



Walnut Creek Mutual Thirty-Nine

REGULAR MEETING MINUTES OF THE BOARD
TUESDAY, FEBRUARY 20th, 2024, at 1:00PM
BOARD ROOM – GATEWAY
1001 GOLDEN RAIN RD – WALNUT CREEK, CA 94595

Call to Order

Vice President Haket called the meeting to order at 1:00 p.m.

Roll Call

Directors Present: Victoria Haket, Vice President
Karen McEligot, Treasurer
Mike Dwyer, Secretary
Bill Claussen, Director at Large

Directors Absent: Claire Wolfe, President

Staff Present:

Jeroen Wright, Director of Mutual Operations
Lucy Limon, Board Services Coordinator

Approval of Minutes

1. Regular Meeting Minutes held on November 21st, 2023
2. Special Meeting Minutes held on January 19th, 2024
3. Special Meeting Minutes held on January 24th, 2024

A motion was made to approve the aforementioned meeting minutes.

Moved, Seconded, Carried 4-0

Residents' Forum

A Resident's Forum was held for comments and questions from the membership. Comments included rental policy and financial issues.

Committee Reports

1. **Landscape Committee: Pam Dieckman**
Pam Dickman provided the following report:

Good Afternoon,

I hope that everybody got through our latest atmospheric river without tree damage or flooding. It seems to me that we are better prepared than we were last year. Terra landscaping has done a good job keeping the drains cleared of leaves and debris.

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Please remember when you are out and about and notice a situation of concern, a work order can be requested by any resident. The number to call is (925) 988-7650 for Building, Landscape, and Pest Control. Don't wait for someone else to call.... there is staff ready to hear your concerns and direct your request to the right department. Requests can also be emailed to workorder@rossmoor.com

While on the topic of residential input, I want to announce and clarify the Landscape Committee's decision to "opt out" of the plant replacement program offered by MOD. Because we are an active and engaged committee the MOD program overlapped our planning and also contributed to a degree of inequity.

Our plant replacement process establishes a direct communication with the resident and a landscape volunteer who knows that plants work best in M-39 varied landscape. We also value the idea of creating community not adding another layer of bureaucratic management.

Last January landscaping work was done in Entries 1,3,4, and 5 by Terra Landscape. Oleanders, the steadfast plant of choice here at Rossmoor, were planted as well as trees and other shrubs.

The "Red Maple" and "Chinese Pistache" are trees that have proven to be good choices for our Mutual.



We are preparing for more planting and landscape rehabs in March. At this time we have 8 labor free days from MOD and we plan to get as much done as possible.

There will be more plants added to Entries on Saklan Indian to fill in bare spots. We will be planting trees and shrubs throughout Entries 8, 9, 11, 12, and 13. Spring is the perfect time to



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plant and a large part of our annual landscape budget will be allocated to planting during these eight days in March.

As we head into summer planting stops, at which time I hope to just “sit back” and watch the new trees and plants grow!

Thank you all for your patience and support.

Thanks to the landscape committee members and their love and dedication to all living things.

2. **Governing Documents Committee: John Rice**

See report at the end of minutes.

3. **Budget and Finance – Karen McEligot**

Karen McEligot provided the following report:

The Finance Committee and I have been working on the budget for our new fiscal year which starts April 1st 2024. This budget will be presented today under New Business.

Later this year in our reserve bank account we have three CD’s that are due to mature in August and September. Our Finance Committee will be working on replacing them with hopefully higher rates.

I have reviewed the financial statements for the months of November and December of 2023, as well as January 2024 and they appear to be in good order. Fiscal year to date we are close to budget for our operating fund balances and we are on target for our reserve fund balance.

I would like to make a motion to accept these financial statements as submitted.

A motion was made to certify compliance with Civil Code 5500.

Moved, seconded, Carried 4-0

4. **Communications Committee: David Schubb**

No report was given.

5. **Recycling Committee: Victoria Haket**

No report was given.

6. **Building Maintenance/Alterations Committee: John Rice:**

See report at the end of minutes.

Presidents Report



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This is a very short report because the work of the Mutual truly happens in our committees as you have just observed.

