



## Walnut Creek Mutual Forty

MEETING MINUTES OF THE BOARD  
THURSDAY, MAY 18<sup>TH</sup>, 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 1:00 p.m.

### **Directors Present**

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

### **Staff Present**

Lucy Limon, Board Services Coordinator  
Clayton Clark, Building Maintenance Manager  
John Tawaststjerna, Landscape Manager

### **Approval of Minutes**

1. Board of Directors Meeting Minutes of April 13<sup>th</sup>, 2023
2. Executive Session Meeting Minutes of April 13<sup>th</sup>, 2023

Greg Gould made a motion and Kathy Parish seconded to approve the minutes to the aforementioned Board meetings with a change to the Regular Board Meeting Minutes to New Business item #1 to specify that the Eucalyptus Trees were removed in Project 40.

**Moved, Seconded, Carried 5-0**

### **President's Report**

President White welcomed all residents to the meeting and presented the following report:

I would like to welcome Tom Hand as our new CFO to our Mutual board meeting, and we are all looking forward to working closely with him on many of our upcoming projects including the budget for next year. In addition, I have received word from Jeff Matheson that MOD has hired Jeroen Wright as the new Director of Mutual Operations to replace Paul Donner upon his retirement. Jeroen has most recently held senior leadership roles with BrightView Landscape Services for the past 12 years and is very familiar with Rossmoor, our Mutuals, and many community and staff members. Jeroen's first day at MOD will be June 12. We welcome Jeroen to Rossmoor and look forward to also working with him in our upcoming budget process.

I attended the Presidents' Forum at the end of April. Gallagher Insurance made a comprehensive presentation about our insurance situation and the GRF Insurance Task Force also made comments. It



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is presumptuous to make many comments at this point because everyone is trying to make good decisions on next years' insurance premiums. You should know, insurance represents 60 percent of the GRF coupon--we are all affected. Those of you who have moved to Rossmoor recently are aware of high insurance rates and difficulties of insuring your previous homes. I can tell you that Rossmoor is definitely in a better position than our sister community in southern California thanks to our continuing efforts to secure excellent coverage. You can expect the GRF coupon to be seriously affected by increasing insurance coupons. You could think of insurance as our effort to control climate change. You should definitely discuss your home insurance with your carrier to make sure you are covered (walls-in!) for both fire and liability. And if your carrier allows it, you should cover loss of use for up to two years.

As usual, your board has been actively working on many projects which you will hear about in this meeting. Thank you for coming to the meeting. Please enjoy the coffee and cookies at the back of the room!

### **Treasurer's Report.**

The Treasurer, Gayl Westendorf, reported that February and March financial reports for both Projects 40 and 41 have been received and reviewed by all directors.

Gayl Westendorf made a motion and Greg Gould seconded to certify compliance with Civil Code 5500. **Moved, Seconded, Carried 5-0**

Gayl Westendorf reported that both Projects 40 and 41 had operating surpluses for the three months ending March 31 due primarily to (1) lower than budgeted water costs and (2) higher than budgeted interest income. He also reported the following differences in operating and reserve fund balances as of 3-31-23 between Projects 40 and 41:

- Operating fund balances per manor: \$1,511 for P40; \$2,214 for P41
- Reserve fund balances per manor: \$9,895 for P40; \$8,991 for P41

He also welcomed Tom Hand as the new GRF CFO, and reported his understanding that the accounting department is now fully staffed and is in the process of catching up on providing more timely monthly financial statements and in completing the 2022 audits. Work on the budgets for 2024 and the updated Helsing reserve studies will begin soon.

### **Committee Reports**

#### **Landscape Committee -**

Kathy Parish gave the following report:

Kathy Parish called the meeting to order at 3:30. Susie Manners, Janis Duysen, Rod Williams, Ted Bush, Lois Cain, Shari Carroll, and Fred Kerns were in attendance.



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General announcements included an update on Yearout Park, the MOD June Workdays, and the removal of 4 large trees in Project 40.

