 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.

- **Director Cynthia Chyba** advised that a plan is underway to set up educational meetings with realtors to help them explain the rules and regulations of the co-ops to prospective residents more carefully.
- Unauthorized people living in the Village 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.
- **Director Heather Gerson** described plans that are underway to reduce turf by creating park-like settings in order to respond to the needs of the Water District while improving the landscaping and providing areas that the residents can enjoy. When water is being used to wash sidewalks, etc., Gerson advised calling the El Toro Water District.

With regard to 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 the Mutual is charged for each black newspaper bin even if it is only half full.

- **Director Libby Marks** explained the three basic responsibilities of the Board: fiduciary duties, transparency and fairness and described each responsibility.

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.

BRAVO! - Bill Farinacci

by Mary Robertson

When the armchairs in Clubhouse 1 were looking worn out and in need of refinishing or replacement, resident Bill Farinacci donated his time and talents to refurbish them. Thank you Bill for your generosity!



Barbara Marsh Retires as Program Chairman

FOV President Lynn Hamm announced that Barbara Marsh has retired from her position as Program Chairman, thanked her for her service and presented her with an engraved vase. Hamm then invited everyone to enjoy the club's First Birthday cake and view Marsh's vase that was filled with flowers and served as a centerpiece for the table.

Notes from the President

by Lynn Hamm

On Thursday, June 3rd, we held our last meeting till we meet again in September. The United Mutual Board appeared and shared a lot of valuable information throughout their presentations and as they answered numerous questions from the United residents. We also celebrated our First Anniversary. We really appreciated so many people coming out to help us celebrate our first year.

As this First Anniversary approached, I reviewed the history of FOV, and was reminded that there was a core group of directors and ex-directors who recognized the need for a club that would promote Laguna Woods Village. One of their goals was to insure that correct information would be disseminated in order to maintain a positive atmosphere both inside and outside our community. OUR NEWSLETTER IS A REFLECTION OF THEIR GOAL. That core group was: Cynthia Connors, Kathryn Freshley, Bob Hatch, Noel Hatch, Barbara Marsh, Isabel Muennichow, Mary Robertson, Larry Souza and Denise Welch. They are to be commended for their dedication to our beautiful Village.

Our celebration this June got me thinking about the first FOV meeting held on May 12, 2009. My Mother and I were excited to attend this meeting because we were anxious to meet more people who loved the Village as we did. Actually, it was puzzling to us that all we seemed to read in the Globe and OC Register were complaints, while we were so glad that we had taken our leap of faith in buying into this community.

Noel Hatch was the moderator of the first meeting, and this was the first time I was exposed to his charm. During Noel's presentation, he showed a very interesting PowerPoint presentation of pictures taken back in the 1960's when the Village was first open to residents. Sheep were grazing outside our walls where CVS now stands! At one point, Noel mentioned that his wife noticed that all the residents in these pictures were smiling, and indeed they were. Mrs. Hatch's comment has stayed with me. My hope for the Village is that we can come to a place where all of our residents get back to that feeling of joy in living in our beautiful Village.



Clutter Village

By Jan Marshall

www.authorhumoristjanmarshall.com

What do ribbons, yo yo's and dental floss have in common? They are all knotted together in the same drawer in a dwelling known as Fibber and McGee Manor near Gate 1.

While I have a place for everything, I do not really know where that place is. I long for a day when every item in the universe has its own beeper that I can click on to make it appear in the room that I am in.

When I do find something that looks familiar, I am clueless as to what it is for. On the coldest day of winter, when the heater key is gone, I remember that item but not where I put it. But I am sure it is safe. And I have a blanket I wear backwards so I do keep warm.

I truly love order. I crave it. But while everyone talks about the lighting situation here or the sound system in the auditorium, nobody mentions the alien devils that come through the gates in the dark of night, sneak in and throw newspapers and assorted documents around my place. Where is Security then?

A recent magazine survey asked women how they felt about housework. The majority said *Bleckkk!* The others were too weak from laughter to respond. It is like asking a turkey how he feels about Thanksgiving. Straightening up is like putting beads on a string without a knot at the end. It is an endless job. So in order to get through maintaining my mansion, I developed timeless stress-relieving techniques. I suggested these to Martha Stewart as well so she can *finally* take a *bathroom break*.

