

Leisure World Community Corporation
Executive Committee Meeting # 3
Friday, March 19, 2010

Members Present: Marian Altman, Chair; Philip Marks, Vice-Chair, Billie Saunders, Secretary; James McAlister; Barry Lubin; Phyllis Ross; and Larry Traynham.

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

Visitors: List on file.

Based on a unanimous vote authorizing a closed session, an Executive Session was held in conjunction with the Executive Committee meeting on February 12, 2010, for the purpose of approving the Minutes of the Executive Session held on January 15, 2010, and for further discussion of a legal matter (in accordance with § 11B-111 (4) (iv) of the Maryland Homeowners Association Act). 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 9:30 a.m.
2. Chair's Remarks – The Chair announced that no recording or taping of Executive Committee meetings is to take place without written approval from the Chair.

Appointments: Maureen McCleary will replace Evelyn Levine as Mutual 19B's representative on the Emergency Preparedness Committee. Phyllis Ross has requested that Robert Griffith of Mutual 21 be added to the Ad Hoc Marketing Committee.

The Chair announced that an Executive Session would follow the regular meeting to approve the Minutes of the Executive Session held on February 12, 2010, and also to discuss a legal matter (in accordance with § 11B-111 (4) (iv)). She requested individual votes around the table on a motion to hold a closed session. The motion passed unanimously.

3. Adoption of Agenda – The Agenda was adopted as presented.
4. Approval of Minutes – The Minutes of the meeting held on February 12, 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 February 2010. The Chair noted that the Budget & Finance Committee resolution was incorrect and should read: “Voted against a recommendation that interest be charged in the use of Trust Reserve Funds.”
 - b. Snow Removal – Letters from Jack Rich (2/11/10, 2/15/10, and 2/16/10) regarding snow removal issues and Chair’s response (3/10/10).
 - c. LW Progression into 21st Century – Letter from Parker O’Shea (2/16/10) – not representing the Baby Boomer Club – and Chair’s response 3/10/10).
 - d. Pepco – Letter from Pepco (3/2/10) regarding their service reconfiguration to address power outages at The Pines.
 - e. Community Planning Committee – Memorandum from the Chair of the Community Planning Committee with recommended changes to the committee’s Charter.
 - f. CCOC Complaint – Letter from James Cronin (3/10/10) enclosing the Complaint, and Chair’s response (3/15/10) sent prior to decision to include his attachments in the Agenda packet.

6. General Manager’s Report - The General Manager’s Report for March 2010 was received, noted, and made a part of the record. In addition, Mr. Flannery reported on the following.

Finances – The draft Audit Report has been reviewed and accepted by the Audit Committee. The Executive Committee will act on the recommendation of the Budget & Finance Committee regarding handling of the surplus.

The Audit Report reflects a realized surplus in 2009 of approximately \$45,000. In 2010, the Community has experienced two difficult months, resulting in an operating deficit through February of \$71,000. More than half of the deficit occurred in February, primarily due to the snow and resulting shortfalls in revenue generation. Management is reviewing ways to contain expenses and to promote revenue generation in the Physical Properties operations in order to improve results for the first quarter of the fiscal year.

Clubhouse I Lobby Renovation – The interior decorator has made recommendations for wall hangings. A request will be made to the Budget & Finance Committee for funding for the final items to finish this project.

Travel Contract – Management will meet next week with the President of Eyre Travel, to begin work on the one-year extension to the contract.

Insurance – The General Manager met with representatives of the Travelers Insurance Group and discussed the Community's loss experience and current coverage levels, in anticipation of renewal of the policy. Mr. Harold Neely (Travelers Vice President) has given indications that they do not anticipate an increase in premiums for the upcoming cycle beginning August 1st. Management is also negotiating the possibility of expanding certain coverages, such as liability coverage and coverage on landscaping damaged in storms, at no additional cost.

Cable Negotiations – In 2008, Verizon did not submit a response to the Request for Proposal (RFP) when Leisure World went out for bid on a bulk service agreement. They indicated at that time that they could not meet key specifications of the RFP. Recently, management of Leisure World was contacted by a representative of Verizon, who asked if they could re-enter because they feel they can now meet those key specifications. Management met with Verizon representatives from the local, regional, and national levels. They have made an attractive offer, but timing is a problem.

