

Leisure World Community Corporation  
Board of Directors Meeting # 3  
Tuesday, February 23, 2010

Members Present:

Eleanor Friedenberg (MM), James McAlister (MM), Linda Wacha (MM), Mary Louise Furgurson (MM), Marion Herrington (5), Frances Nebesky (6B), Phyllis Ross (6C), Arthur Rounds (7), Raymond Zagone (8), Leon Grant (9), James Hummel (10), Darlene Hamilton (11), Marian Altman (12), Billie Saunders (13), Jacqueline Rabinow (14), Richard Carlson (15), Corwin Hansen (16), Barbara Cronin (17A), Henry Tate (17B), Patricia Eaton (18), Charles Warner (19A), John Doherty (19B), Ralph Kirby (20A), Lawrence Traynham (20A), Philip Marks (20B), Al Lukas (20B), Robert Griffith (21), Joan Jenkins (23), Carl Goldstein (24), Roy Dickstein (25), Barry Lubin (26), and Art Nimetz (27).

Members Absent:

Morton Sclar (6A) and Leroy Henry (22).

Management Present:

Kevin Flannery, General Manager; Mark Ellis, Deputy General Manager; Tim Coursen, Assistant General Manager; Jennifer Peacock, Comptroller; and Berri Sommer, Executive Assistant.

Based on a motion by Mr. Marks and unanimous individual votes around the table authorizing a closed session, an Executive Session was held in conjunction with the Board of Directors meeting on January 26, 2010, to approve the Minutes of the Executive Session held on November 24, 2009, and to discuss personnel matters (in accordance with § 11B-111 (4) (i) of the Maryland Homeowners Association Act, “Discussion of matters pertaining to employees and personnel”) and a legal matter (in accordance with § 11B-111 (4) (iv)). This Executive Session is reported in these Minutes in compliance with § 11B-111 (5) (ii) of the Maryland Homeowners Association Act.

1. Call to Order – The Chair called the meeting to order at 9:31 a.m.
2. Chair’s Remarks – The Chair thanked Mr. Bessel for arranging a visit to the State legislature in Annapolis for members of the Legislation & Taxation Advisory Committee, along with Senator Leonard Teitelbaum and Executive Secretary Billie Saunders. The group was recognized on the Senate floor and met with the Speaker of the House and the Speaker of the Senate, as well as the Governor and Lt.-Governor (who accepted the Chair’s invitation to speak at Leisure World at a later date).

Next Meeting – The Chair noted that the Board’s March meeting falls on Passover, and she asked whether the Board wished to change the date. There was consensus that the meeting should be held on the scheduled date of March 30<sup>th</sup>. Ms. Cronin indicated that she would have her alternate attend.

Appointments – Ms. Altman announced the following appointments: James Turner will replace James Remson as Mutual 16’s 2<sup>nd</sup> alternate to the LWCC Board of Directors; and Scott Cranston and Betty Kontaxis will be Mutual 9’s 1<sup>st</sup> and 2<sup>nd</sup> alternates, respectively, to the LWCC Board.

Executive Session – The Chair announced that an Executive Session would follow the regular meeting, to approve the Minutes of the Executive Session held on January 26, 2010, and to discuss a legal matter (in accordance with § 11B-111 (4) (iv) of the Maryland Homeowners Association Act). Ms. Altman requested individual votes around the table on a motion by Mr. Marks to approve holding a closed session. The motion passed unanimously. (No representatives were present from Mutuals 6A and 22.)

3. Adoption of Agenda – The Agenda was adopted as written.
4. Approval of Minutes – The Minutes of the meeting held January 26, 2010, were approved as written.
5. Correspondence – The Chair reviewed the correspondence contained in the Agenda packet:
  - a. Resolutions – Resolutions voted on by Advisory Committees during the month of January 2010.
  - b. CCOC Complaint – Letter to Peter Drymalski from Mr. Cronin (1/6/10) with additional Desired Actions.

Letter to Peter Drymalski from Mr. Cronin (2/4/10) with possible dates for second mediation.

Chair’s letter to Mr. Conn (2/8/10) in response to a letter dated 2/1/10 (which was not included in the package because it relates to the mediation, which is confidential).

Chair’s 2<sup>nd</sup> response (2/9/10) to Mr. Cronin’s letter of 12/15/09 requesting Minutes of closed sessions.

Chair’s letter to Peter Drymalski (2/8/10) regarding Mr. Conn’s participation in mediation.
6. General Manager’s Report – Mr. Flannery highlighted the General Manager’s Report for February 2010, and noted the following:

- a. Finances – The fiscal year started slowly, primarily attributable to the weather. The Community was approximately \$25-30,000 over budget in January, mostly in areas where revenues declined due to closures. While it is not unusual for operations to begin slowly in the first quarter of the fiscal year, February is not expected to show much improvement. Management will therefore review areas where they can control operating expenses to try to improve the financial position for the first quarter.
- b. Clubhouse I Lobby Renovation – Carpet has been laid in the lobby and hallways, and furniture will be delivered in the next 24 hours.
- c. March Meeting of the Community Planning Committee – The committee will review plans for renovations to the Administration Building lobby and entryways at its March 1<sup>st</sup> meeting. Boards depicting some of the options will be placed in the Clubhouse I lobby on Friday.
- d. Cortese Group/Licensing of Leisure World Name – At management’s request, General Counsel has sent a letter to counsel for the Cortese Group, requesting the documentation they agreed to provide in December – in particular, a 40-year agreement on usage of the name that they referred to at the December meeting but so far have failed to produce.

