

MINUTES

SECOND WALNUT CREEK MUTUAL

SPECIAL MEETING OF THE BOARD OF DIRECTORS

BUDGET DISCUSSIONS

THURSDAY, SEPTEMBER 22, 2022 AT 10:00

ZOOM

Assistant Secretary Anne Paone initiated the Zoom meeting. Paul Donner stated he had the ability to host the meeting. Director Liz Bradner substituted Paul Donner in as the host. The meeting was called to order at 10:00 AM, September 22, 2022.

ROLL CALL Present: Liz Bradner, Treasurer
Brendan Schmidt, Secretary
Loran Shlevin, Director

Excused: Clay Dunning, President

Absent: Michael Stotter, Vice President

Mutual Operations Staff was represented by Paul Donner, Cynthia Jonas, and John Tawaststjerna

RESIDENTS FORUM

Resident thanked and commended MOD for all their hard work on the budget.

Resident asked where on the web site she could find the meeting agenda. Director Brendan Schmidt advised.

Resident asked that there was adequate allowance in the budget for Allied Waste overcharges.

Resident asked that there be no reduction in the landscape budget and asked if she could speak when landscaping was being considered in the discussion.

2023 DRAFT BUDGET DISCUSSION

Paul Donner explained that the newest budget proposal increases the MOD management fee by 8% as opposed to the previously proposed 5%, the difference due to GRF transferring a part of the burden of financing new operating software off to the individual mutual's. Director Schmidt asked why. Donner replied that it is a matter of optics. The amount would be paid either way if not in the Mutual coupon, then in the GRF coupon. GRF financing the amount over 3 years, 0 interest, lessens this year's obligation. This increased the proposed total budget increase over the last draft estimate of \$73.70 to \$75.38. The prior draft budget did not include unavailable GRF assessment amounts. Now, with factoring those in the anticipated increase in the monthly coupon is \$96.38.

Directors Bradner and Schmidt requested a discussion commence with regard to insurance, referencing a 69% increase in premium as unexpected given prior estimates. Donner explained that the premium increase was only approximately 30%, but that insurance companies required a reevaluation of the cost of replacing the properties. That along with a redistribution of obligation based on differing risk factors within different Mutual's also accounted for an increase in apportionment to Mutual 2. There was a discussion on increasing deductibles as a way of lowering premium, requiring loss assessment coverage limits on all HO6 policies to cover a higher deductible. Mr. Donner stated that any restructuring would be a matter for individual boards to consider, and suggested having our broker conduct a general overview presentation on the insurance issues. Director Shlevin asked for clarification to make sure the proposed budget increase as presented included paying the increase in insurance premium and / or payback to any amount borrowed from the reserve to meet the premium payment deadline. Mr. Donner assures that the increase included all anticipated insurance cost increases.

The discussion turned to landscaping. Neva Flaherty explained the importance of maintaining the budget amounts as the primary efforts were to reduce water consumption while maintaining aesthetics. Paul Donner recommended maintaining the budgeted amount at \$200,000.00 and there was no objection from the Board members. Director Shlevin pointed out the importance of landscaping not just as a matter of aesthetics but as a means to maintain and improve property values.

There was discussion with regard to the water budget in light of programs like landscaping modifications, replacement of water cooled air conditioners, and efforts of conservation throughout the mutual. However, given unknowns with regard to EBMUD surcharges and weather patterns, no adjustment was recommended.

Mr. Donner cited an instance where use of MOD labor reduced the cost of a drainage project that was scheduled to be completed by an outside vendor. A general discussion ensued on increasing MOD staff services as opposed to outside contractors. A discussion on the cost and timely response to water leaks. Given the amount spent on plumbing issues would it be better financially if SWCM dedicated plumbers were available. Mr. Donner stated he would evaluate that.

There was an overall review of the reserve funding with no recommended changes in the proposed budget at this time.

There being no further questions from Board members or members, the Board thanked MOD staff for their hard work, and the meeting was adjourned.

Respectfully Submitted,
Brendan Schmidt
Secretary, SWCM



Anne Paone, Assistant Secretary
Second Walnut Creek Mutual