This development was reported to the Ad Hoc Cable Committee at their meeting on March 9th, and Verizon was advised to respond to the original RFP. They have confirmed that they are now able to meet the two requirements that prevented them from responding originally – i.e., the insertion of the message board system into a fiber optic communication and the ability for high rise residents to view people at their front door. In addition, they have dropped their rate to a level that is competitive with Comcast's offer.

The Ad Hoc Cable Committee has recommended that management be authorized to negotiate with Verizon.

Mutual 22 (The Pines) – Management met with Pepco during the last week of February. Mr. Flannery noted that all of the residential and Trust properties in the Community are fed by underground service originating at the substation located outside the Connecticut Gate, except for Mutual 22, whose feed comes from outside the Community, behind their property in the Bailey's Lane area. That is an overhead feed that runs to the transfer station off Emory Lane. At the meeting with Pepco, management requested that they come up with a plan to alleviate the problems experienced by The Pines.

At the present time, Pepco has performed a temporary fix by connecting The Pines to a parallel feed going into the 19B properties, which originates at the Connecticut Avenue substation. Management is currently awaiting a report from Pepco as to whether the temporary fix can become permanent.

Health Fair – There will be a Health Fair in April, details of which will be included in the April General Manager’s Report.

7. Old Business

- a. Management Goals – Mr. Flannery asked whether there were questions, suggestions, or modifications to the goals. He noted that it is a dynamic report, and that the goals may change in response to new initiatives or situations.

Ms. Ross requested clarification of item I-D, relative to orientation sessions for new board members. She asked whether any kind of official orientation or documentation is available for new board members. Mr. Flannery responded that, in the past, formal group sessions have been held, but management found that many of the questions pertained to high rise associations and people from non-high rise associations derived little benefit. Management shifted its focus to an “open door” policy, offering one-on-one orientations sessions for individuals who are new to a Mutual board or advisory committee. Interested individuals may contact the Executive Secretary, and depending on the Mutual or advisory committee involved, the appropriate manager and possibly the property manager will meet with them.

The Chair noted that she has asked the Board Parliamentarian to plan a class for board members on parliamentary procedures. This should take place in the spring.

Mr. Marks asked about the value of separating the report into 2009 goals and 2010 goals. The General Manager responded that management had tried to do that, but found there was too much carryover since the 2009 goals were very expansive. As management reports back to the Board on a quarterly basis and additional topics arise, they may add current year goals.

Mr. Traynham asked whether completed goals could be removed. Mr. Flannery said that would be done at the mid-year update.

The Chair addressed item VII, Organizational Management, noting that although the review of the accounting operation has been completed and the review of Physical Properties is planned for the 2nd quarter of 2010, the Board has not received a report outline for either one. Mr. Flannery stated that report outlines will be provided.

- b. Code of Ethics/Conflict of Interest – The Chair asked for comments on these documents, which were distributed the previous month.

Mr. Flannery reported that, at its meeting on March 5, 2010, the Audit Committee

recommended an addition to the last line of item # 9. Following “on behalf of Leisure World or its committees,” the phrase “in compliance with reimbursement policies” should be inserted.

Ms. Saunders asked whether these documents had been submitted to counsel for review. Mr. Flannery responded that they had not.

Upon motion by Mr. Marks, the Committee agreed –

Resolution # 9, 3/19/10

To recommend to the Board of Directors the adoption of the Code of Ethics, with the amendment recommended by the Audit Committee, and that management submit the Code to counsel for a legal opinion on its appropriateness.

Mr. Marks stated that he does not believe the Conflict of Interest Statement is ready for action, since the list of vendors was omitted and more explanation is needed.

Upon motion by Mr. Marks, the Committee agreed –

Resolution # 10, 3/19/10

That the Conflict of Interest Statement be postponed to the next meeting.

Management agreed to add a list of the current vendors.

- c. CCOC Complaint – Board Executive Session Resolution – The Committee reviewed a resolution passed by the Board of Directors in executive session on February 23, 2010, authorizing the General Manager to retain legal counsel to represent the Leisure World Community Corporation at a CCOC hearing, at a cost not to exceed \$15,000 (funds to come from the 2010 Contingency Fund).