Mr. Flannery noted that one of the associations (The Creekside) received a communication the previous week from the Cortese Group regarding the use of the Leisure World name in the Mutual. Mr. Flannery has shared the information with counsel and has met with the president of The Creekside, Mr. Nimetz.

Mr. Nimetz stated that he had informed the Cortese Group that he would bring this matter before the Mutual 27 Board at their meeting on February 12<sup>th</sup>. He asked whether Leisure World would provide legal assistance to the Mutual if it should become necessary. Mr. Flannery responded that, in general, associations engage their own counsel. There have been, however, situations in the past where Mutuels have been affected collectively and have used the services of the Community’s General Counsel.

Mr. Flannery reported that management has been notified of an auction to take place on March 16<sup>th</sup> of the development site of the fifth building of Villa Cortese. This piece of undeveloped property was the primary asset held by a partnership between the Cortese Group and IDI, which expired in December 2009.

- e. Snow Issues – Mr. Flannery clarified the Corporation’s policy for employees relative to weather emergencies. The general rule is that the Corporation is open for business. Each incident, however, is judged independently, based on conditions. The Monday, Tuesday, and Friday of the week following the weekend storm were regular business days, but employees were permitted to take unscheduled annual leave or leave without pay (i.e., without having to obtain prior approval). On Wednesday and Thursday of that week, due to the severity of

the conditions, a more liberal policy was adopted of allowing employees to also use their personal leave. Employees who came to work on Wednesday and Thursday received a full day's pay, regardless of the number of hours they worked.

Mr. Flannery reviewed the snow removal process for the Board. For a normal snowfall (under 12"), McFall & Berry can complete the clearing of roads and walkways within 24 hours of the precipitation ending. The December 19<sup>th</sup> snowfall was 18-20", and roads and walkways were cleared within 38 hours. The back-to-back storms in February produced about 28" of snow, which was cleared within 60-62 hours. Management will meet this week with representatives of McFall & Berry to review the overall approach and determine how the process can be improved, particularly in the case of large storms. Mr. Flannery noted that he looks forward to obtaining new equipment that will provide management with the ability to update remotely the TV message system. He noted the importance of communication and thanked Mr. Ellis and Mr. Coursen for their efforts in keeping residents informed through the Web site and phone calls. He also recognized the efforts of property managers in communicating information to their residents.

Mr. Flannery stated that one of the challenges related to the snow removal process lies in residents' expectations. He noted that when the plows come through a parking lot, snow is pushed behind parked cars. The snow removal contract does not include shoveling out cars. That service is available from private, individual contractors who come into the Community and register with Security. Residents pay a going fee for that service and are responsible for negotiating a price with the contractor. Lists of authorized shovelers are available from the Main Gate.

Mr. Flannery also noted that, in large storms (particularly in associations with large parking lots), the areas to which the snow is plowed are larger than usual. In smaller storms, the designated locations might be 4-5 parking spaces. In storms of the magnitude just experienced, it might involve 8-12 parking spaces. Once the snow is plowed to a location, any subsequent removal or relocation of the snow from the designated area is a billable service. Some associations did request those services after the last storm.

Mr. Flannery stated that Mutual 22 (The Pines) experienced a power outage during the storm that lasted for four days, which was a great concern to management, as well as the residents who were affected. He noted that there is a section in the north end of the Community, which includes The Pines, where the power is fed by an overhead line that comes in from outside the Community. This is the only location in Leisure World where the power lines are not underground and are therefore more vulnerable to outages resulting from storms and high winds, etc. Management is working very aggressively to address this problem and has a meeting scheduled with Pepco representatives in two days, to ascertain what can be done to move the overhead lines underground, in order to alleviate future problems. Management will inform the Mutual President of the results of

the meeting.

- f. Insurance – Mr. Flannery reported that the Insurance Committee meeting scheduled for February 22<sup>nd</sup> was canceled due to the Chair’s illness. He met with the broker and informed them about the name licensing issue and that it may have some insurance implications.

The General Manager informed the Board that, for the first six months of the insurance policy period, the Community had a favorable 6-7% loss ratio (loss compared to premium). This should be beneficial in negotiating renewal rates in March.

