EDITOR’S NOTE:
A historic meeting took place in Clubhouse III on October 14, 1971, between the members of the Golden Rain (GRF) board and residents of Leisure World community. At that time, Leisure World was just over seven years old and was home to more than 13,500 residents.

An overflow crowd submitted written questions to GRF President Dr. Tracy E. Strevey, Leisure World Foundation President Edward L. Olsen, and Leisure World Laguna Hills Administrator Robert L. Price. Please note that beginning in 1963 LWF, an independent corporation, was the managing agent for Leisure World. In November 1972, LWF’s name was changed to Professional Community Management Inc., and all the mutual corporations and GRF signed a new three-year contract with them for management services.

Before the question period began, Strevey, Olsen and Price provided a 45-minute formal presentation: Strevey gave a progress report about GRF activities, programs and plans; Olsen reviewed Leisure World’s operations and management; and Price discussed the organizational structure of the community. The Board allowed one hour and twenty minutes for questions. As it turned out, there was not enough time to answer the 130 questions that were submitted. Therefore, the questions and responses were printed in the Leisure World News during the eight weeks between October 21 and December 16.

I have divided the questions into four categories and have not included any of the numerous questions related to Leisure World’s Medical Plan. For purposes of brevity and clarity, some questions were modified.

Please remember that the answers given in 1971 may not be the same answers you would receive today.

Questions about the managing agent

Is it true that thru the myriad of corporations it is impossible for the residents to change management of Leisure World Laguna Hills under any circumstances?

Strevey responded, “We do not have a myriad of corporations. There are mutual boards representing one section or group and a Golden Rain Foundation (GRF) board dealing only with community property and services. Surely it is possible to change management—but all boards are satisfied with the Leisure World Foundation (LWF) and we believe the contract with them to be fair and reasonable. It is our belief that we more than get our money’s worth in services, expert management of our resources and the hundreds of petty details which management must handle.”

Does LWF retain and pay for office space in Los Angeles, and if so, why don’t they have an office in Leisure World?

LWF is an independent corporation, separate and apart from Leisure World Laguna Hills. It is the managing agent for Leisure World. It is a separate corporation from the mutual corporations and the GRF. The mutual corporations are the managers of the community and the GRF is the manager of the community property and services. LWF has its own management and its own employees and its own office in Los Angeles. It is the managing agent for Leisure World and it is responsible for all the operations and management of the community. It is the managing agent for Leisure World and it is responsible for all the operations and management of the community.

See 1970 Page 2
**MUSINGS**

**Honoree of the Month.**

The Historical Society Board of Directors, based on a recommendation of our “super-secret” selection committee, has agreed that the Society will limit the selection to four honorees during 2012. Congratulations to Cynthia Conners and Jim Juhn who are the honorees for the first quarter of 2012.

**Las Palmas** and **The Regency**, both part of **Vintage Senior Living**, fund the Honoree of the Month program. Inga Futtrup is the photographer at **Images by Dwayne** who so expertly captures the images of our honorees.

**Veterans’ History Project**

In the last 12 months we have recorded for the Library of Congress the wartime experiences of:

- **Richard H. Barnett** sponsored by Ware Disposal
- **Muriel Engelman** sponsored by Doctor’s Ambulance
- **Julian S. Ertz** sponsored by Historical Society
- **Wallace L. Henningsen** sponsored by PCM of California
- **Francis Herman** sponsored by Historical Society
- **Grant W. Kime** sponsored by Ware Disposal
- **Gerald Kline** sponsored by PCM of California
- **James A. Mathews** sponsored by Ware Disposal
- **Dennis I. McDonald** sponsored by Ware Disposal
- **Ward O. Payne** sponsored by Historical Society
- **Herbert H. Perleberg** sponsored by Historical Society
- **Marvin S. Pill** sponsored by Historical Society
- **Kenneth E. Sigmund** sponsored by Historical Society
- **Frank J. Sims** sponsored by Historical Society
- **Emanuel Treeson** sponsored by PCM of California
- **Leon Wecker** sponsored by Historical Society
- **Sophia P. Weyl** sponsored by Historical Society

These videos will be shown on Channel 6, please check the program listings in the **Globe**.

