

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

May 5, 2015

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, May 5, 2015, at 9:30 A.M., at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Kathryn Freshley, Sharon Roddan, Lucy Shimon, Mary Stone, Dick Palmer, Stanley Feldstein, Margaret Klein, Richard Johnston, Kim Shirley

Directors Absent: John Beckett, JoAnn di Lorenzo

Others Present: Open Session: Jerry Storage Kim Taylor, Kristine Courdy, Stanley Feldsott of Feldsott & Lee
Executive Session: Jerry Storage, Kim Taylor, Cris Robinson, Kristin Courdy, Betty Parker, Blessilda Fernandez

CALL TO ORDER

President Kathryn Freshley 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

Director Dick Palmer led the membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF MEDIA

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

APPROVAL OF AGENDA

Director Feldstein moved to amend the agenda by adding to the agenda directly after approval of the minutes "Update Regarding the MBT Complaint - Mr. Stanley Feldsott" Director Stone seconded the motion. By a vote of 8-0-0 the motion carried and the agenda was approved as amended.

APPROVAL OF THE MINUTES

Director Roddan moved to amend the minutes of April 7, 2015 on page 4 of 12 as follows: "Director Shirley moved to retain a real estate attorney, as outside counsel, to review the Consensus Construction Contract ~~and to form a template for future use.~~" Director Feldstein seconded the motion. By a vote of 8-0-0 the amendment carried.

Director Stone moved to approve the minutes as amended. Director Palmer seconded the motion. By a vote of 8-0-0 the motion carried.

Mr. Stanley Feldsott, Esq. updated the Members on the MBT complaint. Mr. Feldsott stated that GRF have filed an unlawful detainer/breach of contract against MBT. Mr. Feldsott stated

that the restaurant was serving liquor to people other than Members which is a breach of contract and could jeopardize the GRF liquor license. Mr. Feldsott provided an outline of the process moving forward.

Mr. Feldsott took questions from the Members regarding the complaint:

- Ron Stenson (285-C) commented on the restaurant owner stating that he would like to stay but he fears that his rent would be increased.
- Roberta Berk (933-B) asked Mr. Feldsott how the residents are going to be protected throughout the lawsuit.
- Rae Tso (3256-A) commented on the lawsuit and events from the past year.
- Maxine McIntosh (68-C) stated that she is grateful to Mr. Feldsott for his work and she further stated that GRF is not allowed to give away property.
- Franklin Smith (5369-3D) asked Mr. Feldsott if the current contract with MBT is the cause of the current issues before the Board.
- Donna Dwaileebe (3301-A) asked for clarification regarding Mr. Feldsott serving as Kathryn Freshley's personal attorney in the past and now serving as GRF's current attorney.

Mr. Feldsott left the meeting at 10:05 AM.

MEMBER COMMENTS

- Rich Haskell (3240-A) commented on the National Tennis Tournament event being held in the community.
- Carol Price (5017) commented on the Hospitality Room at the stables and a problem with one of the trail rides and thanked the Board for their help in solving the problem.
- Ron Stenson (285-C) commented on the Room Reservation Policy.
- Cynthia Statsmann (910-Q) asked for a status update on the Emeritus Classes in the community.
- Joan Milliman (969-3E) commented on the Board retreat and presented written questions regarding the retreat.
- Stan Wambolt (5487-B) commented on converting the Par 3 – Maintenance Building to a drop-in lounge.
- Donald Obal (143-C) commented on golf fees potentially rising in the community.
- Tom Wright (3229-B) commented on the ownership of the Par 3 Golf Course Maintenance Building.

The Directors briefly responded to Members' comments.

GENERAL MANAGER'S REPORT

Mr. Jerry Storage reported on the ongoing cost savings and efficiency measures that Staff implemented during March and April 2015 within the Community.

CHAIR'S REPORT

President Freshley spoke to the 4th National Tennis Tournament, the Re-opening of the Hospitality Room at the stables, the Room Reservation Policy, Emeritus Programs, and the

golf course regarding cutting the greens, changes in the direction of the community, and GRF participating at Club meetings in an effort to share with the community.

