

MINUTES
FOURTH WALNUT CREEK MUTUAL

SEVENTEENTH ANNUAL MEETING OF THE MEMBERS
THURSDAY, AUGUST 10, 2017 AT 4:00 P.M.
TAHOE ROOM – EVENT CENTER

The Seventeenth Annual Meeting of Members was convened by Vice President Sheldon Schwartz on Thursday, August 10, 2017 at 4:00 p.m. in the Tahoe Room, Event Center, 1021 Stanley Dollar Drive, Rossmoor, Walnut Creek, California.

ROLL CALL: PRESENT: Sheldon Schwartz Vice President
Judi Southcott Treasurer
Jerome Neuman Secretary
Judy Becker Director

ABSENT: None

Representing staff were Paul Donner, Director of Mutual Operations and Anne Paone, Administrative Secretary.

Guest Speakers: Paul Donner, Director of Mutual Operations
Martha Miller Echols, Retirement Funding Solutions

It was determined that a quorum was reached, with 125 residents present. Representation by 58 member households was needed for a quorum.

Ms. Kelzer welcomed everyone to the seventeenth annual meeting of Fourth Walnut Creek Mutual. She stated that while this isn't done very often, the Board wanted to publicly acknowledge the Board Services Coordinator, Anne Paone. They appreciate that she holds everything together on a daily basis. Mr. Schwartz presented Ms. Paone with beautiful flowers.

Ms. Kelzer reported that she is no longer eligible to serve on the Board because she recently sold her home and is waiting for her new home in Fourth Mutual to close escrow. This means that technically, she is not an owner. She will be available to help Mr. Schwartz in any way she can. She then proceeded to turn the meeting over to Mr. Schwartz.

Mr. Schwartz welcomed everyone. He took roll call with all Board members being present.

CERTIFICATION OF NOTICE OF MEETING

Secretary Anne Paone certified that notice of the annual membership meeting was published in the *Rossmoor News* on July 5, July 12 and July 19 and a notice was mailed

to the membership in accordance with Article 4, Section 4.3 of the Bylaws of the corporation.

APPROVAL OF THE MINUTES

Vice President Schwartz asked for any corrections or additions to the last Annual Membership Meeting held on August 4, 2016. Hearing none, he declared them approved as written and reviewed. He then asked if there were any corrections or additions to the minutes of the Organizational Meeting of August 4, 2016. Hearing none, he declared them approved as written and reviewed.

ELECTION RESULTS

Ms. Paone reported that there were two positions on the Board of Directors in this year's election. Jerome Neuman and Sheldon Schwartz submitted their candidacy statement by the deadline of June 21, 2017 and were determined eligible to run. No other candidates came forward.

Pursuant to Section 6.3 of the Bylaws, Mr. Neuman and Mr. Schwartz have been declared elected by acclamation of the membership.

TREASURER'S REPORT

Ms. Southcott reported that the operating fund as of July 31, 2017 is \$31,314 under budget. The YTD reserve fund balance is \$748,112. During the coming months, the Mutual will be required to use those reserve funds to pay for several ongoing major projects. This will draw down the reserve fund balance to an undesirable level. The funds need to be replaced. On September 6, the Board will conduct a town hall meeting to explain in depth maintenance issues and funding for the reserves. There is 1 account in collections and 1 account over 90 days. The Board is monitoring these accounts closely. The Board distributed a survey regarding the Comcast offer. The entire Mutual could have telephone service and a DVR box for a total of \$29.00. A box was provided for the completed surveys. The Board must make a decision by December 31.

GUEST SPEAKERS

Mr. Schwartz introduced Mr. Donner.

Mr. Donner reported that last year the Mutual had between eight and nine hundred thousand dollars in the reserve fund. The Mutual started 2017 with \$718,000 in reserves. By the end of 2017, there will be \$467,000 in reserves.

There was a lot of work being done this year and the reserves need to be replenished.

There were major settlement repairs at the 2128 Tice Creek building and the 1605/1609 Skycrest building. These repairs were not planned or budgeted for. The wet weather was a contributing factor.