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**1970 from Page 1**

Hills and has management agreements to manage not only Laguna Hills but Leisure World Maryland and Leisure World New Jersey. LWF currently has office space on Campus Drive near the Orange County Airport. Until January 1968, it did occupy space in our Administration Building for which it paid rent; however, due to the need for additional space for those employees spending full time at Laguna Hills, LWF moved its headquarters office to Campus Drive near Orange County Airport.

*What are the salaries of the top employees at Leisure World?*

Strevey said the salaries for all top employees in Leisure World and their overhead and office expenses total $119,000 annually. He said the LWF is a corporation which provides a service for a stated amount, adding that, “what they pay in salaries is not my business or the business of the board.”

Strevey said the community also contracts with Sacco to collect trash in the community, and “I’m not going to ask them what they pay their president either!”

*Will you please require LWF to issue adequate quarterly financial reports showing current year-to-date income and expense details compared with a year-to-date a year ago and the budget and also show the number of manors occupied and number of employees. Stockholders are entitled to this data quarterly.*

Both GRF and the mutual corporations are provided monthly financial statements which include complete detailed income and expenses—both monthly and year-to-date actual and budgeted. Copies of these statements may be requested by any member of their corporation at the Administrative Office. All board directors are provided information showing the number of manors occupied, and the GRF directors are provided with employee headcounts. The members are provided annual financial condition for their corporation.

**Questions related to GRF**

*Why don’t we have our own resident head of the GRF?*

Dr. Strevey noted that he, as president of GRF, is the head of GRF and is a resident. In referring to Administrator Robert L. Price, who until this year was head of GRF, Strevey said, “We need him and his services on our board.” Price serves as a board member. “Speaking for all board members,” Strevey said, “the relationship between Price and the board is important and overriding.”
Will the GRF board of directors please consider amending Section 6 of Article V of the bylaws to remove the administrator, while an employee of LWF, as the presiding officer of the board of directors of GRF and have the president preside at all meetings of the GRF board?

Strevey said that there were 12 questions dealing with the role of Robert L. Price on the GRF board. All of the questions indicated concern over his dual position as administrator paid by LWF and as executive vice president who is a voting member of the board and chairs the monthly meetings.

Can the bylaws be changed to bring about only an ex-officio relationship or at least to change his role to that comparable to a city manager?

The bylaws can be amended. This involves approval by the mutual boards and the Federal Housing Authority. In fact, the bylaws were amended in considerable detail in 1969. At that time, the administrator was designated as executive vice president and remained as a member of the board. The president must be a resident member of the board. In view of this concern, I am requesting the boards to give consideration to amending the bylaws in order to end the confusion and suspicion associated with the present structure.

I want to make it clear that Mr. Price is invaluable to all of us serving on the several boards and to the entire community. His contribution over the years is deeply appreciated. His continued service and close relationship with the boards is needed and must be maintained. I am sure he will be relieved to have this matter resolved once and for all, and I hope this consideration can be given at the earliest possible time.

Why aren’t we allowed to vote on major decisions?

Strevey responded, “Your question answers itself in a partial way. What is a major decision? Who determines when it is major or minor? From the beginning of Leisure World Laguna Hills, we have had a representative system. You vote for your representative on the mutual boards. They, in turn, elect the GRF board. With 14,000 residents and more moving in, a representative system has the merits of keeping within reasonable limits the ability to discuss, argue pros and cons and reach decisions.”

Could changes in the GRF Bylaws be made from time to time with approval of FHA or other necessary regulatory agencies be published in the News as they occur, or proposed changes be published before they occur so that interested community manor owners may express their opinions to the mutual boards or GRF?

Dr. Strevey replied, “I would assume that such changes could be published and usually are. Sometimes a letter is sent to each resident in order to keep abreast of proposed changes.”

Why aren’t letters critical of the community published in the News?

LWF President Edward L. Olsen said as a result of bitter experience at Leisure World Seal Beach several years ago when criticism among various groups was published and picked up by other newspapers in the area in 1965, incorrect and bad publicity resulted in a situation in which residents could not sell their manors. “There were no takers, even for $1 for the equity,” Olsen said. “When we started the Leisure World News we tried to avoid this kind of thing.” He said those who wish to criticize their management or others should send their comments directly to their elected representatives.

Are the minibuses ever checked at the gate to see if all those on the bus belong in Leisure World?

