

M I N U T E S
SECOND WALNUT CREEK MUTUAL
FIFTY-FIRST ANNUAL MEETING OF MEMBERS
TUESDAY, OCTOBER 18, 2022 AT 9:30 A.M.
FIRESIDE ROOM and ZOOM

President Clay Dunning called to order the Fifty-First Annual Meeting of Members of Second Walnut Creek Mutual at 9:30 a.m. on Tuesday, October 18, 2022 via ZOOM and the Fireside Room.

ROLL CALL: Present: Clay Dunning, President
 Michael Stotter, Vice President
 Liz Bradner, Treasurer
 Brendan Schmidt, Secretary
 Loran Shlevin, Director

Excused: None

Mutual Operations staff was represented by Paul Donner, Director of Mutual Operations; John Tawaststjerna, Landscape Manager; and Anne Paone, Administrative Secretary.

Mr. Dunning welcomed the 40 members on Zoom and 45 members that were in person.

INTRODUCTIONS

Mr. Dunning introduced the directors on the Board.
He then introduced MOD staff.
He thanked the committees and their members for their service to the Mutual.

CERTIFICATION OF NOTICE OF MEETING – Anne Paone, Assistant Secretary

Assistant Secretary Paone read the Certification of Notice of Members' Meeting certifying that proper announcements of the location, date, and time of the Annual Meeting were posted on the Second Mutual website and were published in the *Rossmoor News* on October 5 and October 12 in accordance with Article VII, Section 7.3 of the Bylaws of the Corporation.

PRESIDENT'S REPORT

President, Clay Dunning reported on the following:

1. Contrast between the Annual Meeting of Members and the Monthly Board Meetings.

The purpose of Board Meetings is for the Board to conduct the Mutual's business in an open meeting format. The Board receives reports from its property manager and others and acts on unfinished and new business brought before the Board.

Board members ask for time to discuss selected matters and to make motions to be considered by the Board including proposed new business such as policies, approve contracts and a wide array of matters.

The Annual Meeting of Members is for the Board and others to report to the members. The reports include the certification of the Notice of Meeting, President's Report, Budget Report for the upcoming year, various committees and other reports.

This year, due to the extraordinary increase in the cost of insurance, SWCM Treasurer Liz Bradner, after hearing the presentation made to the Treasurers Forum by GRF's Insurance Agent, AJ Gallagher, arranged for Ken Johnson, Senior Account Manager, to present highlights of the causes of the very high cost of insurance we will experience in the coming year.

Additionally, Ellen Gilman was given the opportunity to remind our members, and the Board, of the Rossmoor Fund's mission and the availability of grants to qualified residents in need, especially given the outsized increase in the coupon this year.

2. 2022 Election: The 2022 election has been delayed due to an error made by the Inspector of Elections. The law requires an independent Inspector of Elections. The Inspector is an experienced attorney, formerly with the law firm of Berding & Weil. SWCM has used the selected Inspector for prior elections with success. The Inspector, for unknown reasons, made errors on the First Ballot package and again on the Second Ballot package. SWCM terminated the Inspector at no cost to the Mutual and began a search for another Inspector. One was located in the Bay Area. The Inspector's contract was submitted and reviewed by counsel. Counsel expressed some concerns about certain provisions of the contract. SWCM then resumed its search finding four additional potential Inspectors. All four were interviewed and evaluated, including one with personnel in SF. After full review of all 5 candidates, SWCM elected to retain the Inspector located in the Bay Area. The only thing lost was time. Rather than a ballot count of Oct 18, the ballot count will be made December 20. The count will be held at the Fireside Room at 5 pm. Members are welcome to attend. A zoom link will be provided for those who do not wish to attend.

3. Clarity. There are repetitive questions about the placement of the Resident's Forum on the agenda of Board Meetings, and about the length of time allotted to members to comment during for Forum.

Placement of the Resident's Forum on Meeting Agendas. For many, many, many years and maybe from inception, the Resident's Forum was held at the beginning of the Meetings. GRF and most, if not all Mutuals, place the Resident's Forum near the beginning of the Meeting. However, SWCM members, about 2 years ago, asked that the Forum be moved to the end of the meeting so they could comment on the business undertaken by the Board at the subject meeting. The Board agreed to make the change. Thus, the Resident's Forum remains at the end of the Meeting to enable such comments.

Time is allotted to members to comment during the Resident's Forum. The time historically allotted to members to make comments had been 3 minutes. That remains the allotment of GRF and most, if not all Mutuals today. However, then VP Dunning made a motion to increase the allotment from 3 minutes to 5 minutes.

However, members then voiced their view that the Board Meetings were running too long. In response, then President Dunning returned the allotment to 3 minutes.

