

Historical Hi-lites

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MESSAGE FROM PRESIDENT PRICE

Our Society has come a long way since Marjorie Jones and I formed its predecessor. Marjorie wrote the first comprehensive history of the first ten years of Leisure World, and asked my secretary, Marjorie Brandon, and I to edit her work. I suggested one day that we ought to involve others in the community's history, and so the Leisure World Historical Records committee was born, and later evolved into the Leisure World Historical Society of Laguna Hills.

Having had the pleasure of founding and of participation on the board over all of these years, I now feel greatly honored to have the opportunity to serve as President. We have a fine and experienced board and a growing and supportive membership. I follow in the steps of some great people, including Dr. Tracy Strevey, the late Dr. Jim Waterman and Mrs. Isabella Leland. I will do my best to assist in continuing growth and expanding participation.

—Robert L. Price

ARCHIVES ACTIVITY

The Archives Committee completed revision of the Acquisitions Policy and it was accepted by the Board of Directors on February 22, 1985. The policy is on file in the office and serves as guidelines of what materials we should be accepted as to the history of Leisure World and its environs.

The committee meets bi-monthly and reviews progress on projects underway such as collection of club histories, organizing the subject files in the office, maintaining scrapbooks on Leisure World in general, and the Leisure World Historical Society in particular, keeping current photo albums and biographical material regarding Leisure Worlders of the Month.

It is also planned that the Committee will arrange a special exhibit in connection with the annual Festival, Fiesta Grande, to be held at Clubhouse 5, September 28-29.

Plans for the future include a joint meeting with the Volunteers who staff the office and the club liaison chairman so that there will be mutual understanding of the goals of the Society.

—Claire Still, Archives Chairman

TREASURER'S REPORT

Leisure World Historical Society now has 307 paid-up annual memberships (\$10) and 54 Life Members (\$100). For the first six months of 1985 the society had the following income and expenses.

Annual and membership dues and Life Memberships	\$3,370
Contributions from businesses and friends in the area	1,295
Special events and meetings less expenses	69
Interest on savings accounts and sales of Historical journals	487
Total Income	\$5,221

Operating expenses were

Rent of office space and Archives storage	\$658
Payroll for part-time office secretary and related taxes	1,488
Printing and mailing of "Historical Highlights"	378
Supplies, postage, insurance	\$473
Total Expenses	\$2,997

Net Income for the Half Year \$2,224

—Robert Dozier, Treasurer

REFLECTIONS

by Mary Drane

The Leisure World Historical Society continues to provide short articles weekly to the Leisure World News on local events that occurred fifteen years ago. One of those which was published recently in the Leisure World News is reproduced here.

Saddleback Community Hospital is planned initially as a 256-bed facility that will grow to 600 beds. Groundbreaking is scheduled for 1971. Expected to cost between \$10 and \$11 million, the hospital has already received \$1.6 million through federal funding from a Hill-Harris grant.

Leisure World News, August 27, 1970

THE EVOLUTION OF GOLDEN RAIN FOUNDATION of Laguna Hills, California

by Dr. Tracy E. Strevey

This is the second of two articles in which Dr. Strevey, former Golden Rain Foundation president, and Robert L. Price, former Leisure World administrator collaborated. Mr. Price's article appeared in the February 1985 issue.

In considering the evolution of the Golden Rain Foundation over the years, it is well to recall the article in the issue of "Historical Hi-Lites," February 1985, written by Robert L. Price. This covered the years 1964-1970 and in particular stressed the philosophy and early development of local governance in Leisure World of Laguna Hills and the evolving pattern of relationships between the residents, mutuals and the Golden Rain Foundation. It is obvious that many new policies and precedents had to be adopted due to the pressures of the time and place, and surely reflects well on the members of those early boards and the administrative leadership.

The position of the Administrator was a unique one. FHA had required, at the community's inception, that the person holding this position was automatically a member of the GRF board. This was apparently a precaution taken by FHA pursuant to its experience in other Co-Op communities, particularly as it had applied to Leisure World in Seal Beach. Price, thereupon, was a member of the first resident-oriented board, and was elected as president. There was an expressed wariness on the part of the resident directors to not yet elect a resident to this post. Accordingly, Price served as president for five years by annual action of the board. Each year the vice-presidency was held by a resident.

During the latter months of this period, timely and appropriate desire was expressed to have the presidency held by a resident. Rather than an abrupt action by the board itself, the by-laws were amended to state that the presidency must be held by a resident.

The amended by-laws provided that the Administrator would continue to be a member and officer of the board, holding the title of executive vice-president. Three years later the by-laws again were amended to remove this provision. Thus, the full cycle of transition was completed, making a proper and timely separation of the management company's representative from the formal policy making arena. However, the position of executive vice-president continued, but not as a director.

When the GRF board took over control of its own elective process and Dr. Strevey became the first elected president the GRF board has elected its officers at an organizational meeting following the annual election of directors by mutual board members.