Shari Carroll has received the majority of the Entry Landscape Forms. She explained how she would use them to organize the information and hopefully use them to structure our MOD workdays more efficiently. After reviewing, they will be prioritized, and responses and timelines will be given to residents.

Research is being done for possible bench replacement in Yearout Park.

There will be no July meeting. Coordinators will need to submit plant requests by early August.

Ted Bush and Rod Williams made a presentation on their EBMUD visit to the Botanical Gardens in Tilden Park. They recommended that more California Native Plants be considered in our plans.

Ted Bush also gave us an in-depth evaluation of the Chemical Ethephon 2 SL that is used in products to prevent the formation of new spikey balls on Liquid Amber trees.

A resident had asked that the Board look into this treatment since these spikey balls are such tripping hazards. Shari Carroll had also presented information about the logistical and financial challenges of treating these trees every year. The Committee recommended that we NOT use this product. It was suggested that this detailed Chemical analysis be shared with John T. and Susie White so it could be taken to a Presidents' Meeting.

The meeting was adjourned at 4:45

### **Governing Documents Committee:**

Nancy Herney reported that the on the following:

Current Documents out for 28 Day Comment from Residents:

- Assessment Collection
- Enforcement and Fines
- Voting and Elections

Documents in Draft with GDC:

- Alterations-Owner Initiated
- Barbecues
- EV Charging
- Fiscal Policy
- Maintenance
- Solar

### **Building Maintenance Committee:**



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Susie White reported the following for Joe Tracy:

### Building Numbers

Cost to install additional Building Numbers on all Buildings in Mutual 40.

Project 40 install 64 Numbers for an approximate cost of \$2,600

Project 41 install 25 Numbers for an approximate cost of \$1,000

The committee is waiting for the Paint Committee to determine the best color combination. White backing with Black Numbers was considered. The discussion was tabled. The committee would like to have Building Numbering considered for the 2024 Budget.

### Lighting Parkway Walk Project 41

Sang Electric to give the committee an estimate to update the lighting. The lighting is a safety concern.

### Presidents Club Report

A Rule regarding insulation during renovation to reduce the risk of fire damage in case of a fire. The committee decided that this should be a City of Walnut Creek decision.

### CC&R Matrix

Nancy Herney, Governing Documents Committee Chair, has requested the Building Maintenance Committee review the CC&R Matrix at the June 5 Meeting before sending it to the attorney. The committee has agreed.

Gayl Westendorf reported that Joe Tracy and he had confirmed with Clayton Clark the final resurfacing costs under the Silicon Valley paving bids and allocation of those costs between P40 and P41: \$87,000 for P40 and \$25,000 for P41.

### **Alteration/Architectural Review Committee:**

There was no report.

### **Emergency Preparedness Committee:**

Kathy Parish that there was no meeting in April. The Mutual 40 Home Fires Safety meeting is set for June 1 and all residents have received a Save the Date. Another email blast will go out soon.

### **Recycling and Green Committee:**

Stan Wells provided the following report:

1. Effective March 1 Republic Services increased the price for trash pickup by 5.4% resulting in an increase of \$161.36 per month for the Mutual. The total monthly cost excluding penalties is now \$3,155.21.
2. The committee will explore all means of reducing that expense.
3. On Wednesday April 18th, a small but important group of committee members and observers ventured to Pittsburg to visit the Mt. Diablo Resource and Recovery facility, better known as the



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recycle center. With the Boards approval, I'd like at this time, to show a brief slide presentation of the tour.

4. That concludes the Committee's report for May.

### **Managers' Report**

No report was given.