Mr. Marks amended the sentence following the Board’s resolution to read as follows:

“Mr. Marks suggested that, since the action of the Board was taken in closed session and involves a significant *policy decision and* expenditure of funds, it should be reported in the next public Board meeting.” [Words in italics were added.]

- d. Cable Negotiations – Recommendation of Ad Hoc Cable Committee – The Committee reviewed a resolution passed by the Ad Hoc Cable Committee requesting authorization of the General Manager to negotiate with Verizon.

Upon motion by Mr. Lubin, the Committee agreed –

Resolution # 11, 3/19/10

To recommend that the LWCC Board of Directors authorize the General Manager to enter negotiations with Verizon Enhanced Communities for FiOS cable TV services for the Leisure World Community.

8. New Business

- a. Leisure World Post Office – The Committee reviewed a memorandum from the Community Planning Committee requesting that the Executive Committee address the advisability of perpetuating the subsidized post office before funds are spent on Administration Building lobby renovation. Also in the Agenda packet is a letter to the Chair from Mr. Zajic noting the operating loss of the post office of \$30,000 a year (which equates to approximately 45¢ per unit per month in the Community Facilities Fee), and asserting that the amenity is not needed in light of a full service United States Postal Service (USPS) retail store in the adjacent shopping center.

The Chair stated that most residents use this amenity and that it would be inconvenient to eliminate it. She noted that all Leisure World amenities have an associated cost, although money is not the only issue.

Mr. Flannery explained that the post office is under discussion presently because renovations are being considered for the Administration Building lobby. Phase one involves the construction of porticos on each side of the entryways, and the Community Planning Committee is examining options relative to the utilization of the lobby space itself. One option is to move the post office from its existing location to a space in the lobby. Before such a decision is made, the Community should address whether it wishes to continue having an on-site post office operation. The Leisure World facility is considered a satellite post office, and the Community has a contract with the USPS, under which the Community staffs the operation and receives a payment from USPS of \$10,000 a year. After netting that amount against the cost of the staff, approximately \$29-30,000 in operating expenses remains, which is included in the administration budget. There is no term on the agreement, which can be terminated by either side upon 120 days' notification.

Mr. McAlister questioned whether the postal service has indicated their intention to continue this facility. Mr. Flannery responded that they have not indicated anything to the contrary. They did confirm, several months ago, that rumors that the facility was to be shut down were unfounded.

Mr. Marks asked whether any statistics exist regarding utilization of the facility by

residents. Mr. Flannery responded that usage – i.e., per person contacts per day – is not tracked, but the facility probably averages \$900-\$1,000 per day in sales volume. That number increases significantly from Thanksgiving through Christmas.

Ms. Ross said it would be helpful to see the architect's rendering, with and without the post office, at the Board of Directors' meeting. Mr. Flannery agreed to provide renderings, but said this project is currently under discussion with the Community Planning Committee.

Upon motion by Mr. McAlister, the Committee agreed –

Resolution # 12, 3/19/10

To recommend to the Board of Directors that the satellite postal facility be maintained within Leisure World.

- b. Request from JRLW – The Chair introduced the Agenda item by reading a statement outlining the background and history of this topic within the Community. She stated that she had met in April 2009 with the President of the Jewish Residents of Leisure World (JRLW), the Chair and Vice-Chair of the Education & Recreation (E&R) Committee, and the Director of E&R to discuss the best location of the Torahs. At that meeting, Mr. Shapiro, President of JRLW, proposed some alternatives that would require modifications to the Activities Room and indicated his intention to obtain an estimate for the work.

Ms. Altman stated that there have been questions regarding the legality of using Trust facilities for religious services. She reported that, under Section VII-B of the Trust Agreement, the Trustee has the right to allow religious organizations to use the Trust facilities.

Ms. Altman stated that the E&R Committee approved the JRLW plan in February 2010, but that it was turned down in March by the Community Planning Committee. She noted the inclusion in the Agenda package of communications from the Director of E&R, Norman Dreyfuss of IDI, and Reverend Perry of the Interfaith Chapel.

In conclusion, the Chair stated that this matter should be examined objectively and not become an acrimonious debate. She affirmed the Board's responsibility to balance the interests of various groups and organizations, as well as the Community at large.

