

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF GOLDEN RAIN FOUNDATION OF LAGUNA WOODS
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

July 2, 2013

The Regular Meeting of the Golden Rain Foundation of Laguna Woods Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, July 2, 2013, at 9:30 A.M., at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Lynne Dvorak, Patrick Murphy, Marv Rosenhaft, Ray Gros, Pat Feeney, Ruth May, Maxine McIntosh, Ken Hammer, Linda Wilson, Heather Gerson, Larry Souza

Directors Absent: None

Others Present: Jerry Storage, Patty Kurzet
Executive Session: Jerry Storage, Cris Robinson, Patty Kurzet, Luis Rosas, Bob Mulvihill

CALL TO ORDER

President Lynne Dvorak served as Chair of the meeting and stated that it was a regular meeting held pursuant to notice duly given and that a quorum was present. The meeting was called to order at 9:30 A.M.

PLEDGE OF ALLEGIANCE TO THE FLAG

President Dvorak led the membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

A representative of the Laguna Woods Globe was present, and the Channel 6 Camera Crew, by way of remote cameras, was acknowledged as present.

APPROVAL OF AGENDA

Without objection, the agenda was approved as written.

APPROVAL OF MINUTES

The Board reviewed and approved without objection the minutes of the Regular Meeting of June 4, 2013, and the minutes of the Special Meeting of June 10, 2013.

MEMBER COMMENTS

- Carol Skydell (3070-B) spoke to the member comments made at the June 10, 2013 meeting.
- Joann Fisher (2358-A) commented on the Recreation Master Plan.
- Dorothy Fredericks (776-Q) spoke to the landscaping and Security checking on vehicles.
- Pamela Grundke (2214-B) commented on rumors on selling the golf course.
- Jack Bird (46-B) commented on the Recreation Master Plan.
- Patricia Ladrie (482-B) commented on the Recreation Master Plan.
- Barbara Copley (410-D) commented on the changes in the Community.

- Clara Baker (3295-A) commented on GRF's reserve balance.
- Edward Tao (2306-B) commented on the Recreation Master Plan.
- Yong Pak (3420-2B) expressed his sentiments with living in the Village.
- Bert Moldow (3503-A) commented on reserves and reducing electricity costs.
- Karen Jackson (4005-1G) commented on spending money to improve infrastructure.
- Norman Ladrie (482-B) commented on the Recreation Master Plan.
- Marc Bayer (796-D) commented on the Recreation Master Plan.

The Directors briefly responded to Members' comments.

GENERAL MANAGER'S REPORT

Mr. Storage updated the membership on the ongoing GRF projects within the Community.

CHAIR'S REPORT

President Dvorak commented on the update on the microphone system, and announced that the next presentation on the Recreation Master Plan will be held on July 15, 2013 at 6:30 P.M. in Clubhouse 7.

OLD BUSINESS

No old business came before the Board.

NEW BUSINESS

Mr. Scott Dunham, Risk Manager, spoke to the Boards' Directors and Officers Liability insurance coverage, and asked direction from the Board if it wants Staff to develop further information on options for both maintaining shared coverage (status quo) and dividing the coverage into separate policies for GRF and the Mutuals.

Director McIntosh moved to direct Staff to look further into these options and to prepare pros and cons for dividing the Directors and Officers Liability insurance coverage. Director Gerson seconded the motion and the motion carried unanimously.

CONSENT CALENDAR

No items fell under the Consent Calendar.

COMMITTEE REPORTS

Director Patrick Murphy reported from the Finance Committee.

Directors Heather Gerson and Pat Feeney gave the Treasurer's Report.

Mutual Member Sy Wellikson (5026) spoke to the Community's reserves.

Director Marv Rosenhaft spoke to items considered by the Mobility & Vehicles Committee.

