



Walnut Creek Mutual Fifty (Mutual 50)

SPECIAL BOARD MEETING MINUTES THURSDAY, OCTOBER 21, 2021, AT 10:00 A.M. ZOOM MEETING

Call to Order

The Special Board Meeting was called to order at 10:01 a.m.

Directors Present

Donna Landeros
Abigail Ogawa
Rich Johnstone

MOD Staff Present

Paul Donner, Director of Mutual Operations and Jo Ann Cooper, Financial Analyst.

Review of 2022 Budget

The M50 draft 2022 budget was prepared with the assistance of MOD. If the Board approves the budget as currently drafted, the M50 2022 monthly coupon will be the same as 2021: \$975 per unit.

The draft budget and resulting monthly coupon were presented. Following the presentation, several M50 Members made comments regarding the draft budget. There were no recommendations to change the draft budget. At the Board meeting on 10/29/2021, there will be a motion for the Board to approve the 2022 budget.

The draft monthly coupon has three components (all increases, and decreases are compared to the 2021 budget):

- 1) GRF Assessment (including Cable TV): Increased by 6% to \$308.57 per unit.
M50 Operations budget: Decreased by 15.4% to \$347.03 per unit. This budget pays for 2022 routine maintenance & services and funds working capital (see explanation below).
- 2) M50 Reserve budget: Increased by 16.6% to \$319.40 per unit. This budget pays for 2022 capital improvements and contributes to the Reserve Fund for post-2022 capital improvements.

Note: The GRF Assessment includes a monthly Cable TV charge of \$59.54 per unit, which is a \$2.29 increase. After the draft budget was prepared, GRF announced the Cable TV charge would remain at \$57.25 per unit and not be increased by \$2.29. GRF decided to leave the draft budget unchanged at \$59.54 per unit and to refund the \$2.29 to M50 members at some time in the future.

2022 Operations Budget

There are three significant changes to this component of the draft monthly coupon:

- 1) In the 2021 budget, the working capital allocation was increased by 17.4% to \$54.86 per unit to bring Project 50 (before we became M50) into compliance with a policy requiring sufficient working capital to pay the entire annual insurance premium in advance plus one month of operating expenses. (Working capital is operating funds in excess of the amount needed to pay routine operating expenses.) In January 2022, working capital is projected to be sufficient to comply with the policy, so there will be no working capital allocation for 2022.
- 2) Insurance is decreased by 19.9% to \$82.76 per unit. The main reason is the decrease in Property Damage insurance. GRF has changed how Property Damage premiums are allocated to the covered mutuals. Although the GRF insurance broker estimated a 25% overall increase in insurance premiums, M50 will receive a 35% credit for having fire sprinkler systems and will not receive a 10% surcharge as we do not have a history of fire claims.
- 3) Utilities are increased by 10.7% to \$88.69 per unit. The rates are increased for trash disposal, electricity & gas, and water.

2022 Reserve Budget

Planned Reserve improvements for 2022 are increased by 53.7% to \$245.34 per unit. These expenses are summarized in the 2022 Reserve Budget Comments column in the M50 Detail Comparison of 2021 Coupon to Draft 2022 Coupon document.

In addition, the contribution to the Reserve Fund (i.e., Reserve Revenue over Expenses) is decreased by 35.2% to \$74.06 per unit. Although the contribution is decreased from 2021, it exceeds the amount included in the M50 Long Term Forecast. With this higher-than-forecast contribution, M50 will be better positioned to pay for unanticipated expenses.

Members Forum

Residents were afforded the opportunity to express their general concerns and make comments.

There were none.

Announcements

The next scheduled meeting will take place on Tuesday, October 19th, 2021, at 10:00am either via Zoom

Adjournment to Executive Session

The Board Meeting adjourned at 11:00AM.

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the minutes of the Ballot Count meeting.

Lucy Limon

Assistant Secretary
Mutual 50