### **Old Business**

1. Financial Merger for P40 & P41:

Gayl Westendorf, Treasurer and Chair of the Finance Committee, gave a report on the Finance Committee's work and analysis of the potential financial merger of Projects 40 and 41. (The Finance Committee members are Gayl Westendorf, Ron Dornseif, Greg Gould, Joe Tracy and Stan Wells.) He reported that the Committee has unanimously concluded, and is recommending to the Board, that a financial merger of the projects would be in the best interests of all M40 members and, if possible, should become effective for 2024. His report included the following:

- A "financial merger" would mean that, starting in 2024, there would no longer be two "projects", all expenses would be shared equally among all Mutual 40 manors/units, and there would be a single budget, a single equal monthly coupon, a single set of bank and investment accounts and a single set of financial statements for all of Mutual 40.
- The benefits of merging P40 and P41 are that it would (i) create a single cohesive community, (ii) simplify accounting, budgeting and fiscal planning, (iii) reduce costs of audits, reserve studies and legal services, (iv) streamline overall management of M40, (v) provide more flexibility in scheduling rehabs and upgrades, (vi) provide a larger pool of reserve funds for unexpected expenses.
- The downsides of a merger are (i) the need for a one-time contribution by P41 owners to their reserve savings account to bring their reserves up to a level equivalent to P40's reserves, and (ii) some upfront legal and accounting costs.
- The Committee has devoted a lot of time evaluating whether a merger could be structured in a way that would be fair and equitable to all M40 owners, and has unanimously concluded that a merger would be fair and equitable to all owners, if the current differences in operating and reserve fund balances are "equalized" as part of the merger.
- The Committee recommends equalizing the operating fund balances on the basis of an equal \$/manor, and the reserve fund balances on the basis of an equal percentage of the "fully funded" reserve targets recommended in the Helsing reserve studies for each project.



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- The Committee recommends that the equalization computation be based on the most recently available audited financials for the two projects, which would mean the 2022 audited financials, which should be available soon, and on the corresponding Helsing reserve studies. The Board should consider possible installment payment options.
- More work is needed on the details of the merger, including reviewing with legal counsel both the terms of the merger and the appropriate member approval process.
- The Committee suggests that one or more “town hall” meetings be held with members to discuss the proposed financial merger.
- The Committee suggests that, subject to advice from legal counsel, the merger should only be implemented if a majority of the members from both P40 and P41 vote in favor of the merger.

Based on the Finance Committee’s report, the Treasurer moved that the Board:

- (1) Approve the framework for the financial merger of P40 and P41 as recommended by the Finance Committee,
- (2) Authorize and direct the Treasurer and Finance Committee to proceed with next steps necessary to accomplish the merger, and
- (3) Authorize the Treasurer (together with the President and Secretary) to obtain advice from legal counsel regarding the merger details and approval process.

These motions were separately **moved, seconded and unanimously approved 5-0.**

2. Removal of Two Eucalyptus Trees in P41:  
Kathy Parish made a motion and Gayl Westendorf seconded to accept the Eucalyptus Tree removal contract from Waraner for P41 in the amount of \$14k.  
**Moved, Seconded, Carried 5-0**

### **New Business**

1. Appointment of Tom Hand as Assistant Treasurer:  
Susie White made a motion and Gayl Westendorf seconded to appoint Tom Hand as M40’s Assistant Treasurer.  
**Moved, Seconded, Carried 5-0**
2. Kathy Parish made a motion and Gayl Westendorf seconded to approve the EPO Committee Roles and Responsibilities as presented.  
**Moved, Seconded, Carried 5-0**

### **Member’s Forum:**

The following items were brought up in the Member’s Forum:  
Building Lighting issues: Referred to Building Maintenance



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Management of the investment of reserves. Overview of investment strategy was discussed.  
Concern for aging valves in manors are a leak risk.  
Tree for tree replacement: Landscape will review.  
Confirmation that the upcoming roadwork will be resurfacing and not repaving.  
More tree removal issues.

### **Executive Session Summary**

The Board met in executive session from 2:45 pm to 3:20 pm to discuss member matters, delinquent accounts, legal matters and disputes.

### **Announcements**

Next Scheduled meeting will be on June 22<sup>nd</sup>, 2023, at 1:00pm, in the Fairway Room at Creekside.

### **Adjournment**

With no further business, the meeting was adjourned at 2:32 p.m.

Lucy Limon

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**Assistant Secretary**

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