Thus the following list of GRF presidents served from 1971-1985. Terms begin in May and last one year.

1971 - Tracy E. Strevey
 1972 - William C. Edgar
 1973 - George Bouchard
 1974 - Daniel T. Thomas
 1975 - Roland N. Smoot
 1976 - Ernest J. Billman
 1977 - Merwin H. Waterman
 1978 - Merwin H. Waterman
 1979 - Ferdinand A. Hall
 1980 - Albert Hanson
 1981 - Charles H. Troy
 1982 - Leon A. Bosch
 1983 - Frank W. Duelks
 1984 - Leonard A. Lescher
 1985 - Wallace E. Bjornson

From the beginning the Leisure World Foundation served under contract to manage the affairs of all mutual corporations and the GRF until January 1, 1973. At that time the foundation was reorganized as Professional Community Management Inc. and all contractual relations continued with what came to be popularly known as PCM.

In this evolution of management changes it should be remembered that neither the foundation nor PCM had any connection with Ross Cortese or the Rossmoor Corporation. However, the Golden Rain Foundation worked closely with the management agency under the terms of contracts which were periodically renewed and reviewed as changing conditions created new problems and community needs. The same relationship existed between the mutual boards and management, and both arrangements have continued through the present time.

The Rossmoor Corporation acquired the land and built Leisure World under a master plan, and construction of community facilities, housing units, golf courses, other buildings, streets, lighting and landscaping was performed by Rossmoor Corporation. Rossmoor sold the living units to residents and subsequently had no legal relationship with local governance groups except that arising out of contracts for sale or lease of real property, construction of various improvements and certain liabilities arising from warranty considerations.

As building and sales continued it became obvious that

consolidation of emerging small mutuals was necessary for governing efficiency. Hence all of the original co-operative-type mutuals were consolidated into United Mutual. Likewise as the newer condominium mutuals were created during the decade of the seventies and eighties, Third Mutual was created and has gradually absorbed emerging condominium mutuals into the larger organization. However, the building of "The Towers" for those wishing residence and meals, in addition to other amenities, created a divergence in pattern of development, and it has remained a separate mutual with its own board of directors.

Since each mutual elects its own board of directors and these directors elect the members of the GRF board it might be well to note a few essential differences between the two types of mutuals.

The cooperative mutual owns all of the real-property dwelling units, carports, and laundries and each member occupies a specific unit under the terms of an occupancy agreement. The mutual corporation operates on monthly carrying charges to its members that cover taxes, mortgage payments, maintenance costs, insurance, and other expenses determined by the board of directors.

Within the condominium structure the mutual does not own any real property. Each member of the mutual owns a specific dwelling unit and an undivided interest in the common area. Members also pay a monthly carrying charge for maintenance and management of common areas, but interest, taxes and similar costs are the responsibility of individual members, not the mutual.

One of the important problems facing the GRF board from the beginning and continuing through today has been that of communication and keeping the channels of public information open to all residents. Thus in the fall of 1971 the board held its first Public Information Meeting in Clubhouse 3. There was some concern on the part of some board members, but the meeting was a success with over 3,000 people attending. Questions were asked and answered and short reports given by committee chairmen. Subsequently, Streyve initiated a "President's Forum Column" in the Leisure World News on October 14, 1971, in which questions were answered and common issues discussed.

The climax to open meetings of the GRF came with television. Today regular monthly meetings of the board are broadcast over Channel 6, the Leisure World closed circuit station, as are those of mutual meetings. Hence board meetings literally are in the home and residents may participate by attending the meetings to ask questions or telephone questions during broadcasts. Without doubt the years since 1971 have witnessed a far greater degree of understanding and comprehension on the part of all residents especially concerning the governance of the community by their elected representatives, whether directly or by mutual board directors.

In addition to regular monthly board meetings, much of the work of the GRF board is conducted by standing committees and, when necessary, by "ad hoc" committees.

The number of these committees has expanded as new problems and issues have emerged. Thus, in the early seventies the committee structure included the following: Officers, Finances, Capital Improvements, Community Relations, Health and Welfare and Insurance.

By 1980 there were 12 standing committees reporting to the Golden Rain board, including such new ones as Local Government Advisory Committee, GRF Architectural Controls Committee, By-Law Review Committee, Taxation and Legislative, Management Fee Committee.

By 1983 a Committee on Incorporation was added along with the addition of Capital Planning, Television Services, Litigation, Saddleback Area Coordinating Committee and a Planning Committee. In 1985 there were 16 committees including such new ones as Salary Review Committee, Bus Modification-Purchase Committee, Airport Awareness Committee, Incorporation Committee, Legal Committee, Garden Center and Fees and Charges. Much can be read between the liens indicating the increasing load on the board as well as pressures mounted upon the community in its relations with Saddleback Valley and with groups of residents.