BUDGET 2023

Mr. Donner reported that the June financials have closed and the data has been loaded into the draft budget. Work sessions were scheduled. The increase per manor per month is \$98.00. The budget will increase from \$952 in 2022 to \$1,054 in 2023 per manor per month. This does not include individual property taxes. The management fee will increase by \$9.22. A 5% COLA increase has been approved for staff. Staff has been added. A person for H/R, an accountant, and another Board Services Coordinator. Building maintenance will decrease by \$.22. Landscape will increase by \$1.29 mostly due to contractual obligations. Pest control for interiors, mostly ants, is a separate contract. No increase for custodial. Contra Costa hires disabled workers to sweep out the trash enclosures. 5 Star cleans the laundry rooms. Insurance will increase by \$76.35. There is only one policy for all of Rossmoor. Marshall & Swift reviews buildings by considering aluminum wiring vs copper wiring, wood shakes vs stucco, proximity of building to wildfire land. If a building has sprinklers, they get a credit reduction. Utilities will decrease by \$6.56. Trash and Recycle will decrease by \$.97. Other General and Admin Expenses will decrease by \$.19. Working Capital will decrease by \$4.50. The GRF assessment will increase by \$21.35. The Mutual and operations Assessment will increase by \$76.65. Mutual reserves will decrease by \$.10.

The Mutual skipped asphalt work in 2022 because prices were too high. Some work will be done next year.

\$155,224 will be added to the reserve fund and the ending balance should be \$6,800.00. The operating fund should have an ending balance of \$1,450.00.

Mr. Donner and the Board responded to some questions.

INSURANCE PRESENTATION

Mr. Bradner reported as follows:

Good morning. For the last two years the board has been able, with Paul Donner's guidance, keep the coupon increase at \$50, and still do the every ten year building rehabs, landscape plantings and other work that kept up our property. It was my goal for this year as well. However, with increasing property values, the requirement to insure the full replacement value of our homes, fire claims and other factors, that is not possible this year. Ken Johnson is with Gallagher, a Fortune 500 global leader in insurance, risk management and consulting founded in 1927 with over 41,000 expert advisers operating in more than 130 countries. Ken is here to explain what caused our insurance premiums to increase by over \$76 per manor per month next year. Ken is a member of 18 experts on the Gallagher/GRF team working with industry leading underwriters, employing industry benchmarking data and analysis to build Rossmoor's insurance program that closes gaps and guards Second Walnut Creek Mutual against loss. Ken, take it away and also please explain the result if we were to go out on our own, separate from the rest of Rossmoor, to look for insurance for Mutual Two.

Also, here to help us is Ellen Gillman, on the board of the Rossmoor Fund. This fund can provide financial assistance to our members who might find the increased coupon

difficult to pay without giving up other necessary expenses. Ellen and her husband Jim live in Mutual Two.

Ms. Bradner introduced Ken Johnson of Gallagher Insurance.

Mr. Johnson did a PowerPoint presentation. Gallagher is the 3rd largest broker in the world. They have won numerous most ethical awards. Events all over the globe affect everyone. Rossmoor has excellent insurance. The deductible was moved to one million dollars, but we now have a plan with a \$250,000 deductible.

Mr. Donner reported that there have been articles in the Rossmoor News to educate people regarding the prevention of fires.

ROSSMOOR FUND

Ms. Bradner introduced Ellen Gilman.

Ms. Gilman reported that there has been a drop in requests for help. She asked the Board to remind members to contact the Rossmoor Fund. They can't pay the coupon for members, but they can help with emergency bills such a medical bills. There are income caps and asset limits. \$6,000 within a 2-year period can be distributed to a member. Applications are online or at the Counseling Services.

LANDSCAPE COMMITTEE

Ms. Neva Flaherty presented the following report:

This past year has been a year of change for the Landscape Committee. In February, MOD's landscape manager, Rebecca Pollan, left for a new position in San Francisco. Within two months, John Tawaststjerna came on board as the new MOD landscape manager, and quickly settled in.

Then in August, Marilyn Schuyler, the leader of Second Mutual's landscape committee, moved to Sacramento. She had served on the committee since it began and helped develop many of our procedures for managing landscape issues. We will always value her leadership.

I continued as co-chair, and am waiting for the board to approve Elizabeth Fulton as my co-chair.

Planting season began October first and lasts until April, so the committee and John T—as he's known—are busy launching planting projects. We are focusing on lawn conversions and on rehab projects.

And requested plant replacements are taking place. Some of our plant replacement money will be used to plant areas that were cleared of juniper last year, and are visible to residents or close to where they live. Less-visible areas won't be replanted.

