



## Walnut Creek Mutual Thirty-Nine

REGULAR MEETING MINUTES OF THE BOARD  
TUESDAY, NOVEMBER 21<sup>st</sup>, 2023, at 1:00PM  
BOARD ROOM – GATEWAY  
1001 GOLDEN RAIN RD – WALNUT CREEK, CA 94595

### **Call to Order**

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

### **Roll Call**

**Directors Present:** Claire Wolfe, President  
Victoria Haket, Vice President  
Karen McEligot, Treasurer  
Mike Dwyer, Secretary

**Directors Absent:** Bill Claussen, Director at Large.

### **Staff Present:**

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

### **Approval of Minutes**

1. Regular Meeting Minutes held on August 29<sup>th</sup>, 2023.

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 meeting minutes, rental policy, financial issues, lease agreement and SB326 balcony inspections.

A motion was made to recommend the Governing Documents committee to reexamine the rental policy.

**Moved, Seconded, Carried 4-0**

### **Committee Reports**

1. **Landscape Committee: Pam Dieckman**

Pam Dickman provided the following report:

Good afternoon,

I hope you are enjoying the beautiful fall weather and color we are having in Rossmoor.

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Fall is a great time to plant new trees, shrubs, and ground covers. During the winter months they have time to get their roots established before the demands of the summer heat. One of the goals of the landscape committee is to support and maintain the fall color by planting trees such as the “Chinese Pistache”, and red maples.



One tree cost about 6 times the cost of one “shrub”, so our budget does not go as far. However, the investment is crucial as trees provide shade which helps to cool our surrounds and environment.

This spring we will start to replace dying out fruitless pear trees with new trees to provide color and shade.

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Remember, this is an investment towards our future as we know trees don't come "full grown". There will be a time without the benefits of shade. We are also planning to invest in planting ground covers. We believe the "creeping raspberry", will be a good choice.



Covering the ground with low growing plants is a great alternative to bark and cooler than rock. I would like to thank all the members of the landscape committee for all their interest, work, and commitment towards keeping M-39's environment beautiful and healthy.

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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:

At the beginning of the next year, we will be involved in our budget process. We expect that we will have an increase in our property insurance expense as well as other inflation impacts that will make the budget process challenging. We also have three CD's that are due to mature in August and September that will need to be replaced hopefully with higher rates.

I have reviewed the financial statements for the months of July, August, September and October 2023 and they appear to be in good order. Fiscal year to date we are close to budget for our operation fund balances and we are on target for our reserve fund balances.

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

A made a motion 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**

Victoria Haket gave the following report:



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2 new residents both received welcome packets.

- 2608 Saklan Indian Drive, #3 (Winnie Sin)
- 2600 Saklan Indian Drive, #4 (Helen Davaran)

Compost bins were cleaned:

- August
- September
- October

Newsletter went out about having sustainable holidays.

Entry 5 on Saklan Indian changed from 2- 96-gallon landfills bins to a 1-yard landfill bin.

Letter went out from recycling to 2654 Saklan Indian Drive, regarding cleaning out their parents' home.

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

*See report at the end of minutes.*

### **Presidents Report**

President Wolfe gave the following report:

Thank you to all the committee chairs and committee members who make Mutual 39 run so well! I appreciate that John Rice organized a meeting of several mutuals to talk about installation of battery backups. This was above and beyond his usual duties as Alterations Chair. And thanks to Missy Nelson for spearheading the selection of colors for the painting of buildings in Entry 8. Missy worked closely with Jim Hayes of MOD and the results are terrific. And many thanks to Pam Dieckman who is always doing extra things to make our landscaping look so good.

I'd like to ask all our residents to take a look at how their home is titled. It's surprising to me, when I look at our resident lists, how many homes are not in a trust. I'm not a lawyer but I do want to urge everyone to be sure that their home is in a trust. In California, your estate will go to probate if the value is over \$250,000. Our manors are all worth more than that.... thus, the importance of a trust so that your family avoids the painful and expensive experience of probate....

Which leads me to another topic related to this issue.....I urge residents to put a piece of paper with information about Member Records with your other important papers so that your family can be sure the transfer of your manor goes smoothly upon your passing.

We will start budget planning in January and encourage all of you to get involved in the process. We will announce those meetings as we get to January. These meetings are with MOD and we go through



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the budget line by line.

In closing, I wish everyone a wonderful holiday season and look forward to a peaceful new year. Please think about how you can contribute to our mutual and give me a call!

### New Business:

1. Insurance Update:

Mike Dwyer presented the following report:

This report is intended to clarify the real issues for Mutual 39 to be aware of and consider. The Insurance Marketplace is severely broken at this point in time. It will likely be anywhere between 12 to 36 months before it can return. What this means is:

- 1) There is not enough insurance capacity in the WORLD to insure the entire Rossmoor Valley to the 100% level that we have had for years.
- 2) The cost of our insurance will increase somewhere between 30% and 50% for the next year or two, possible longer.
- 3) The ultimate result will likely be that GRF will have to settle for buying less than 100% coverage for the entire valley. This has not been voted on yet, but is extremely likely.
- 4) Therefore, we are facing significant premium increases while losing some of our coverage.  
**However, we will still have and maintain 100% coverage for the most part.**
- 5) At the time of writing this report, there is still no price or policy limit information available.