The individuals riding on the minibuses are not checked at the gates to see if all belong to Leisure World as a routine matter. In the event the bus driver, who usually is quite well acquainted with most of
the riders, has any question he will ask the individual if he is a resident or guest. He, of course, can stop at the gate if he needs any assistance in ascertaining action in this regard.

*What guarantee is there, under the present system, that all areas of Leisure World are equally represented on the Golden Rain Board?*

All GRF directors are elected at large by the housing mutual directors, who are distributed over the total community by virtue of the several mutual corporations. Therefore, all directors are responsible to all members of the community and not to any neighborhood constituency. Most GRF problems affect the entire community.

*Will residents be able to vote on the construction of Clubhouse IV, especially if a small increase in monthly payments may be involved?*

All official voting in matters of this type are handled for the residents by the board of directors itself. In addition, the board works with and has the approval of the mutual directors. This process involves 58 men and women, serving on the nine boards.

*Are the members of our board residents?*

All GRF directors are residents, except the administrator, who serves as a member of the board in accordance with the bylaws.

*Do you not believe that a well-qualified chief internal auditor reporting to the board of directors of GRF should perform a needed internal management audit of LWF on a continuous monthly basis?*

Both GRF and the mutual corporations’ budget & finance committees, which consist of directors of the respective boards, review regularly, but not less than once a month, the operational and financial activities of their corporation. In addition, LWF headquarters refers pertinent matters to the auditor during the year. Auditors start their audit in October of each year and a continual audit would be a duplication.

*LWF is audited by Arthur Young & Company; Rossmoor Corporation by Haskins & Sells. To avoid conflict of interest, why is not a third auditor, like a Leisure World retired tax executive, used by the GRF?*

There certainly does not appear to be any conflict of interest with an internationally acknowledged auditing firm such as Arthur Young & Company auditing the books and records of the GRF and all mutual corporations, which records are maintained by LWF. The GRF Board of Directors has a Budget and Finance Commit-

tee composed of residents who are retired from various occupations in which they are accustomed to reviewing financial data. The Budget and Finance Committee, on a regular monthly basis and on other occasions when necessary, reviews all of the financial affairs of GRF. In addition, each mutual corporation has its own treasurer with its finance committee, and they also spend considerable time on financial affairs. It appears that the affairs of the various corporations are being adequately reviewed by residents who are directors of the various corporations.

*It has been stated that our controller is on the payroll of the LWF and that he is accountable directly to Ed Olsen. Why shouldn’t the controller be on the payroll of the community and accountable directly to the boards of directors?*

The boards of directors of all mutual corporations and GRF employ LWF as its management agent to perform all the services required under the existing management contracts. Under this arrangement, all persons employed at Laguna Hills are on the payroll of the LWF. LWF is paid a fee for its management services, and out of this fee it pays the salaries of the two top employees at Laguna Hills, Administrator Robert L. Price and Controller H. van der Velden. Under the LWF organizational structure, Mr. Price is accountable to Mr. Olsen for the handling of the corporate affairs of the various mutual corporations and their directors. Mr. van der Velden is accountable through Otto Musch, Secretary-Treasurer of LWF, to Mr. Olsen for fiscal affairs of the community, and Administrative Assistant Bob Mitchell is accountable for general operations of the various departments. These three employees under the direction of Olsen and Musch work directly with the officers and directors of all the mutual corporations. Thus all representatives of LWF are accountable to the boards of directors.

*Is the contract between GRF and Laguna Hills Foundation open to inspection by residents?*
We assume the question refers to the Management Agreement GRF has with LWF. It is suggested that if you have questions regarding this agreement, you talk with one of your directors—all of whom have a copy or access to the management contract—or talk with Administrator Robert L. Price.

Isn’t it possible for Leisure World to operate bus service for residents to Laguna Beach, Fashion Island, etc. say twice a week to accommodate us for necessary services and shopping?

Through the assistance of the Orange County Transit Authority (OCTA), the city of Laguna Beach has begun operation of bus transportation from there to Leisure World. GRF has never desired to be actively in the bus service business which would be necessary for special trips to Fashion Island. Private sources or charter buses appear to be the answer for this type of trip.

Why were the bylaws of Third Laguna Hills Mutual not submitted to the members for information and or approval at the time of voting for consolidation?