UNFINISHED BUSINESS

Without objection, the Board approved ratifying resolution 90-15-12 to formally change the name Laguna Woods Traffic Court to the Laguna Woods Village Traffic Hearings and the Board adopted the following resolution:

RESOLUTION 9-15-29

Laguna Woods Village Traffic Court Hearings

Whereas, Laguna Woods Village is comprised of four corporations: Third Mutual, United Mutual, and Mutual 50 (hereinafter collectively referred to as "the Mutuels"), and Golden Rain Foundation (hereinafter referred to as GRF); and

Whereas, the Mutuels and GRF retain the services of security officers to enforce traffic rules and regulations within the boundaries of Laguna Woods Village, and the officers are empowered to issue notices of violations of those rules and regulations; and

Whereas, GRF and the Mutuels have maintained separate traffic committees for the purpose of enforcement hearings with respect to the notices of violation, and the imposition of the corresponding fines when the committee considers the violation to have been committed as charged; and

Whereas, traffic committees have previously been appointed to hear those cases which arose within the boundaries of the area subject to the jurisdiction of GRF or each of the individual Mutuels; and

Whereas, the need for separate committees has been obviated since uniform traffic rules and regulations have been adopted by GRF and the Mutuels; and

Whereas, economies of time and expense, as well as uniform enforcement, can be better achieved, by replacing all of the existing traffic committees, and instituting instead a single committee consisting of one director of GRF, and one director of each of the Mutuels, each to be appointed by the board of directors of which s/he is a member;

Now therefore, it is hereby resolved this *fifth day of May, 2015*, that all traffic committees heretofore created by any entity named in this resolution are hereby cancelled, and in lieu thereof a new committee shall be created as the Laguna Woods Village Traffic Court ~~Court~~ **Hearings**; and

Further resolved, that GRF, and each of the Mutuels shall each appoint one member of the respective board of directors to serve as a member of the Traffic Court ~~Court~~ **Hearing**; and

Further resolved, that the members of the Traffic Court ~~Court~~ **Hearing** shall rotate as the presiding member each month, with the presiding member refraining from voting on the issue of guilt or innocence of the person charged with the violation

under consideration unless a member is absent and the vote of the presiding member is necessary to render a majority verdict; and

Further resolved, that Resolution 90-15-12 adopted February 3, 2015 is hereby superseded and cancelled; and

Further resolved, that the officers and agents of this Corporation are directed on behalf of the Corporation to carry out this resolution.

The Board discussed the transfer of title of property held in the name of GRF to the Trust.

Director Feldstein moved to employ services to change the recordation from the Golden Rain Foundation to Golden Rain Foundation as trustee of the Golden Rain Foundation Trust. Director Roddan seconded the motion.

Director Stone read an excerpt from Paul Hastings Report dated April 20, 2012:

Question 4: "How can the Trust Agreement be amended to more accurately comport with the way title is currently held, and/or should title be transferred to the GRF Trust on all of the subject properties to be consistent, and to realize the best possible property tax treatment?"

There is no California Probate Code section directing how title should be taken. Under the progression of trust law, however, it is now standard that title is taken as follows: "Trustee, name of trust, date of trust."

For example, title should be taken as follows:

"Golden Rain Foundation of Laguna Woods, Inc. as acting Trustee of the Golden Rain Foundation Trust established March 2, 1964, as amended."

The GRFT states that the Trustee shall acquire property and hold it for the use and benefit of the Mutuels and shall continue legal ownership of the improvements. Similarly, the Trust law indicates that the Trustee has the power to hold trust property and the duty to take reasonable steps to take and keep control of trust property. We recommend that the Board consider correcting title to the Trust properties currently titled to the Trustee from the Trustee's name alone to the proper naming convention of the Trust, as stated above, in order to comply with these provisions. In the case of filing a "correcting deed", there should be no adverse property tax consequences as a result of the correction of title.

