

WALNUT CREEK MUTUAL NO. FORTY

MEETING MINUTES OF THE BOARD
THURSDAY, MARCH 16, 2023, AT 1:00PM
CLUBROOM AT CREEKSIDE
1010 STANLEY DOLLAR DR – WALNUT CREEK, CA 94595

Call to Order

President White called the meeting to order at 1:01 p.m.

Directors Present

Susie White – President
Greg Gould – Vice President
Gayl Westendorf – Treasurer
Nancy Herney – Secretary
Kathy Parish – Director

Staff Present

Paul Donner, Mutual Operations Director
John Tawaststjerna, Landscape Manager

Approval of Minutes

1. Board of Directors Meeting Minutes of January 19, 2023
2. Executive Session Meeting Minutes of January 19, 2023
3. Special Meeting Minutes of February 6, 2023
4. Annual Meeting Minutes of February 23, 2023
5. Organizational Meeting Minutes February 23, 2023

Moved, Seconded, Carried 5-0

President's Report

President White welcomed all residents to the meeting.

Treasurer's Report.

Gayl Westendorf thanked past Treasurer and Director Joe Tracy for all his counsel and support in making a smooth transition of the Finance and Audit Committees.

Review current financials and motion to certify compliance with Civil Code Section 5500:

The latest financial statements and reports received from GRF accounting were for the period ending 12/31/22. These were distributed and have been reviewed by all Directors. Therefore, it is appropriate for the Board to certify that these financials have been reviewed in compliance with Civil Code Section 5500. (Financial reports for January have not yet been received from GRF accounting.)

Moved, Seconded, Carried 5-0

Status of annual financial statement audits

Per Joel Lesser, the 2021 "2021 reviewed financials have just been mailed out to members.

The 2022 annual financial statements have not yet been sent to auditors for review, but I am

WALNUT CREEK MUTUAL NO. FORTY

pushing GRF accounting staff to do that as soon as possible so that 2022 reviewed financials can be completed and distributed to members by the statutory deadline of 4/30/23.

Reserve fund investments and income taxes

Current investments:

P40: \$600,000 in CDs maturing 12/23, \$250,000 in T-bills maturing 6/23

P41: \$200,000 in CDs maturing 12/23, \$250,000 in T-bills maturing 6/23

(Annual yields between 4.6-4.8%)

Operating and reserve bank sweep accounts are now earning approximately 3.5%.

- Income taxes on this interest income will be payable at a combined effective rate of approximately 36%. (Federal 30%, Calif. 8.84%)
- Consulting with tax accountant to determine estimated tax obligations, and possible tax savings by filing Form 1120 instead of Form 1120-H. (would lower effective tax rate by approximately 8%)
- Taxes will be allocated among operating and reserve accounts of the two projects based on interest income actually earned by each account.
- New long range reserve forecast.
 - Working with Clayton Clark to develop 10-year forecasts of reserve income and expenses for both P40 and P41.
 - Will be used to evaluate adequacy of reserves and future reserve coupon assessments.
 - Will also be used in analysis of potential financial merger of P40 and P41.
 - A big issue may be how much reserves to start accumulating for major roof replacement expenses projected to be incurred in 2039-2041.

Potential financial merger of P40 and P41

- Developing list of pros and cons.
- Preparing a financial comparison of P40 and P41 for period 2017-2023, including operating expenses, reserve expenses, operating and reserve fund balances, Helsing reserve funding targets, etc.
- Will also compare 10-year reserve forecasts for each project.
- Will discuss complete analysis first with Finance Committee and then with the Board. (May need to schedule a special board meeting.)
- Next step would be a Town Hall presentation to members.

Draft of "Finance Committee - Roles and Responsibilities"

The Finance Committee has not had a meeting yet. There was a motion to approve the Roles and Responsibilities.

Moved, Seconded, Carried 5-0

Motion to approve the following as additional members of the Finance Committee: Stan Wells and Ron Dornseif.

Moved, Seconded, Carried 5-0

It was suggested that all committees Roles and Responsibilities be added to the M40 website as they are approved, all agreed.

Committee Reports

Landscape Committee -

The first Mutual 40 Landscape Committee under the new co-chairmen, Shari Carroll and Kathy Parish was held Wednesday, March 1st at 3:30 in the Mulligan Room at Creekside. In attendance were Annie Chang, Susie Manners, Susie White, Barbara Bigelow, and Rod Williams.

The MOD March workdays for Project 40 will be March 20-27. The emphasis will be on removing Junipers in Entries 2 and 9 and removing a large area of ivy near a Condo in Entry 9. Also, all of Saklan Indian Entry 2 will be mulched and two smaller areas in Terra California Entry 12 will be re-mulched.