The Secretary of the Corporation, Director Linda Wilson, read a proposed resolution authorizing the replacement of four obsolete Orion buses with four 16-passenger buses at a

cost of \$452,000. Director Wilson moved to approve the resolution. Director McIntosh seconded the motion and discussion ensued.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-13-67

WHEREAS, through the Federal Transit Administration's 5310 Program, the Golden Rain Foundation has been awarded a grant for the reimbursement of four bus replacements, estimated to qualify at \$292,000; and

WHEREAS, through Capital Plan Items P11007 and P12010, GRF authorized the replacement of five Orion buses which are now obsolete;

NOW THEREFORE BE IT RESOLVED, July 2, 2013, that the Board of Directors of this Corporation hereby authorizes the replacement of four obsolete Orion buses with four 16-passenger buses at a cost of \$452,000 using the existing appropriations funded through Capital Plan Items P11007 and P12010; and

RESOLVED FURTHER, that GRF will submit for the \$292,000 reimbursement from the government grant; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Wilson read a proposed resolution authorizing a supplemental appropriation of \$47,500 to purchase 3 electric utility vehicles. Director Wilson moved to approve the resolution. Director Gerson seconded the motion and discussion ensued.

Members Bert Moldow (3503-A), Marty Rhodes (5369-2A), and Barbara Copley (410-D) commented on the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-13-68

WHEREAS, in a step toward lowering costs and environmental impact of fuel usage by the GRF Fleet, Staff has identified an opportunity, through a local vender, to test viability of electric utility vehicles for field operations; and

WHEREAS, with so many uncertain variables regarding cost advantages and performance level, a pilot program should be established to first test the

vehicles' suitability as replacements for gasoline or diesel utility vehicles in actual working conditions over a period of at least three months;

NOW THEREFORE BE IT RESOLVED, July 2, 2013, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$47,500 to be funded from the Equipment Fund to purchase 3 electric utility vehicles; and

RESOLVED FURTHER, that the dedicated charging stations, needed during the pilot program to ascertain average energy costs, would be purchased and installed using a supplemental appropriation of \$7,600 from the Facilities Fund; and

RESOLVED FURTHER, that should the performance of the utility vehicles prove to be inadequate, Staff would immediately proceed with the purchase of 3 diesel powered replacements as approved in the 2013 Capital Plan; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

President Lynne Dvorak reported from the Community Activities Committee.

Director Linda Wilson reported from the Security and Community Access Committee.

Director Wilson read a proposed resolution authorizing an additional supplemental appropriation of \$10,285 to install CCTV equipment in new locations at the Village Greens. Director Wilson moved to approve the resolution. Director Gros seconded the motion and discussion ensued.

Member Sy Wellikson (5026) commented on the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-13-69

WHEREAS, by way of Resolution 90-12-75, the Board of Directors of this Corporation appropriated \$11,275 to install five additional Closed Circuit Television (CCTV) surveillance cameras at the Village Greens to increase surveillance at the facility; and

WHEREAS, the original locations to install the new cameras at the Village Greens did not provide adequate monitoring of the building; and the bids received for new camera locations exceeded the appropriated amount;

NOW THEREFORE BE IT RESOLVED, July 2, 2013, that the Board of Directors of this Corporation hereby authorizes an additional supplemental appropriation in the amount of \$10,285 to be funded from the Equipment Fund to install CCTV Equipment in new locations at the Village Greens; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Ray Gros reported from the Traffic Committee.

Director Larry Souza reported from the Maintenance and Construction Committee.

Director Wilson read a proposed resolution authorizing a supplemental appropriation of \$9,790 to install an awning on the Clubhouse 4 Locker Room building. Director Wilson moved to approve the resolution. Director McIntosh seconded the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-13-70

WHEREAS, during the re-painting of Clubhouse 4 in 2012, the exposed wood beams and lattice were removed from the locker room building due to severe dry-rot conditions, and the partial shade and aesthetics that they provided was lost;

NOW THEREFORE BE IT RESOLVED, July 2, 2013, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$9,790 to be funded from the Facilities Fund to install a fabric covered awning on the Clubhouse 4 Locker Room building that would extend over the pool deck; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Wilson read a proposed resolution authorizing an additional supplemental appropriation of \$30,800 to retain a consultant to investigate alternative energy production for three pilot projects. Director Wilson moved to approve the resolution. Director McIntosh seconded the motion and discussion ensued.

Mr. Marcel Bradley, Maintenance Director, address the Board on the pilot programs.

Members Michelle Stanton (950-E), Bert Moldow (3503-A), Sy Wellikson (5026) commented on the motion.