### **The most likely scenario:**

Golden Rain will likely purchase \$1,000,000,000(Billion) of total limits for the entire valley depending on the final outcome of the insurance quotes offered. This amount is in line with the updated actuarial estimate of our probable maximum loss for the next 10,000 years. The updated actuarial chart is attached. **The new numbers do not change the fact that there is simply no reason to change our by-laws from “walls in to Bare Walls” at this time. I have confirmed that the new insurance quote coming out still will have the endorsement that requires the Master Policy to pay the coverage that is stipulated in each Mutual’s CC&Rs or By Laws. I have also confirmed that changing to more restrictive language of Bare Walls or similar restrictive coverage, will not have any bearing on the limit of insurance available nor the cost of our insurance this year. The Board already has the authority to act on this change!**

### **Issues with CC&R’s and the Board of Directors Authority**

There have been a lot of rumors floating around that we should consider changing our CC&R’s as a result of these insurance changes. IT IS ABSOLUTELY UNNECESARY TO DO SO!

- 1) I have attached our CC&R’s pages pertaining to the Board’s authority to handle and manage these issues. On page 37 of Mutual 39’s CC&Rs, paragraph 8.5 grants the Board the Authority, on behalf of the Mutual, to participate in the GRF “group policy”.



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- 2) That authority also grants the Board the Authority to “deviate from the insurance requirements in **ANY MANNER that the Board considers to be in the best interest of the Mutual**”. Subject to informing the members in writing should they elect to make material changes in coverage.
- 3) Further, the paragraph concludes that, “Each Owner irrevocably appoints the Mutual as that Owner’s attorney-in-fact for purposes of procuring, negotiating, accepting, compromising, releasing, settling, distributing and taking other related actions in connection with ANY insurance policy maintained by the Mutual, and any losses or claims related thereto, and agrees to be Bound by the actions so taken as if the Owner had personally taken the action.”

### **What has been proposed by another Mutual**

There has been a proposed change to CC&R’s circulating around the valley suggesting that the Mutual needs to amend their CC&R’s to reflect the “**CHANGES IN COVERAGE**” including switching to “Bare Walls” coverage. This seems to purport that change is necessary to accommodate the necessary reduction in total limits available to Rossmoor as a whole. This is simply not true. There is a huge difference in Limits of Insurance and the Coverage Provided!!!

### **The Difference between Limits and Coverage**

**Limits** only refers to the maximum amount available in a possible Catastrophic event.

**Coverage** refers to what will be paid within the limits provided by the Master Policy.

Reducing the coverage will not produce lower premium nor higher limits! Gallagher, our insurance broker has already told us that in an Insurance Task Force meeting. In addition, the concept of drastically reducing each member’s coverage while at the same time increasing their actual premium by 30% or more is reckless and completely uncalled for given the facts. I have attached a copy of the proposed changes for your review.

### Summary of Report

- 1) Due to current conditions we will likely have lower total limits in our Master Insurance Program.
- 2) Our premium will likely increase by a minimum of 30% this year.
- 3) The Actuarial Report clearly states that the probable Maximum Loss has a 1 in 10,000 chance of exceeding \$1,000,000,000 in any one event.
- 4) Mutual 39 currently has “walls in” coverage currently which includes ALL walls and permanent alterations attached to the structure when done with required permits from the M.O.D. and the City of Walnut Creek.



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- 5) Mutual 39's CC&Rs currently authorizes the Board to make any decisions in reducing coverage that it deems in the best interest of its members.
- 6) There is no reason to make any changes to our CC&Rs regarding the insurance limits and/or coverage at this time.
- 7) Questions?

*Please see spreadsheet at the end of minutes.*

### **Manager's Report – Jeroen Wright**

Jeroen Wright reported that the Firewise committee has finalized their 3-year activity plan, and they submitted their plan to ConFire for review. The committee hopes to have recognition as of 2024. SWCM suffered a loss of about \$80k in 2021, the resident's insurer refused to be liable for the damage. SWCM will pay the first \$10k of that and the rest of the Mutuals that participate in the Shared Deductible Agreement will contribute the remaining \$70k. Budgets are finalized and will be submitted to the printer. Mutual 39 will begin their budget process in January 2024.

### **Announcements**

The next Board Meeting is scheduled for Tuesday, February 20<sup>th</sup>, 2024, at 1pm, in the Board Room at Gateway.

### **Adjournment**

President Wolfe adjourned the meeting at 2:22 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

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**Assistant Secretary  
Mutual 39**