The MOD March workdays for Project 41 are March 28-30. The major focus is mulching Saklan Indian Entries 6 and 10 and removing some Junipers from Entry 10. Hopefully, a Chinese Elm will be planted behind 2633 Saklan Indian and a Red Maple will be added to fill in a space along Terra California.

There was a suggestion about developing a form for resident issues and concerns about the mutual property near their condos. It would be distributed quarterly by the entry landscape coordinators. Shari said she would have a sample for Committee review by the April meeting.

The Committee discussed some general objectives for 2023.

Project 40

1. Help facilitate the development of an Entry 2 meeting area by the removal of Junipers, plant replacement, etc.
2. Help Address drainage problems in Entry 2.
3. Develop a replanting plan for large areas of Junipers and Ivy that will be removed from Entry 9.
4. Rehab the gardens that surround buildings in Entry 12 that were rehabbed last year.

Project 41

1. Continue developing grass reduction plan for the grassy hillside between Saklan Indian Entries 6 and 8.
2. Plant area along sidewalk near Entry 6 that had grass removed last year.
3. Continue conversation with Mutual 39 about removal of their Junipers that affect Terra California Entry 11.

Some other issues, that MOD was not able to handle on these workdays, have been brought up with Terra Landscape and bids have been requested.

The next Committee meeting will be April 5, 2023 at 3:00 p.m. in the Mulligan Room at Creekside.

A motion was made to approve the following as members of the Landscape Committee: Susie Manner, Fred Kern, Annie Chang, Susie White, Ted Bush, Rod Williams, Lois Cain, Myrna Conway, Barbara Bigelow.

WALNUT CREEK MUTUAL NO. FORTY

Moved, Seconded, Carried 5-0

Governing Documents Committee:

Nancy Herney reported that there has not been a meeting of the Governing Documents Committee (GDC) as we are waiting for direction from our Attorney on how to proceed with ensuring that the CC&R's and Bylaws are current since being adopted at the time of the disengagement. We are not operating with any current policies and need further legal advice to proceed with those.

GDC meetings have been scheduled for April, August, and November.

A motion was made to approve Cynthia Schneider and Pat Kelly as members of the GDC.

Moved, Seconded, Carried 5-0

Building Maintenance Committee:

Joe Tracy, Chairperson proposed a policy for aluminum to copper connectors. The Board agreed to postpone further discussion of the policy while they consider its merits. If it is approved by the Board it will go to the Governing Documents Committee and be sent to residents for a 28-day comment period.

The Committee is looking for a way to make the identification of building numbers easier for the contractor, delivery people, etc. to identify. The Board agreed to table this discussion for a future meeting.

A motion was made to approve Fred Kern, Jerry Daykin, Steve Zahn, Bill Snyder, David Moulaison, and Susie White as members of the Building Maintenance Committee.

Moved, Seconded, Carried 5-0

Alteration/Architectural Review Committee:

There was no report.

Emergency Preparedness Committee:

There was no report.

A motion was made to approve the Membership Committee for Emergency Preparedness to include Judy Freed, Kay Doyle, Nancy and Jack McFarland, Jane Moran, Jean Moulaison, Nancy Herney, Pat Shanahan, Craig and Christine Hagelin and Eileen Levin.

Moved, Seconded, Carried 5-0

Recycling and Green Committee:

There was no report. A motion was made to approve the Membership Committee for Recycling and Green to include Joy Danzig, Joanne Tracy, Kathy Parish, Jane Moran, and Jonathan Korfhage.

Moved, Seconded, Carried 5-0

Ad Hoc Water Committee:

WALNUT CREEK MUTUAL NO. FORTY

Gayl Westendorf made a motion to dissolve the Ad Hoc Water Committee as it had served its original purpose.

Moved, Seconded, Carried 5-0

Old Business: None

New Business: None

Member's Forum:

Stan Wells inquired who would be watching water usage with the dissolution of the committee. Gayl Westendorf will ensure the water usage is closely monitored in the Finance Committee meetings.

It was suggested that all Committee Chairs have a set of 25 business cards to use as identification and reference when meeting with residents, MOD staff, etc.

Moved, Seconded, Carried 5-0

Executive Session Summary

The Board met in executive session from 1:56 pm to 3:07 pm to discuss member matters, delinquent accounts, and disputes.

Announcements:

Next Scheduled meeting will be on April 13, 2023, at 1:00pm, in the Club Room at Creekside.

Adjournment:

With no further business, the meeting was adjourned at 1:47 p.m.

Lucy Limon

Assistant Secretary

Walnut Creek Mutual No. Forty