The consolidation of corporate members into Third Laguna Hills Mutual was accomplished under regulations of the California Real Estate Commissioner. There is no requirement that the bylaws of the consolidated mutual be submitted to members for approval.

**Questions related to housing mutuals**

If more than two people occupy a manor, an extra charge of $25 is made, why don’t those of us who live alone get a $25 deduction?

The original concept and continuing policy since the beginning of Leisure World Laguna Hills is that the carrying charge is assessed by manor. Since the normal occupancy was estimated to be two people, payments are set on that basis.

Apparently the Rossmoor New Sales Department and the several units handling resales do not concern themselves with the physical condition of the occupant “to be” of the manor. Sales are made to sons or daughters who have joint title with the parents who will reside in the manor. Often those occupants are in no shape mentally or physically to assume responsibility for the inside premises and become problems for the various service units in the community. Some reasonably satisfactory physical status of the occupant should be required before a sale is made.

The board of directors of each mutual attempts to ascertain in every possible manner the acceptance of a resale purchaser to be qualified as a Leisure World resident. New sales are made under the terms and conditions approved by the California Real Estate Commission, and criteria for qualifying do not include reference to physical condition.

*Why don’t we have earthquake coverage?*

“All studies and surveys conducted indicate that the risk of earthquake is negligible and the percent risk equals the probable 90% loss. Couple the risk with the well-built structures,” Strevey said, “and we do not believe such insurance is warranted.”

The large dead spots on the lawns are a disgrace and not in keeping with other exteriors and your axiom, “Good maintenance is to keep things looking like new.”

The large dead spots are a result of intense pill bug and rabbit infestation. Restrictions on the use of certain chemicals by the federal government have made it difficult to control this.

*We need daily watering for our lawns. We would rather pay more and have green lawns.*

The watering program depends entirely on weather, on an as-needed basis. We are supplying an adequate amount of moisture to maintain the turf under all weather conditions. These are extremely variable—from two times per day to twice a week.

*What about parking spaces and people with two cars?*

Parking spaces are for the use of guests. Residents who own more than one car should attempt to obtain an additional carport. Residents who habitually park their second car in guest parking spaces are tagged by the Security Department.

*Why not eliminate parking on one side of all streets, then divide the balance of the street into two lanes?*

GRF has approved regulations for traffic control, and has assigned the responsibility for enforcement to the Security Department under the management firm. From time to time this suggestion of parking only on
one side has been received from other residents. Such suggestions are continually considered and evaluated.

More effective rules and regulations regarding speeding cars should be enforced.

Traffic rules and regulations are in effect and speeders are cited. If any resident has excessive citations, driving privileges within the community are withdrawn.

Why are members required to seek a special permit in order to witness a regular board meeting of a mutual corporation?

Second Laguna Hills Mutual Board and all boards and directors are most anxious to communicate with their residents. A simple request to your president or a director stating that you desire to visit with the board on a matter of interest to you is all that is generally required.

Is the $1,825.00 paid only by the original purchaser, or is it repaid if it is resold?

The $1,825.00 facilities fee is paid only by the original purchaser. If and when he or she sells their manor or they would normally endeavor to recover this investment in the price of the resale to the new buyer.

[Editor’s note—The Facilities Agreement between Rossmoor and GRF required that each new purchaser pay a fee, in addition to the purchase price, to provide funds used for the construction of clubhouses and other facilities. Starting with Mutual 33, in 1970, the following breakdown applied:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Facilities</td>
<td>$700</td>
</tr>
<tr>
<td>GRF Membership Fee</td>
<td>$675</td>
</tr>
<tr>
<td>Medical Funds</td>
<td>$400</td>
</tr>
<tr>
<td>General Equipment Fund</td>
<td>50</td>
</tr>
<tr>
<td>Working Capital</td>
<td>225</td>
</tr>
<tr>
<td>Contribution to GRF Operating Capital</td>
<td>350</td>
</tr>
<tr>
<td>Total</td>
<td>$1,725</td>
</tr>
</tbody>
</table>

All of these fees accrued to areas that were the responsibility of GRF. In addition, there was a contribution to the mutual housing corporation of $100 to provide that mutual with its initial working capital."

Why don’t we get an accounting of the equity we have paid into our manor each year along with the interest paid?