1909 Skycrest has piping issues with no water pressure. The pipes are closed up due to corrosion and must be re-piped.

Fourth Mutual always had great reserves.

Residents should speak to their insurance agent to make sure they have Loss-of-Use coverage. Should you have to vacate for repairs, this will cover your stay in another residence. It is best to have coverage for 2-3 years. You will still be responsible to pay your coupon. There was a fire in Second Mutual and it took almost 4 years to rebuild it. Insurance companies, the City of Walnut Creek, and engineers delayed everything.

The Mutual will need to make up \$600,000 in their reserves to keep the Mutual healthy. This can be obtained by either increasing the coupon by \$50 per month for 6 years or by having a special assessment. In 2018, the increase to the coupon would be closer to \$70-\$75 to include the GRF portion. The everyday scheduled maintenance work would continue to be done throughout the 6 years.

If the Board asked for a special assessment vote, it would be \$3,500 per door and would generate about one million dollars.

There will be a town hall meeting on September 6 to discuss building settlement issues. The Mutual has a 10-year funding plan that is tied in with the 30-year reserve plan.

Mr. Schwartz reported that the rains were very severe and we are now witnessing the results. The reality is that many buildings are elderly. Pipes are old. We need to protect our investments and stay safe.

Ms. Kelzer thanked Mr. Donner. She reiterated that the buildings are getting older and the Mutual is doing foundation repairs. These expenses are not in reserve funds.

Ms. Kelzer introduced the next guest speaker, Ms. Martha Miller Echols.

Ms. Echols will discuss ways to possibly cover costs such as a special assessment. Ms. Echols has managed bank branches and in 2004, she heard about reverse mortgages and realized this was very well suited to her. She lobbied the legislature and made products of reverse mortgages available to Rossmoor.

Ms. Echols thanked the Board for inviting her. She stated that it is hard to hear there are unexpected expenses. She reminded the members that they need to consider their nest egg. Do they have easy access to those funds? They need to consider their health. Will they need long-term care?

Some financing options are: personal loan, line-of-credit, family loan or a reverse mortgage. In the 80's, insurance companies would go on the title with the owner when they loaned them money. It was shared equity. The lender got the appreciation of the home, the loan paid back and other money from fees.

The FHA insures reverse mortgages. A reverse mortgage is just a mortgage, but you have deferred payment options. You still have to pay taxes, insurance and your coupon.

Your payments can be interest only or no payment at all. When the loan is due, you can move out permanently. If you are gone less than a year in a care facility, it is not considered moving out. You would sell your home as usual and repay the loan.

Reverse mortgages can be used to pay off existing mortgages. By alleviating this payment, you would have more money. You can create a cash reserve for unexpected expenses. You can have a reverse line-of-credit. You wouldn't have to use your assets, especially if there is a downturn in the market.

Unfortunately, this program is not available to co-ops.

You can take the money in a lump sum or monthly payments or use a line-of-credit.

If the loan balance exceeds the value of the home, FHA will pay the shortfall.

It is a myth that the bank owns the home. The lender is not on the title. You can retain

any equity after the mortgage is paid.
HUD has made changes to the fees that are charged. There are closing costs.

The meeting was running late, so Mr. Schwartz thanked Ms. Echols for her presentation.

COMMITTEE REPORTS

Ms. Kelzer reported that due to the lateness of the meeting, the committee reports for Landscape and Grounds, Building Maintenance, Architectural Control (Alterations and Compliance), Emergency Preparedness and Communications will be posted to the website.

MEMBERS' FORUM

A member asked about potential assessments. Mr. Schwartz stated that the town hall will explain everything and answer those questions.

A member asked about solar panels. Mr. Schwartz reported that it is a very complex process and the Board is currently working on it.

The Board was advised that the food was ready for the dinner following the annual meeting.

With most members ready to eat, Mr. Schwartz announced that the rest of the member questions will be answered in the September meeting.

ADJOURNMENT

Having no further business, the Seventeenth Annual Meeting of Members adjourned at 5:05 p.m.

/s/ _____
Anne Paone, Assistant Secretary
Fourth Walnut Creek Mutual