By a vote of 8-2-0 (Directors McIntosh and Feeney opposed), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-13-71

WHEREAS, energy costs to provide power to GRF facilities are expected to increase as utility companies continue to raise rates; and alternate energy production can conceivably mitigate future energy cost increases; and

WHEREAS, optimum alternative energy production methods for the Community include Solar Photovoltaic (PV) electricity, natural gas powered electricity generators, and solar heated water; and

WHEREAS, further analysis is needed to provide the Board with additional information to consider alternative energy for all GRF facilities, a consultant will be engaged to discuss and summarize the pros and cons of the three identified alternative energy production systems or other systems that may be appropriate for the Village;

NOW THEREFORE BE IT RESOLVED, July 2, 2013, that the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$30,800, to be funded from the Contingency Fund, to engage a consultant to investigate alternative energy production for three pilot projects; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Larry Souza reported from the Recreation Master Plan Ad Hoc Committee.

Director Pat Feeney reported from the Media & Communications Committee.

Director Maxine McIntosh reported from the Landscape Committee.

Director Gerson reported the Joint Task Force to Analyze the GRF Trust and Bylaws.

Director Wilson read a proposed resolution approving, in concept, amending the Trust relative to GRF's limitation to sell or lease land without the vote of the Corporate Members. Director Wilson moved to approve the resolution. Director Gerson seconded the motion and discussion ensued.

Members Sy Wellikson (5026), Kathryn Freshley (5490-N), and Marty Rhodes (5369-2A) spoke to the resolution.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-13-72

WHEREAS, the Joint Task Force to Analyze the GRF Trust and Bylaws was tasked with resolving conflicts between the Trust and GRF Bylaws and between the Trust and practice;

WHEREAS, the Trust at Section VII, Section A provides:

A. "TRUSTEE shall have, in addition to all powers, rights and privileges provided by law for trustees, and all powers necessary to carry out the duties herein imposed on TRUSTEE, the further powers to grant, bargain, sell for cash or credit, convey, exchange, convert; lease for terms, either within or beyond the end of the trust, for any purpose; assign, partition, divide, subdivide, improve, insure, loan, reloan, invest and reinvest the Trust Estate or any part thereof in such manner and on such terms and conditions as TRUSTEE deems advisable. *In all such cases TRUSTEE shall have sole discretion respecting such transaction.* With respect to all such transactions TRUSTEE shall have no liability concerning them whatever, except for willful and wrongful misconduct." **(Italics and underlining added for emphasis)**

WHEREAS, the GRF Bylaws at Articles 2.1.4 and 2.1.6 state in part:

2.1.4 To engage in any business or activity now or hereafter permitted by law, the Articles of Incorporation of this Corporation, and these Bylaws, conditioned on the requirement that any business or activity involving:

- The creation of new Mutuels or Manors as part of or in addition to any of the existing Housing Corporations, i.e., United Laguna Hills Mutual, Third Laguna Hills Mutual, and Laguna Woods Mutual Fifty;
- The sale or lease of Golden Rain Foundation or Golden Rain Foundation Trust real estate and/or real estate improvements;
- The acquisition of real estate;
- The construction of additional facilities;
- The demolition and/or rebuilding of existing facilities;

will be presented to the Corporate Members for the purpose of informing the Corporate Members on the nature of the business or activity in which GRF desires to engage and to assess the Corporate Members' respective opinions on the business or activity considered."

2.1.6 "GRF shall obtain a majority vote from the Corporate Members (as defined in Paragraph 2.4.10) prior to engaging in any business or activity specified in the first three bulleted items of Paragraph 2.1.4..."

NOW THEREFORE BE IT RESOLVED, July 2, 2013, that the Board of Directors of this Corporation hereby approves, in concept, amending the Trust restricting GRF from:

- The creation of new Mutuals or Manors as part of or in addition to any of the existing Housing Corporations, i.e., United Laguna Woods Mutual, Third Laguna Hills Mutual, and Laguna Woods Mutual Fifty;
- The sale or lease of Golden Rain foundation or Golden Rain foundation Trust real estate and/or real estate improvements;
- The acquisition of real estate;

without the majority vote of the Corporate Members (directors of the Housing Mutuals, i.e. Third Laguna Hills Mutual, United Laguna Woods Mutual, and Laguna Woods Mutual No. Fifty); and

RESOLVED FURTHER, that the intent of this action is that the resulting Trust language will be consistent with the GRF Bylaws on the matter of property procurement or sale; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Wilson read a proposed resolution approving, in concept, amending the Trust, the GRF Bylaws, and GRF Articles of Incorporation to expressly authorize GRF to allow GRF-owned equipment to be used to provide the types of services that have historically been provided to the Mutuals. Director Wilson moved to approve the resolution. Director Gerson seconded the motion and discussion ensued.