This quarter, a special thank you to Karen for skillfully managing the budgeting process. Also, to Mike for lending his insurance expertise to us to get through the complexities of the GRF Insurance coverage program.

Shortly members will be receiving the budget package with a lot of important information. Please read this and, if you have not submitted your contact information, I urge you to do so, especially your email address. It saves the Mutual significant money when we can communicate via email instead of snail mail.

Thanks to Jereon, Tom, John and Clayton for their exceptional support of Mutual 39.

Old Business:

1. Insurance Update:

Mike Dwyer presented the following report:

It has become apparent that there is enough insurance capacity to insure all of Rossmoor's property to \$2.6 Billion which is approximately 100%. If we were to take this path it would more than satisfy all lenders and restore ability to get mortgages and/or refinance our properties.

At first glance, this may appear to be economically not feasible. However, that is not necessarily true. The **rates** for coverage excess of the \$1.2 Billion we currently have, are in fact quite low, when compared to the cost of the primary layers. The following is an estimate of the cost to obtain 100% insurance to value.

The limit needed to get to 100% would be about \$1,400,000,000(billion). The estimated cost as provided by our insurance broker Gallagher would be from \$15,000,000 to \$25,000,000 for the entire limit. This is the latest numbers quoted to Gallagher as of February 14th, 2024. They further advised that the full amount may not be available all at once and may have to be purchased as it becomes available.

For the purpose of this discussion I will use the middle of their estimate at \$20,000,000. \$20,000,000 divided by 6200 homes and then divided by 12 months would be a cost of approximately \$268 a month. This, of course, would have to be added to our HOA coupon. While it is not a huge sum, it is likely more money than the residents would want to pay right now. However, we must be aware that this is where the cost of insurance is headed now, but it could be lower as the insurance companies return to a competitive environment over the next few years. The companies will commit their capital where they see the **most profit**, and the least **chance of loss!**



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I have had this analysis reviewed by Ken and Zack and they have agreed that for illustration purposes it is reasonably accurate. Again, I must advise that this is ONLY AN ILLUSTRATION OF THE LIKELY COST TO SECURE THE REQUIRED LIMITS FOR FEDERALLY BACKED MORTGAGES! **IT IS NOT A QUOTE!**

New Business:

1. Vote to Approve 2024-2025 Budget:

Mutual Operations Director Jeroen Wright presented the proposed 2024-2025 Budget for the total basic assessment and provided the reasoning and method of operation used to draft the budget.

A motion was made to approve the 2024-2025 budget as presented with a \$188 (16.79%) increase to the monthly coupon. Beginning on April 1st, 2024, the monthly coupon will change from \$1,120 to \$1,308.

Moved, Seconded, Carried 4-0

2. Vote to Approve Helsing Report:

A motion was made to approve the Helsing Report.

Moved, Seconded, Carried 3-0-1 (Claussen abstained)

3. Vote to Approve Shared Deductible Agreement:

A motion was made to approve the participation of Mutual 39 in the 2024 Shared Deductible Agreement.

Moved, Seconded, Carried 4-0

Manager's Report – Jeroen Wright

Jeroen Wright reported on the latest insurance update. To date, no 2024 insurance premiums have been received from Gallagher. As soon as accounting has received those numbers the M39 Board will be made aware. He also reported on a study done by ECHO that compares HOA communities to Rossmoor. He advised that this study is not a direct comparison as amenities and other factors are not the same.

The M39 budget will be mailed and emailed to residents on March 1st.

Jeroen also reported that he attended his first CACM legal seminar.

There is now a direct link to FireWise on the Rossmoor website. <https://rossmoor.com/rossmoor-firewise-usa-site/>

Announcements

The next Board Meeting is scheduled for Wednesday, May 22nd, 2024, at 1pm, in the Club Room at Creekside. This will be the Annual Meeting of the Members and the Organizational Meeting of the Board.



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Adjournment

Vice President Haket called the meeting to order at 2:31 p.m.

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the minutes of the Board of Director's meeting.

Lucy Limon

**Assistant Secretary
Mutual 39**