

M I N U T E S
SECOND WALNUT CREEK MUTUAL
FIFTIETH ANNUAL MEETING OF MEMBERS
TUESDAY, OCTOBER 19, 2021 AT 9:30 A.M.
FIRESIDE ROOM and ZOOM

President Clay Dunning called to order the Fiftieth Annual Meeting of Members of Second Walnut Creek Mutual at 9:30 a.m. on Tuesday, October 19, 2021 via ZOOM and the Fireside Room.

ROLL CALL: Present: Clay Dunning, President
 Michael Stotter, Vice President
 Liz Bradner, Treasurer
 Barbara El-Baroudi, Secretary
 Brendan Schmidt, Director

Excused: None

Mutual Operations staff was represented by Paul Donner, Director of Mutual Operations; Joel Lesser, Chief Financial Officer; Rebecca Pollon, Landscape Manager, and Anne Paone, Administrative Secretary.

Jo Ann Cooper also attended.

Mark Marlatte, Building Maintenance Manager was excused.

Mr. Dunning welcomed the 32 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 6 and October 13 in accordance with Article VII, Section 7.3 of the Bylaws of the Corporation.

PRESIDENT'S REPORT

Mr. Dunning reported the following:

In an environment of Covid, masks, social distancing, vaccinations, booster shots, business closures, staffing problems, price increases, shortages of everything, and so much more, I'm please to share some of our positive outcomes as we maintained

business as close to usual as possible.

Reserve Account – The contribution to our reserve account for 2022 is budgeted at the same level as 2021. Our reserve account balance is much healthier so no increase this coming year. Thereafter, the annual contribution is forecast to be 3.5% for the next 30 years. Paul Donner will talk more about this when he presents the 2022 budget shortly.

Delinquent Accounts – While being as humane as possible we have substantially improved collection of delinquent accounts.

Legal Services – The law firm of Hughes Gill Cochrane Tinetti has been the provider of legal services to the Mutual for many years. The firm specializes in common interest developments. We executed a new Retention Agreement with the firm which provides for cancellation by either party with proper notice.

Rental Policy – The governor signed into law effective January 1, 2021 AB3182 which sets forth parameters for common interest developments regarding rentals. The spirit of the new law is to open up housing opportunities. We have created a Rental Policy that complies with the law which has been approved by the board subject to comments from members. We have received a small number of comments some for and some opposed. Adoption of the policy will be on the agenda of our November 18 board meeting.

Solar – Most, if not all of us, and certainly our children will be impacted by climate change that we see with our own eyes. Most or all of us support moving to clean, renewable energy sources. Solar is certainly one to look at. So, we took a look, did our homework, and disengaged from a flawed solar initiative sponsored by Table Rock Partners. We are continuing to look and we are currently engaged with Johnson Controls, Inc. We are currently vetting a Mutual wide solar energy program. The concept behind each of these proposals is to enter into a Power Purchase Agreement (PPA) in which our obligation is to purchase the power output, but without investment by the Mutual. The obligation of the Power provider is to engineer, install, and maintain the solar system.

Resolution of Estate Matters – We are moving forward with resolutions of a number of difficult estate matters. While these take time to settle and often involve court hearings we will come out whole at the end of the process.

Committees – We formed 5 committees within the last 12 months. The committees have already had impacts.

The Landscape committee, working with our landscape manager, saved approximately \$8,000 of one entry rehab alone. Landscape services are currently out to bid or ready to bid.

Our trash committee, working with Lisa Lankford, has saved over \$11,000 by being diligent in auditing bills, pickups, and member behavior.

Our water committee has identified several potential saving opportunities with

potentially attractive paybacks by way of water savings. Our bank, CNB, is prepared to finance projects that meet our payback requirements including the cost of financing.

Our recently formed carport and parking committee has already had success in reducing parking complaints.

Mr. Dunning allowed residents to ask questions ahead of Residents Forum.

Resident asked about wiring, in particular aluminum to copper wires.

Resident asked if all of the Mutuels have the same rental policy.

Resident asked if there was anything to prevent people from buying up a number of properties to rent. Would they pay only one transfer fee.

Resident asked if a neighbor could rent every month under the new rules.

Resident reported that there was a nest in the outside electrical box. It was removed, but asked if anyone checks these boxes on a regular basis.

Resident expressed concern about renters following the Mutuels rules.

Resident asked if after the new rental rules are adopted, can a contractor purchase a manor just to rent.

Resident reported that the bylaws are inconsistent with the rental laws.