Upon motion by Mr. Marks, the Committee agreed –

Resolution # 13, 3/19/10

That the Jewish Residents of Leisure World proposal (including supporting documentation from JRLW, Resolutions from E&R and Community Planning Committees, all correspondence, and the E&R Director's memo) for use of the alcoves in the Activities Room, Clubhouse II, be forwarded to the Board of Directors for review and action.

There was no discussion and the motion passed unanimously.

- c. L&T Committee Recommendations – The Committee reviewed the L&T Committee's recommendations relative to bills currently before the Maryland Legislature. The Chair asked Mr. Bessel for clarification of item # 4, which was amended to read: "The LWCC Board should authorize the L&T Committee to take positions and make statements on legislation on behalf of Leisure World when time is of the essence (when the General Assembly is in session). This will always be coordinated by the L&T Chair with the LWCC Chair and/or Vice-Chair, for approval."

Ms. Ross expressed concern about approving item # 4 because of the possibility of setting a precedent for other advisory committees that want to have recommendations approved quickly without waiting for consideration by the full Board.

Mr. Flannery responded that the Board faces this issue each year. Bills that could have a significant impact on the Community frequently come up for a hearing at a time when no meeting of the Executive Committee or Board of Directors is scheduled. If the Community wants to have input on a bill, through presenting testimony or writing a letter, it must be done in a timely fashion or the opportunity is lost. The practice in the past has been to allow the L&T Committee some leeway to speak to an officer of the Board to receive the necessary approval. The purpose of item # 4 is to document that practice.

Ms. Altman pointed out that, during the legislative session, the L&T Committee meets every Monday to review that week's bills. Both she and the Vice-Chair are usually in attendance at those meetings.

Upon motion by Mr. Marks, the Committee agreed –

Resolution # 13, 3/19/10

To accept the L&T Committee recommendations, with a modification in # 4 that restricts it to when the Maryland Legislature is in session.

- d. Audit Report – Mr. Robert Bordley, Vice-Chair of the Audit Committee and Chair of the Budget & Finance Committee, presented the recommendations of the Audit Committee and the Budget & Finance Committee.

Upon motion by Ms. Saunders, the Committee agreed –

Resolution # 14, 3/19/10

To accept the draft 2009 Audit Report, as amended by the Audit Committee.

Upon motion by Mr. Marks, the Committee agreed –

Resolution # 15, 3/19/10

To accept the Budget & Finance Committee's recommendations to approve the following:

That the Community Facilities surplus of \$118,450 offset the deficit in the Combined Mutual Operations of \$73,045;

That the remaining net surplus from the 2009 Operations in the amount of \$45,405 be applied to the deficit on the books from 2008 in the amount of \$19,050;

That the aggregate surplus of \$26,355 be transferred to the Contingency Reserve for the purpose of absorbing the anticipated deficit in 2010 and to include the balance of \$36,165 in the 2009 Contingency Reserve.

Mr. Bordley noted that \$75,000 will be added this year to the Contingency Fund, in order to offset (at least in part) the deficit of \$71,000 in the first two months resulting from a reduction of income in the Medical Center and Physical Properties operations due to the snow storms.

- e. Request for Funds – Mechanical Engineer Phase I

Upon motion by Mr. Marks, the Committee agreed –

Resolution # 16, 3/19/10

To approve the Budget & Finance Committee's recommendation to accept the Community Planning Advisory Committee's request for funding of the Mechanical-Electric-Plumbing (MEP) study of the entire Administration Building, not to exceed the amount of \$20,000 to be paid out of the Resales Fund.

- f. Landscape Committee Recommendation – The Committee reviewed a recommendation from the Landscape Committee to place a memorial plaque to all Leisure World veterans on Trust property located adjacent to the Cascade fountain area. The Chair stated that this memorandum was originally provided to the Board in December, but that it was sent back to the Landscape Committee with a request for more information.

Mr. Flannery reported that management had inspected the areas around the Administration Building in order to identify Trust properties that could be designated as a Veterans' Park, with a lighted flag. In response to the Board's suggestion that an existing location be used, they examined the areas around the Cascade Park. Mr. Flannery reported that a suitable white quartz rock (currently located at Mutual 19A) is available that could be placed at the entryway of the Cascade fountain area. United States and Maryland flags, with lighting, are already at the location, plus a group of boxwoods that could surround the stone. A plaque could be placed on the stone commemorating the area to the veterans, along with a second plaque in the lower fountain area where residents walk through. The cost would be approximately \$1,500, and the work could be completed by Memorial Day.