Director Stone moved to amend the motion to change the recordation to: "Golden Rain Foundation of Laguna Woods, Inc. as acting Trustee of the Golden Rain Foundation Trust established March 2, 1964, as amended" and to handle any encumbered property separately and as appropriate. Director Roddan seconded the motion amendment.

By a vote of 8-0-0 the motion carried as amended.

Without objection, the Board moved Agenda Item 15c "Entertain Motion to Approve Paddle Tennis and Pickleball Courts at Gate 12" to before New Business as the next agenda item.

Director Roddan provided an overview of the process that the Maintenance and Construction Committee went through, resulting in its recommendation to the Board for locating the Paddle Tennis and Pickleball courts in Gate 12.

Director Stone moved to refer the item back to the Maintenance and Construction Committee for further study. Director Shirley seconded the motion.

Ms. Kristine Courdy entered the meeting at 11:50 AM. Further discussion ensued.

Director Shimon called for the question.

By a vote of 4-1-3 (Director Palmer opposed; Directors Roddan, Klein and Feldstein abstained) the motion carried.

Ms. Kristine Courdy left the meeting at 12:15 PM.

NEW BUSINESS

Director Stone moved to form a General Plan Amendment Task Force and appoint Directors Margaret Klein-Chair and Kim Shirley. Director Johnston seconded the motion.

By a vote of 8-0-0 the motion carried.

Director Roddan moved to have GRF Sponsor a Town Hall meeting "Protecting Yourself and Loved Ones from Financial Abuse and Scams: A Town Hall Hosted by CA Insurance Commissioner Dave Jones" on June 15, 2015 at 2:00 PM at Clubhouse 3, to allow the event to be filmed by the Department of Insurance for rebroadcast on Channel 6. Director Palmer seconded the motion.

Member Denny Welch (5517-1C) commented on the motion.

By a vote of 8-0-0 the motion carried.

CONSENT CALENDAR

Without objection, the Board approved the Consent Calendar as written and the Board took the following action:

Landscape Committee Recommendation:

933-B Approve request for plant removal at Aliso Creek at Corporation's expense.

The Board took a brief recess at 12:30 PM for lunch.

COMMITTEE REPORTS

Director Johnston reported from the Finance Committee and presented the Treasurer's Report.

Director Johnston updated the Board and Members on the financial software rollout rescheduled to June 2015.

The Secretary of the Corporation, Director Stone read a proposed resolution approving the transfer of \$1,800,000 from Accumulated Operating Surplus to the Facilities Fund. Director Stone moved to approve the resolution. Director Shimon seconded the motion and discussion ensued.

By a vote of 8-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-15-30

**Transfer \$1,800,000 from Accumulated Operating Surplus
to the Facilities Fund**

WHEREAS, in accordance with California Civil Code, a Common Interest Development shall not retain significant operating surplus (funds that are not needed to defray current operating costs); and

WHEREAS, the preliminary Golden Rain Foundation Balance Sheet as of March 31, 2015 reflects an operating surplus from prior years of \$3,550,491, of which \$1,528,320 is planned to be returned to the members by way of reduced 2015 assessments;

NOW THEREFORE BE IT RESOLVED, May 5, 2015 that the Board of Directors of this Corporation hereby authorizes the transfer of \$1,800,000 from accumulated operating surplus to the Facilities Fund; and

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

Director Johnston reported from the Administrative Processes and Procedures Ad-Hoc Committee.

Director Roddan reported from the Maintenance and Construction Committee.

The Secretary of the Corporation, Director Stone read a proposed resolution approving the purchase of a Graco paint striping machine at a cost of \$7,870, to be funded from the Equipment Fund. Director Stone moved to approve the resolution. Director Johnston seconded the motion and discussion ensued.

By a vote of 8-0-0, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-15-31

Paint Striping Machine

WHEREAS, the Maintenance and Construction Committee are recommending that the Board approve purchasing a Graco paint striping machine to replace the existing 20-year old striping machine;

NOW THEREFORE BE IT RESOLVED, May 5, 2015, the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$7,870, funded from the Equipment Fund, to purchase a Graco paint striping machine; and

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

The Secretary of the Corporation, Director Stone read a proposed resolution approving a supplemental appropriation of \$25,000, funded from the Facilities Fund to renovate the Aliso Creek restrooms. Director Stone moved to approve the resolution. Director Shimon seconded the motion and discussion ensued.