This question presumably relates to cooperative mutusals. First of all, the mortgage taken out by your corporation is based on 40 years prorated over all the manors within your mutual corporation. Any time a resident is interested in their pro rata share of the equity and interest paid, it is made available upon request. However, the true equity of each individual membership would be the price they can sell for and the book equity is a mere paper figure.

At one time it was published in the News that if the newspapers from Leisure World were collected they would bring in $10,000.00. Why is this not done, even if nothing is realized but helping our ecology.

Second Laguna Hills Mutual has a pilot program in operation dealing with the collection of newspapers. If you will get in touch with Mr. Howard C. Burleson,

MYTHS ABOUT AGING — It was cold on December 16, 1971, at Aliso Creek, but these hardy individuals warmed up during calisthenics. They were part of an exercise class formed by Dr. Herbert DeVries who was attempting to link exercise and longevity studies. The group met regularly from 9 to 10 a.m. on Monday, Wednesdays and Fridays. The instructor was Juanita Bricker.

Courtesy Leisure World News
he will explain how you may participate. The reason this is not done on a project wide basis is twofold: (1) it violates the principle of housekeeping which has been a rule for the entire period of Leisure World Laguna Hills; (2) while everyone wants to benefit the ecology, any program must be under the auspices of other than volunteers and set up so that there is no carelessness or lack of good housekeeping. This is the expressed desire on the part of the experiment conducted by Second Laguna Hills Mutual. If successful, it be extended to other areas.

In Unit 16 we have a San Sebastian manor and pay $195.00 monthly. In Unit 19 the exact model pays only $181.14 monthly. Why the difference of $15 a month less when unit 19 was built one year after Unit 16?

The difference has to do with two basic factors: (1) location and view, and (2) changes in construction costs from year to year. The monthly payment for San Sebastian manors can vary from a low of $181.00 to a high of $211.00 per manor per month for 1971 manor payments. These differentials are established in the relative par value of each membership at the time of original financing and cannot be changed.

How soon will I get a new refrigerator? I have been here six years. If and when, what will be the cost?

The useful life expectancy of a refrigerator is ten years. If you wish to purchase one sooner and your old one is still working, a pro rata credit for the old refrigerator will be allowed and this may be used as partial payment on the new one. This applies to co-ops only. In the condominiums the refrigerator belongs to the owner.

Questions related to activities

I don’t play golf or use the electric golf carts. Why should I pay for the electric outlets in the carports?

Gen. Edward J. McGaw, chairman of GRF’s Capital Improvements Committee, said the electric outlets provide one of many services offered all residents. He said it would cost more to bill and collect from individual users than cost of the electricity used.

GRF President Dr. Tracy Strevey said that sharing is the philosophy of living in Leisure World, “a philosophy that can’t be found anywhere else in the country, and we should be proud of it.”

Why do we permit outside people to come to classes given by Tustin Union School District? I see them driving around the community.

Since everyone living in the Tustin Union School District is authorized to attend classes sponsored by the school district, if we did not permit outside residents to attend, the school district would not provide class instructors who are paid under a state subsidized program. The outside people have an adult education pass good only at Clubhouse I. If you see these students driving around the community, they are undoubtedly guests of residents.

Is it going to be possible to have additional area delegated for garden plots now that the Leisure World residents are increasing in population and the need for more gardens is increasing?

It is highly desirable to provide additional garden plots. There is a need. GRF would like to provide a plot for every resident who asks for one. However, for the present, there is no available space. Garden plots are one of our cheapest facilities to operate and you can be sure that management will be on the lookout for space, especially after the Community Facilities Agreement is revised to provide land and facilities for Phase II.

COVER BOY - Leisure Worider Fred Luther, who burned up the motorcycle tracks of the nation in the early 1900s, shows a 1935 edition of Popular Mechanics featuring his 200-mile-an-hour motorcycle which he built and raced at Bonneville Salt Flats. Pictures of Luther and his special machine gained wide circulation in other publications of the era.  

Courtesy Leisure World News
Thursday, Sept. 9, 1971

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Original pen and ink sketch by a Laguna Hills Art Association member.

Courtesy Leisure World News

Editor — Bob Ring

Opinions expressed by authors in The Historian do not necessarily reflect those of the Historical Society of Laguna Woods.