Just a word about lawn conversions. Because of the ongoing drought in California and the ever-increasing cost of water, John T has a goal of replacing half the lawn area in our mutual with drought-tolerant plants that use less water.

This does NOT mean replacing lawns with mulch. The lawns will become beds of plants that flower and provide color throughout most of the year. And there will be ornamental grasses that grow into silvery or fringing mounds. It takes one or two years of moderate watering for the new plants to become rooted and established. After that, they will use 50 per cent less water than the same amount of lawn. So, in the third year, our

water volume for irrigation will decrease. Depending on East Bay MUD's pricing, we hope our water costs shrink as well.

Three small lawn conversions are completed: The Tice Creek entry A laundry room area, and small areas at Canyonwood Entries 5 and 8. At Fairlawn Entry 2's laundry room, all prep work is done and it's awaiting plants. That will be a demonstration project, so that residents can see the attractiveness of low-water-use plantings. Also--- for another example, look at the corner of Oakmont and Tice Creek Drive.

Eight larger lawn conversions are in process and will be completed during planting season. We hope to have more plans approved before year's end.

Here's how lawn conversion works:

Landscape committee members have walked the entire Mutual and identified target lawns for conversion. In some cases, the lawns are in poor condition. In other cases, there are large grass areas that could become parklets—low-water-use plantings and a sitting area with benches and tables for residents to socialize. Before tackling these large areas, the committee will ask residents what they wish to happen in these areas. Once a target area is chosen, Terra, our landscape contractor, prepares a plan. The committee reviews it, suggests changes, and John T and committee members meet with the affected residents to explain the plan and collect their input before any work begins. Many of these plans require board approval because they cost more than \$5,000. That's because irrigation changes are needed, in addition to grass removal and plantings. Smaller projects are done by the MOD technicians.

The money for lawn conversions comes from the rehab portion of our landscape budget, which is \$150,000 a year (after subtracting for mulch and plant replacement). If we spent that entire amount on lawn conversions, it would take 13 to 18 years to replace half the lawn area in Second Mutual. If we want to save more water and more money sooner, we'll have to increase the rehab funding.

We are committed to spending some of our rehab money each year on landscape repair---ugly areas of aging shrubbery or dying ivy or barren soil. Residents can ask the committee to rehab an ugly area. We evaluate the impact on all residents in an entry. Then John T gets an estimate of cost. The committee and John decided whether to go ahead with the repair. We have a half-dozen such projects in process now, and expect to add some more to the list before the end of the year.

We depend on you residents to report to us areas that need repair.

Terra does not deal with these ugly areas as part of its regular maintenance contract. Either Terra, another contractor, or our two MOD landscape techs make these repairs, and the money comes from the rehab budget. We estimate that we have enough money to complete any repair requests that you make before year's end. So let us hear from you!

TRASH COMMITTEE

Ms. Kathleen Epperson gave the following report:

The Trash Committee is charged with educating members towards achieving compliance. One way to measure success is money saved. Paul Donner estimates we will save Second Mutual \$5,390 this year. And we greatly reduced the extra charges which could have caused this year's trash expense to be higher.

Prior to when we started the Trash Committee in April 2021, we had more extra charges for overages (or when a container's lid can't close) and special pickups for

contaminated containers (like plastic bags or food scraps in recycle). For February 2021, they totaled \$1578, but were only \$155 for February 2022. A 90% reduction! Extra charges were \$1479 for May 2021; but in May 2022 an amazing thing happened. That month we had no extra charges! A first!

This is partly due to the dedicated efforts of our 70 trash volunteers in 57 of our mutual's 84 trash enclosures. It is also thanks to many of you, Second Mutual residents who carefully follow the "Recycle Guide" on pages 18 to 26 in our phonebook and the Trash Tips in the Rossmoor News – and who let us know when people moving out start filling up containers and leave no room for others.

We are doing well! And we still have room for improvement. Extra charges this year could have been much higher, but many Republic drivers overlooked some of the trash they saw in recycle. That is changing. Recently, drivers refused to empty some recycle containers which were contaminated with trash. This can cost us \$50 each time it happens. This increases our coupon.

At some point, Republic Services will charge us extra when they find food in landfill. Food scraps release methane gas into the atmosphere. This is a climate problem. Composting is a solution, so a new California law requires that we put food scraps in a green cart. Fortunately, these extra charges have not yet started. This law does not apply to residents who use the four trash enclosures which have no room for a green cart and no green cart is in a nearby enclosure. They are Canyonwood Entry 4 and Tice Creek Entries D, 9 and 12B.