BUDGET 2022

Mr. Donner presented the 2022 budget. He advised the membership that there are 3 parts to consider. The operating fund is for day-to-day maintenance and repairs. The reserve fund is for repair and replacement of major components over 30 years, such as asphalt and painting. The GRF portion is to maintain Trust facilities such as pools, golf course, clubhouses, GRF staff, etc.

Mr. Donner went line-by-line explaining items on the budget, with the budget displayed on the screen. Water and insurance increases were mainly responsible for the raise in the coupon amount.

The total basic monthly increase will be \$47.00 for a total monthly coupon amount of \$956.00 per manor.

Mr. Donner explained that actual expenses are reviewed from prior years and recent months. The MOD management fee will increase by 3.8% due to COLA. There will be 2 new positions filled-one for accounting and one to share with GRF and MOD.

Building Maintenance and Public Works will have an increase of \$1.71 .

Landscape will provide the same service. It includes the in-house staff, landscape rehabs, pest control and the landscape contract. The increase will be \$1.27.

Custodia-trash enclosures and laundry rooms will have an increase of \$.13.

Insurance will increase by \$25.51. Loss history, type of structure, and sprinklers were considered. A credit is given to the Mutuels that have sprinklers.

Utilities: Water will increase by \$15.35' PG&E will increase by \$1.77 and Recycling will decrease by \$.62. The total increase for Utilities will be \$17.23.

The operating Expenses will increase by \$49.33.

Working Capital will decrease by \$19.18.

GRF will increase by \$17.44.

Budget Questions:

Resident asked would the installation of fire stops help to decrease the cost of insurance. Mr. Donner reported that indirectly it would.

Resident asked how many years back do they look at for the loss history. Mr. Donner reported 5 years.

Resident asked what is a fire stop? Mr. Donner explained that a fire rated material is used. They frame out the wall in the attic, so each manor is protected.

Resident asked what caused the Leisure Lane fire. Mr. Donner reported that he never was informed of the actual cause.

Resident asked what the total annual income is for the Mutual. Mr. Donner reported it is \$15,991,664.

ELECTION RESULTS

Ms. Paone announced that Loran Shlevin and Michael Stotter were elected by acclamation.

RESIDENTS' FORUM

Resident asked if landscapers could clean/blow out carports. Everyone signed that they agree to have it cleaned.

Resident commented that many carports have leaves and garbage blown in. Who should clean it was the question.

The members were advised that the Mutual stopped cleaning the carports because of complaints that cars were scratched and the staff was getting blamed for other issues. The resident is now responsible to seep out their own carport.

Resident asked where they can get documents if they do not use a computer. Mr. Dunning advised they go to Member Records

Resident asked if rental agreement/policy is approved. Mr. Dunning reported it has not been adopted yet.

Resident reported there are a lot of people speeding on the streets. Mr. Dunning advised that the streets belong to GRF. Mr. Donner stated that the Walnut Creek City police can come in and ticket speeders. It has not been done for a while. Residents can speak to the Public Safety Office, Tom Cashion.

Resident asked about renting for 31 days. Mr. Dunning reported 31 days was in the law and the Board agreed with it.

Resident thought it would be nice to have a line on the balance sheet that shows number of delinquencies. Mr. Dunning reported that Ms. Bradner addresses delinquencies at Board meetings.

Resident asked about fire safety and how much it would cost to put gutter guards on units. Mr. Donner reported it is expensive and depends on the type of material used.

Resident would like to see website for SWCM have links to forms, etc. Also have links for articles and a welcome page for newcomers.

Resident would like better communication and to consider having meetings.

Resident thanked Brendan Schmidt for his service on the Board. He has been great and a real asset.

Resident asked if the Mutual is still using Roundup. Ms. Pollon reported that some Roundup is being used. There is information on the Rossmoor website.

Resident stated that the City of Walnut Creek has identified 8 hazards and wanted to know if anyone is familiar with this document.

Resident asked if the Mutual can use email. Mr. Dunning reported that the Board will investigate.

ANNOUNCEMENTS

Mr. Dunning thank Mr. Schmidt for serving on the Board.

Next SWCM Regular Board Meeting Thursday, November 18, 2021
10:00 a.m. – Zoom and Peacock Hall

The Board will hold a Special Meeting to appoint Board officers, the assistant secretary, the assistant treasurer, and to adopt the 2022 budget following adjournment of this meeting.

Mr. Dunning announced that having no further business, the Fiftieth Annual Membership Meeting was adjourned at 11:16 a.m.



Anne Paone, Assistant Secretary
Second Walnut Creek Mutual