- Dusty tables are great for writing \$%& words on. When you hear guests approach, simply shake your booty or feather duster to delete the offensive language. Both you and your guests will be relieved and you will be exercising as well as polishing furniture.
- By the way, here is my favorite secret: If you neglect to polish silver for eight years it begins to look like pewter. Pewter is very nice.
- To those judgmental folks, my kindhearted explanation: Papers piled high, documents hither and yon, scattered clothing and topless jars are being sorted to send to the poor people who have lost everything playing Rummycube. What can I do? It is just my nature. Please address thank you notes to Saint Jan.

Oh, may I suggest the next time you visit me; forget the hostess gift; instead, please bring me a pair of thigh-high boots. It's just a silly health department thing. But really...bring them!

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Nooks & Crannies

by Norm Salzberg



The Historical Society of Laguna Woods was formed in 1978 with the purpose of collecting and preserving records, books, news items, photos, films, and other memorabilia pertaining to the history of Laguna Woods Village. In March 1998 the Society moved into its own building, next door to the Library, just off the Clubhouse 1 parking lot.

A copy of the first issue of the Leisure World News (predecessor to the Laguna Woods Globe) issued in 1965 reporting the sale of the 3,000th

manor can be found here. This facility is open to the public weekdays from 10:00 AM to 2:00 PM. Volunteers organize and keep the archives up to date.



In the Society's building a large diorama of Laguna Woods displays streets, clubhouses, manors, golf courses and shopping centers in detail. On the walls are many photos and displays relating to the building of our Village.



Call for help in the Desert



by
David
Bialobroda

Also in the building are several statues donated by the Village's award winning sculptor David Bialobroda.

The Historical Society honors a dedicated resident of Laguna Woods on the first Wednesday of each month with a ceremony in Clubhouse 6. Honorees are nominated for this award based on their

contributions which improve the quality of life in Laguna Woods over a minimum of five years. Many honorees have received this recognition as a result of their volunteer service to organizations or their service on governance boards and committees.

Although the Historical Society does not yet have a website, they publish a bi-monthly newsletter, "The Historian," which features articles from the past. The most recent issue covers the El Toro Water District from its founding in 1960 to 2010.

To help the Historical Society preserve the history of Laguna Woods you can become a member or donate to this non-profit organization. Photos supplied by the Historic Society of Laguna Woods.

The Foundation of Laguna Woods Village

by Pat Wilkinson

What it does for the Village Residents

The Foundation helps residents, in times of need, to pay for utility bills or prescriptions or dental bills or for a caregiver as well as for other kinds of assistance. For example, an 82 year old widow recently had arm and shoulder surgery. She couldn't raise herself out of a chair, and her HMO would not cover the cost of a lift chair. She lives on less than \$900 a month. The Foundation paid for a lift chair rental for three months while the woman recovered.

The Foundation office is located at the Laguna Woods Village Community Center at 24351 El Toro Road, Laguna Woods, CA 92637. You may send donations to P.O. BOX 3279, Laguna Woods Village, CA 92654-3279. For information, please call 587-9064. Donor envelopes are available on the wall by the front desk in the Community Center.

FOV Seeks Your Input

What would you like to know about Laguna Woods Village?

- Ask the experts by emailing your questions to lvvfriends@gmail.com. FOV members will find the experts, get the answers and publish them in the newsletter.
- Send ideas for articles in future editions of the FOV newsletter to maryrobertson@comline.com.
- To receive your FOV newsletter by e-mail, please contact: maryrobertson@comline.com.
- Send ideas for items of interest to be included in the FOV website to pjwcrafter@comline.com.
- **BRAVO!** To acknowledge special kindnesses by a resident that have made someone happy, submit information to lvvfriends@gmail.com.

Friends of the Village Membership

Name _____

2nd Name _____

Address _____

Telephone _____

E-mail _____

\$15.00 Single \$20.00 Double

I would be willing to work on these committees:

- | | | |
|--|--|--|
| <input type="checkbox"/> Programs | <input type="checkbox"/> Newsletters | <input type="checkbox"/> Attend Board Meetings |
| <input type="checkbox"/> Publicity | <input type="checkbox"/> Fund Raising | <input type="checkbox"/> Refreshments |
| <input type="checkbox"/> Telephone | <input type="checkbox"/> Greeters | <input type="checkbox"/> Membership |
| <input type="checkbox"/> Delivering Flyers | <input type="checkbox"/> Set Up and Clean Up | |

Mail your membership dues to: Myra Norman, 3312 San Amadeo, Unit #C

Friends of the Village Newsletter

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