Members Roberta Berk (933-B) and Maxine McIntosh (68-C) commented on the resolution.

By a vote of 7-1-0 (Director Klein opposed), the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 90-15-32

Aliso Creek Restrooms

WHEREAS, the Maintenance and Construction Committee are recommending that the Board approve renovating the Aliso Creek restrooms located along the walkway of upper Aliso Creek due to their deteriorated condition;

NOW THEREFORE BE IT RESOLVED, May 5, 2015, the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$25,000, funded from the Facilities Fund, to renovate the Aliso Creek restrooms located along the walkway of upper Aliso Creek; and

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

Director Roddan reported from the Security and Community Access Committee.

The Secretary of the Corporation, Director Stone read a proposed resolution approving the proposed Gate Clearance Violations Policy which establishes a Fine schedule for violations:

Gate Clearance Violations – Fee *Fine* Schedule

Resolution 90-15-XX

Adopted July 2015

WHEREAS, the Golden Rain Foundation (GRF) has established rules for non-resident gate access for clubhouses and other facilities; and

WHEREAS, the same rules apply for non-resident gate access to manor residences with the exception of the use of the Tear Off Flyer for estate sales/sales with non-resident guests; and

NOW THEREFORE BE IT RESOLVED, July 7, 2015, the Board of Directors of this Corporation hereby adopts a Fee **Fine** Schedule for violations to the gate clearance rules; and

RESOLVED FURTHER, a Member who violates the gate clearance rules for non-residents shall pay a ~~fee~~ **fine** of \$100 for the First Offense; \$150 for the Second Offense; and \$200 for the Third Offense; and

RESOLVED FURTHER, upon a Third Offense, in addition to the Fee **Fine**, the Member will be brought before the GRF Disciplinary Committee to determine if further action is needed; and

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

Director Roddan moved to approve the resolution. Director Palmer seconded the motion and discussion ensued.

Member Donna Dwaileebe (3301-A) and Roberta Berk (933-B) commented on the resolution.

By a vote of 8-0-0 the motion carried and the resolution was postponed to the July meeting to satisfy the 30-day notification requirement, to comply with Civil Code §4360.

Director Feldstein reported from the Laguna Woods Village Traffic Hearings.

Director Feldstein reported from the Media and Communications Committee.

Director Stone reported from the Clubhouse 2 Renovation Ad Hoc Committee.

Director Stone provided a presentation on the Clubhouse 2 design.

Director Stone reported from the Community Activities Committee.

Director Palmer reported from the Energy Committee.

Director Shimon reported from the Landscape Committee.

Director Shimon reported from the Mobility and Vehicles Committee.

FUTURE AGENDA ITEMS

Due to time constraints the Board did not discuss future agenda items.

DIRECTORS' COMMENTS

The Directors made their final comments.

MEETING RECESS

The Board took a brief recess at 12:30 PM for lunch and returned at 1:00 PM.
The regular open meeting recessed and reconvened into Executive Session at 3:35 PM.

Summary of Previous Closed Session Meetings per Civil Code Section §4935

During its Regular Executive Session Meeting of April 7, 2015 the Board approved the Regular Executive Session minutes of March 3, 2015 and the Regular Executive Session Reconvened meeting of March 5, 2015, as written. The Board held two Member Disciplinary Hearings; approved one Disciplinary Hearing request; approved three (3) hearing requests from Third Mutual for deactivation of cable services; discussed and considered contractual matters: moved the legal opinion regarding Unsolicited Publications and Advertising to the regular May Board meeting; reviewed the Litigation Status Report; and discussed and considered litigation matters.

ADJOURNMENT

There being no further business to come before the Board of Directors, the meeting adjourned at 5:38 PM.

Mary Stone, Secretary