Some residents, renters, house cleaners, and caregivers put trash in the wrong containers. To avoid extra charges, we have started meeting some of them one-to-one. I kid you not. This year we found a toilet in landfill, a vanity in recycle, and lots of electronics in both. The recycle driver hauled off the vanity because he couldn't see it. But the next day, he refused to empty three other recycling containers.

There is no excuse for electronics in the trash enclosure. Rapid Recycle picks them up at your door, at no charge for most items. Their phone number is on p. 23 in the phonebook.

Illegal dumping is a huge challenge, especially by contractors and families of residents who have died or moved. Most of our trash enclosures only have room for everyday trash. We are required to take move-in, move-out and remodeling debris to the dump in Martinez or hire a trash hauler.

If you see illegal dumping and the dumper won't remove their stuff when asked, we urge you to immediately call Securitas. If this happens during work hours, also contact Mutual Operations Department. Be prepared to give the street, entry, trash enclosure and, if possible, vehicle license number and the name of the contractor. If a contractor repeatedly does this, they will not be permitted to work in Rossmoor.

In closing, we are grateful to all the Second Mutual residents who are considerate of their neighbors and contribute to lowering our trash costs!

If you have any trash concerns – or if you don't have a compost pail or recycle tote and want one – email SecondMutualTrashCommittee (all one word) at [gmail.com](mailto:SecondMutualTrashCommittee@gmail.com). Thank you.

WATER COMMITTEE

Ms. Therese Welter gave the following report:

What we did in 2022

- Worked with EBMUD and Identified 3 meters that have water cooled air conditioners are **using 3 x as much water** as the remaining 8 residential meters **that every resident pays for in their monthly coupon, estimated to be \$350,000 per year!!!**
- Provided data to SWCM Board of Directors for recommendation to replace approximately 484 Water Cooled units
- Identified residents who had hi-flow toilets thru a RN article and coordinated installs of low-flow toilets
- Worked with EBMUD/GRF to have access to Water Meter activity via on-line Smart Water Meter Reports
 - Identified that all meters are showing **24-hour non-stop usage** indicating leaks in landscaping and or toilets **that we are all paying for in our monthly coupon**
- Created a Water Education Program for Residents
 - Established a **SWCM Water email address for information** 2mwaterleak@gmail.com
 - Published multiple articles in the Rossmoor News regarding **how to report water loss that we all pay for in our coupon**
 - Developed and delivered fliers re inside water savings tips)
 - Developed fliers to encourage residents to be conscious of water loss **outside** their homes **and report water loss situations to MOD at workorder@rossmoor.com preferably with a photo showing the location and the problem (pipe breaks and sprinkler malfunctioning) or a telephone call during business hours to 925-988-7650** (be on the lookout for this flier this month)
 - Provided Instructions on how to test toilets for leaks and dye tablets provided by EBMUD to interested residents who have contacted the 2mwaterleak@gmail.com email address
- Coordinated with EBMUD a proposal for a special rebate on **our 2M water bills** after installing new air conditioning equipment for the residents that currently have water-cooled air units
- Tracking monthly water bills using actual usage and billing for current year over past years to measure SWCM water
 - EBMUD rates typically are about 4% per year, every July 1st. This year in addition to the annual increase we have an 8% surcharge on our usage
 - Currently our residential water meters are using **17% less water** than this time last year primarily due to your efforts and the reduction of landscaping water usage, however the \$ cost of our bills is unfortunately about the same due to the increases.

Focus for 2023

Water is the #2 most expensive item in the budget

- Continuing to educate residents regarding water loss that can be prevented and drought conditions that require changes to our landscape.
- We are **all** paying for each other's water usage, report a problem outside and be conscious of your water usage in your home
- Embrace low water use landscape
- Monitoring SWCM water usage and costs

ELECTION RESULTS

Ms. Paone announced that ballots have not been tabulated yet.

RESIDENTS' FORUM

Resident stated that residents want to be heard. The Board should consider having a meeting for resident input.

Resident thinks the Forum should stay at 3 minutes.

Resident asked if someone is proofreading the election information.

Resident stated that she is proud of the volunteers. She would like Resident Forum closer to the beginning of the meeting.

Mr. Tawaststjerna reported that they have a plan for the hillsides. Residents should contact the landscape committee to get something on the list.

Resident would like Resident Forum at the beginning of the meeting.

Two other residents would like it at the beginning.

ANNOUNCEMENTS

Next SWCM Regular Board Meeting Thursday, November 17, 2022
10:00 a.m. – Zoom and Peacock Hall

ADJOURNMENT

Mr. Dunning announced that having no further business, the Fifty-First Annual Membership Meeting was adjourned at 12:32 p.m.



Anne Paone, Assistant Secretary
Second Walnut Creek Mutual