A study of the operating budgets during this period reveals the struggle to hold down expenses, especially those related to carrying charges, and to provide the necessary maintenance plus other expenses arising from sources such as law suits, cost studies in regard to incorporation, inflationary trends, the end of construction and new sales and earthquake insurance.

For example, in 1972 the operating budget totaled \$5,629,000 with carrying charges accounting for 40.7% of this amount in income. By 1982 the operating budget had increased to \$11,382,972 with the carrying charges from the various mutuals totaling \$9,541,301. One should remember that at the beginning of 1972 there were 13,778 residents and 8,343 manors available for occupancy in Leisure World. In 1983 there were 12,714 manors and a population of over 20,000 residents. Due to expansion and sales the GRF board was able to hold down the increases in carrying charges to considerably less than might have been expected.

Meantime, capital improvements and the addition of new facilities reveal the continuing growth of Leisure World. In December 1972 the GRF board entered into a Community Facilities Agreement with Rossmoor Corporation providing for the purchase or construction of additional facilities to be financed from sales of new manors. This required negotiations with Rossmoor and GRF with the Capital Improvements Committee representing the board.

A result of this procedure was the purchase of the golf course, driving range and related facilities. After several meetings Ross Cortese indicated that he preferred meeting only with Messrs. Price and Streyve. The purchase price of \$3,103,809 was agreed upon and finally Rossmoor accepted the plan that payments would be from a fee on new manor sales, and in the event of financial failure or close-out of construction, the title to the land and facilities would pass to the GRF board in fee simple. The same concept was

applied to certain other facilities hence much of the growth of new clubhouses, and general improvements were financed by new sales and not by special assessments as fees from the residents.

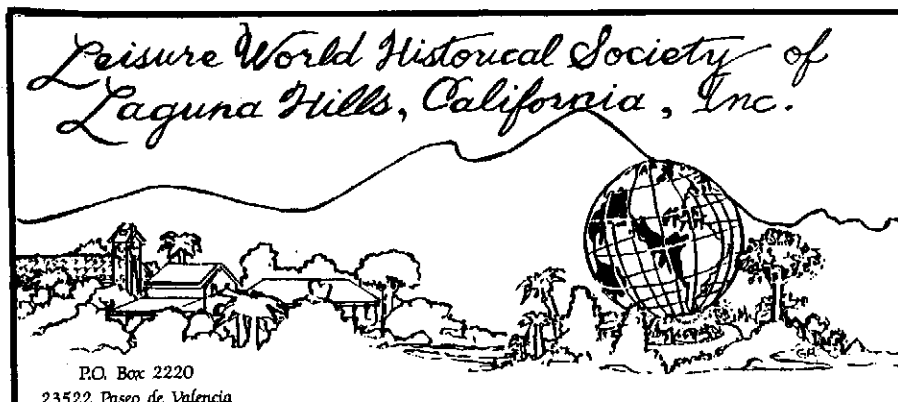
As an indication of growth of facilities held in trust by GRF for the exclusive benefit of mutual corporations and residents total community facilities owned as of December 1972 amounted to \$13,975,783. One year later, December 1973, total trust facilities came to \$16,769,959 with another \$4,223,000 in value to be acquired. By 1982 community facilities held in trust totaled in value \$22,530,049 minus depreciation. The Administration Building, Library and Clubhouse 6 are owned by GRF and not included as assets held by the trust.

The GRF board has always been concerned with the health and welfare of the residents. In 1971 a Group Medical Plan was approved which served as a supplement to Medicare under contract with Cass and Johansing. The Medical Center, owned and operated from the beginning for the benefit of Leisure World residents, was opened to the public as the Saddleback Community Hospital, plans matured and in time was sold to the hospital with the approval of GRF and the members of the mutual boards. The sales agreement also provided for the preservation of the Home Care Health Support Program. Gradually, with the succeeding years this has changed somewhat, but the Center still serves as an Outpatient Clinic, Pharmacy, Laboratory Facility and some medical offices.

One of the most important changes affecting the evolution of Leisure World governance has come with the increase of population to nearly 22,000 people, and the changing age pattern with older age groups becoming more numerous with the average age edging upward slightly every year and the growing pressure to consider the possibility of incorporation of the community. As Rossmoor built out and then closed its sales operation GRF was forced to consider more and more its own resources and the need for informed residents to participate in governance.

Numerous lawsuits recently have plagued GRF and mutual boards and the number may be expected to increase as a part of the national trend toward litigation. The GRF especially is vulnerable to various attempts to collect damages—from newspaper publishers, people who have been robbed, persons hit by golf balls, slipping and falling in the home or on sidewalks—the list is long.

It has grown more obvious that Leisure World is a vital part of the Saddleback Valley, both economically and politically. Study committees, both standing and ad hoc, have been and are active in analyzing the future and planning courses of action. This is a vital necessity and answers must and will be found. Incorporation is a possibility but Leisure World opinions support it only as a last resort. GRF and the residents want to keep Leisure World as it is—responsible to the people and with mutual trust serving as a binding cord.



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