A motion was made and seconded to adopt the plan articulated by the General Manager. A discussion ensued, and Mr. Marks suggested that a map and a breakdown of the associated costs be included in the Board Agenda packet.

Mr. Traynham questioned whether two plaques are necessary.

Ms. Saunders stated that she had attended the Landscape Committee meeting and that the committee had agreed to the Four Acres Site. She asked what would happen to that proposal. Mr. Flannery responded that after the Landscape Committee met, the management representative who attended the meeting reported that the committee was going to look at the Four Acre site as an alternative. Mr. Flannery stated that he did not receive any request from the chairperson of the committee for any action item to be placed in the Executive Committee package as a recommendation to the Executive Committee.

Upon motion by Mr. Lubin, the Committee agreed –

Resolution # 17, 3/19/10

To approve the Landscape Advisory Committee's recommendation that a memorial plaque to all Leisure World veterans be placed in Cascade Park.

The motion passed with two abstentions (Ms. Ross and Ms. Saunders).

Ms. Ross asked whether a copy of the Minutes of the Landscape Committee meeting could be provided. Mr. Flannery responded that management would review the draft Minutes of the March Landscape Committee meeting and provide an update to the Board of Directors.

9. Open Forum –

Mr. Ed Psaltis (M18) thanked Committee members for their good wishes when he was in the hospital. Referring to the Code of Ethics, he asked who would resolve conflicts of interest and suggested that they should be resolved outside of the organization – possibly by retired judges in Montgomery County.

Mr. Psaltis urged retaining the post office facility in Leisure World.

Finally, he spoke about the JRLW request and stated that it is a legal matter and that it will set a precedent if other religious groups wish to build a storage cabinet.

Ms. Fred Shapiro (M24) stated that the items included in the Agenda package do not provide a full picture of the JRLW issue. He said that he has discussed the project with Reverend Perry and Father Sweeny, and that both are supportive of the project. He stated that he had a packet of petitions that had not been provided to the Chair. One of the things in the Community that needs to be protected is the interface and a diverse community that works well together. What has bothered him most is the creation of acrimony where it should not exist. He stated that Mr. Dreyfuss's donation was in memory of his mother and was not needed by JRLW for this project. He also stated that there is plenty of space available in the storage room for other religious groups who need it. He asserted that JRLW is not a club but one of three religious organizations that provide a broad range of services to the Community. He noted that JRLW was able to persuade the Maryland government to change their definition and include Leisure World in their aging programs.

Mr. Bob Conn (M24) asked a series of questions relating to the CCOC Complaint. He said the premise is transparency in government by publishing what the Board is doing in the *Leisure World News* in a straightforward fashion. He asked: Will the Board publish that they approved \$15,000 for attorney fees? Are they going to publish how much money they spent for the Tom Schild legal opinion which they are not following because it was flawed in saying a recorded vote was not necessary to go into closed session? Are they going to publish how much they paid Steve McAuliffe for his legal opinion on the CCOC Complaint when it did not even address the Trust Agreement? Are they going to publish who caused the shift from mediation to litigation in the CCOC Complaint? The Montgomery County Code states that if you do not have a second mediation session within 10 days, you automatically go to a hearing. The Complainant asked for a mediation session and the Board ignored it. Are they going to publish that the Complaints calls for a code of ethics applicable to both the Board and management? Are

they going to publish that the Complainant wants a seminar for fiduciaries conducted by an impartial Montgomery County official? Are they going to publish that they have held closed sessions without proper authority in violation of the law? Are they going to publish that the Complainant wants competitive bids, not sole source preferential awards, for the Medical Center?

10. Adjournment – There being no further business to come before the Committee, the meeting was adjourned at 10:40 a.m.
11. Next Meeting – The next meeting of the Executive Committee is scheduled for Friday, April 16, 2010, at 9:30 a.m. in the Sullivan Room.
12. Executive Session – An Executive Session followed the regular meeting, as authorized by a unanimous vote of the members present.

Billie Saunders
Executive Secretary