Member Barbara Copley (410-D) commented on the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-13-73

WHEREAS, the Joint Task Force to Analyze the GRF Trust and Bylaws was tasked with resolving conflicts between the Trust and GRF Bylaws and between the Trust and practice; and

WHEREAS, the practice of GRF has been to provide services to the Housing Mutuals; and

WHEREAS, GRF Bylaws at Article 2 sets forth GRF's purposes to include:

2.1.1 to develop and maintain facilities and services for the community areas of Laguna Woods Village, Laguna Woods, exclusive of the common areas of the Mutuals, on a mutual basis for the use of the Mutual Members (other than Lessors), Qualifying Residents, Co-Occupants, Tenants, and their guests [Emphasis added]; and

2.1.2 to operate the community facilities to provide various community-wide service as an integral portion of Laguna Woods Village, Laguna Woods "Senior Citizens Housing Development" in conformance with Civil Code Section 51.3 of the Unruh Civil Rights Act."

NOW THEREFORE BE IT RESOLVED, July 2, 2013, that the Board of Directors of this Corporation hereby approves, in concept, amending the Trust, the GRF Bylaws, and GRF Articles of Incorporation to expressly authorize GRF to allow GRF-owned equipment to be used to provide the types of services that have historically been provided to the Mutuals; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Wilson read a proposed resolution approving an Amendment to the Trust that adds "This Trust shall continue, if it has not earlier been terminated, until March 2, 2074". Director Wilson moved to approve the resolution. Director Gerson seconded the motion and discussion ensued.

Member Mike Straziuso (4006-2E) commented on the motion.

By a vote of 10-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-13-74

WHEREAS, the Joint Task Force to Analyze the GRF Trust and Bylaws was tasked with resolving conflicts between the Trust and GRF Bylaws and between the Trust and practice; and

WHEREAS, the Task Force evaluated dissolving the Trust, restating the Trust, or extending out the termination date of the Trust; and

WHEREAS, the Trust states in part: "This Trust shall in all events terminate, if it has not earlier been terminated, 60 years from the date hereof or 21 years after the date of the death of the last to die of Mark L. Conroy, Jr., Westminster, California; Kevin Ross Letson, Villa Park, California; Allan Oakley Hunter, Jr., Fresno, California; Matthew Van Zandt Moyer, Orange, California; Jeffrey P. Tuck, Pasadena, California; and Pamela Jan Swart, Arlington Heights, Illinois"; and

NOW THEREFORE BE IT RESOLVED, July 2, 2013, that the Board of Directors of this Corporation hereby approves an Amendment to the Trust that adds "This Trust shall continue, if it has not earlier been terminated, until March 2, 2074"; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director May reported on the City Council meetings.

Director Ray Gros reported on the Laguna Canyon Foundation.

No future board agenda items were discussed.

DIRECTORS' COMMENTS

Directors made their final comments.

MEETING RECESS

The regular open meeting recessed at 12:33 P.M. and reconvened into Executive Session at 1:15 P.M.

Summary of Previous Closed Session Meetings per Civil Code Section §1363.05

During its Regular Executive Session Meeting of June 4, 2013, the Board reviewed and approved the minutes of the May 7, 2013 Regular Executive Session. The Board heard one disciplinary hearing; discussed the litigation report; and discussed contractual issues regarding the Specific Plan, 19 Restaurant & Lounge, Recreation Master Plan, flood mitigation, landscape operational review, streetlights issue, and Moulton Parkway Project.

During its Special Executive Session Meeting of June 14, 2013, the Board discussed legal matters with legal counsel and discussed matters related to Aliso Creek.

During its Special Executive Session Meeting of June 25, 2013, the Board discussed matters related to the Recreation Master Plan.

ADJOURNMENT

There being no further business to come before the Board of Directors, the meeting adjourned at 3:15 P.M.

Linda Wilson, Secretary