7. New Business -

- a. Medical Operations Ad Hoc Committee – The Board reviewed an email from Mr. Peter Drymalski of the Commission on Common Ownership Communities (CCOC) advising the Board of his opinion that they could proceed with investigating options relative to appointing an ad hoc committee to identify possible third-party consultants to develop an RFP for the reorganization of the Medical Center. The Board also reviewed a letter from the Chair to the CCOC requesting an official clarification of the stay and the Board’s ability to proceed with certain actions while the CCOC case is in process.
- b. Management Goals – The Board received the updated Management Goals, which will be discussed at the March meeting.
- c. Code of Ethics/Conflict of Interest – The Board received a copy of a letter, along with a Code of Ethics and Conflict of Interest Statement for the Board of Directors, provided by Morris Krowitz, Chair of the Audit Advisory Committee. The Chair asked Board members to review the documents for discussion at the March meeting.
- d. Travel Contract – The Chair reported that the Executive Committee had made a recommendation to issue a Request for Proposal (RFP) for the travel operation. She noted that she had found it disconcerting to learn that a resident who had attended the Executive Committee meeting went to Eyre Travel after the meeting and told them of the Committee’s recommendation before it came before the Board. As a result, Ron Eyre wrote a rebuttal letter, which was included in the Agenda package.

Ms. Rabinow made the following **motion**, which was seconded by Ms. Hamilton:

To direct management to put out a Request for Proposal on the travel operation.

Ms. Wacha asked whether prospective organizations and companies to whom the RFP would be sent had been identified and how many RFPs would be sent out.

The Chair confirmed that no decisions had been made.

Ms. Altman reported that the Travel Subcommittee of the E&R Committee, which works closely with Eyre Travel, has recommended that the contract with Eyre be renewed. In response to a question, she confirmed that the contract calls for a rental payment from the tenant of \$400 per month, with a requirement that they advertise in the *Leisure World News* and that they meet on a regular basis with representatives of the E&R Committee to discuss and review programs.

Extensive discussion followed – both pro and con – about the services provided by Eyre Travel. Other issues that were raised included whether management has an obligation to oversee the travel operation and the role of the advisory committee in performing due diligence prior to making a recommendation relative to renewal of a contract.

Mr. Marks stated that he was concerned about timing and the other issues on the Agenda, since this contract expires in 60 days. He proposed an amendment to the motion, which was seconded by Mr. Lubin and accepted by the Board. The amended motion, as follows, passed unanimously:

**Resolution # 16, 2/23/10**

That the General Manager is authorized to extend the existing agreement with Eyre Bus Company for one additional year, ending April 2011. Management shall submit a Request for Proposal for travel operations to the Education & Recreation Committee for review and comment and to the Board of Directors at its regular January 2011 meeting. The Request for Proposal shall include scope of services and a set of evaluation criteria for evaluating proposals.

Ms. Herrington suggested that, when the contract is renewed, it should contain language to address safety issues and other problems that were raised during the discussion.

- e. L&T Committee – Mr. Bessel, Chair of the Legislation & Taxation Advisory Committee, reviewed the committee's recommendations relative to bills currently pending in the Maryland General Assembly that could have an impact on the Leisure World Community. The committee has recommended positions on four bills, the most important of which (in terms of the possibility of its passing and having an effect on Leisure World) is the first one listed. This is a proposal that would stipulate that condominium associations in Maryland would not have the right to prohibit types of political campaigning such as door-to-door campaigning, erecting signs, and holding rallies. The committee raised a number of questions and recommended to the legislature that the bill not be passed until these questions have been answered.

8. Open Forum –

Mr. Cecil Uyehara (M26) stated that he had submitted several letters relative to billing practices at the Medical Center. The latest one, which is the crux of the matter, is not included in the Agenda package. His complaint is that the Medical Center is subsidized by all residents of Leisure World through the Community Facilities Fee, but in addition, residents have to pay again because the Medical Center does not accept private carrier reimbursements as full payment. He asserted that this represents a double subsidy to the Medical Center and is unfair to Leisure World residents. The Chair responded that she had forwarded his letter to the Medical Center for response.

Mr. Robert Conn (M24) stated that some of his letters were not included in the Agenda package, and that he had an Affidavit which he claimed he was “not permitted to distribute.” The Affidavit says that he correctly reported the instructions of the mediators at the CCOC hearing. He said he did not want the attacks on him in the Chair’s letters to detract from the message he is trying to convey, which the Board will consider in Executive Session.

Mr. Conn stated that the CCOC Complaint calls for a Code of Ethics for Board members. At this point, the Chair reminded him about the confidentiality of the mediation proceedings. Mr. Conn asked, for the record, whether the Chair was ruling him out of order. The Chair confirmed that he was out of order.

Mr. James Cronin (M17A) stated he had given the Board 18 dates on which he would be available to attend a second mediation. He has not heard back on any of them. He also stated that there was an agreement in the mediation session that any issues could be brought straight to the Board without going through the Executive Committee.

9. Next Meeting – The next meeting of the Board of Directors is scheduled for Tuesday, March 30, 2010, at 9:30 a.m. in the Montgomery Room.
10. Executive Session – As reported in the Chair’s remarks and agreed unanimously by the Board, an Executive Session followed the regular meeting.
11. Adjournment – There being no further business to come before the Board, the meeting was adjourned at 10:32 a.m.

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Billie Saunders, Executive Secretary  
LWCC Board of Directors