



ROSSMOOR

WALNUT CREEK MUTUAL FIFTY-FIVE

WALNUT CREEK MUTUAL FIFTY-FIVE BOARD MEETING MINUTES

FRIDAY, APRIL 15, 2022, AT 10:00 A.M.

Donner Room, Creekside Event Center, 1021 Stanley Dollar Drive

Call to Order at 10:00 AM

President called the open meeting to order at 10:00 a.m.

Directors Present

Kelly Boruszewski, President

Bobbie Richards, Vice President

Rob Ingalls, Treasurer

Jan Klein, Secretary

Kris Carey, Director

Also Present

Paul Donner, Director, Mutual Operations

John Tawaststjerna, Landscape Manager, Mutual Operations

Lucy Limón, Assistant Secretary, Mutual Operations

Approval of Meeting Minutes

President asked if there were any modification to the minutes of the open meeting on February 15, 2022. With none, a motion was made to approve the February 15, 2022, minutes.

Moved, Seconded, Carried 5-0

Residents' Open Forum

One resident requested everyone mention their name including those in the audience.

President's Report

Errata

The March Newsletter stating the prior year's coupon was \$935 should have read \$953.

Double-Billing Issue

As our Fiscal Year commences on April 1, 2022, the new coupon amount of \$1,000 went into effect. Those homeowners who authorized the MOD to withdraw money from their account found that two coupon payments were withdrawn. An alert homeowner immediately contacted the Mutual, and the GRF has corrected all improper withdrawals. The GRF remains investigating the cause of this double billing so that it does not happen again. This is top priority for the GRF to resolve before the upcoming coupon withdrawal on May 1, 2022.

Fiscal Year Began April 1

Typically, each mutual works on creating next year's budget from October to December. And every year, those budgets are more a guess than an estimate because the mutuals do not have a clear idea of what the insurance rate will be for the following year or what the water consumption and costs were the previous year. Regardless, come January, each mutual crosses their fingers and declares a new coupon amount. And every February to March, once more accurate and consistently higher estimates are received, the mutual presidents

complained their respective budgets were already “underfunded,” and their mutual budgets are already financially “underwater” for the year. Rinse-and-Repeat. In forming our mutual, our members approved switching from a January-December calendar year budget to an April-March fiscal year budget. This eliminates or reduces the insurance and water guessing game. For this fiscal cycle, our Mutual was able to draft an actual working budget and estimate a reasonable revenue considering inflation, adjusting for changes in the GRF portion of the coupon, noting a reduction in the Mutual’s allocation of property insurance, and estimating water consumption and rate levels. The last increase under Third Mutual was 15.5%, and the budget was riddled with inconsistencies. Now that we are autonomous, the coupon increase was less than 5% without sacrificing our reserve funds.

Reserve Funds, Helsing Report – Fiscal Year

A reserve fund aims to prepare for and repair, replace, restore, or maintain the major common area components over a 30-year cycle. As most of our members know, associations such as Mutual 55 are generally required to prepare a reserve study. The reserve study process can be simplified as follows:

1. A reserve company is retained to identify all major common area components, the cost to repair/replace, and their remaining life span. Here, the Board hired the Helsing Group.
2. The Helsing Group then calculates how much money is needed and when.
3. Last, the Board decides how to fund the reserves through increased assessment contributions, special assessments, or a combination of the two.

The study is updated every year. This week, we received the finalized version of our reserve study, commonly called “the Helsing Report.” All are welcome to receive an emailed copy of this 92-page report and a hard copy from the MOD (inquire about cost). A one-line summation of the report is that, per our outside auditor, our Mutual’s projected reserve account balance is sufficient to meet our obligations for the repair and replacement of major components over the next 30 years.

Status of Property Insurance

Regarding the liability insurance for all of Rossmoor, we were last told there remains about a 2% gap in coverage. Per the insurance broker, the confidence level of finding coverage for this gap is “not great,” but they are still working on it. Worst case, any amount over the first \$200,000,000, the mutuals share will be 11.6%. Any amount over the next layer of coverage, the mutuals’ share would be 7.1%. Gallagher stated that the multi-carriers might ask the GRF to increase its \$250,000 deductible to \$1,000,000 to eliminate the gap.

Upper-Level Hard Surface Flooring

All members are reminded of the Mutual’s policy against upper-level hard surface flooring installed beyond the original “as built” plan. Hard-surface flooring includes wood flooring and laminate, vinyl, tile, cork, and engineered flooring. Essentially, anything other than carpet is considered hard-surface flooring. As for those members who believe that “new technology” resolves the noise issue, Mutual Four conducted sound transmission testing that confirmed the superior performance of carpeted flooring.

Water Heaters

Our mutual had another water heater leak last month. This is the third one. We remind all members that the maintenance and replacement of and the damage caused by the water heater are the homeowner's responsibility. Most of the units in Mutual 55 were built circa 1990, over 30 years ago. The three water heaters that had problems were well past ten years old. Like everything else, water heaters do not last a lifetime. Many factors can shorten its service life, requiring a replacement sooner than expected. Manufacturers have different water heater life spans. One brand might rate its product to last eight years, while another up to twelve years. Unfortunately, real-world usage dictates a shorter service life. Some families might have their units giving up on them after five years, while others are fortunate to extend their water heater's service life span to 15 years. Things that affect the life of a water heater include water hardness, sediments (calcium and magnesium) that accumulate in the tank's bottom, water consumption – using more or hotter water stresses the system and prematurely breakdown components, the quality of the heater itself, and maintenance which most homeowners never follow. Therefore, most experts will recommend an inspection within five years and replacement within 10. As a friendly reminder, all damages caused by a leak or burst of your water heater are the owner's responsibility. The owner of the water heating bears ***all*** costs of repair – not only to your unit but all affected units, including downstairs and both adjacent units. Be a good neighbor and a responsible homeowner, and have your water heater inspected. And replace them as recommended.

Handrails

A work order was authorized to repair handrails that have been eroded and deemed to be a safety issue. The handrails are being repaired at areas around buildings 4603, 4615, 4713, 4725, 4773, and 4785. The cost of this work is \$3,050 and is billed to reserves/building maintenance. The repairs are expected to start very soon – barring rain. Once this work is complete, we will execute a work order to fog paint the repairs to match the existing railings.

Exposed and Destroyed Drainage Piping

A work order was authorized to remove, replace, and bury approximately 45 feet of drainage pipes near building 4805 and an additional 28 feet near building 4829. These pipes have been exposed and broken and are now eroding the slopes, which is a property damage and a safety issue. The cost of this work is \$1,845 and is billed to reserves/building maintenance.

Mud and Soil Erosion and Run-Off

A work order was authorized to remove soil along the curb's edge and install 1/2 yard of cobble and a row of matching garden blocks to the two-car parking lot at 19R, across from Building 4749. This work was authorized to prevent mud and sediment from running onto the payment. This property damage and safety issue work cost \$690 and is billed to reserves/building maintenance. A work order is being issued to inspect the sprinkler behind that retaining wall and either adjust the water direction or cap it off.

Outside Accounting Services

A work order was authorized for our CPA firm to file Form 3500 within the next 45 days. The cost of this service is \$650. As for context, all corporations are taxable when formed in California. To obtain tax-exempt status under the Revenue and Taxation Code, an Association must file Form 3500 with the Franchise Tax Board. Governing documents and income and

expense information are submitted to the FTB. If the association has tax-exempt status, it is only subject to tax on its nonmember income, such as interest, and not on its assessments.

Contract with Terra Landscape (Feb. 01, 2022 to Jan. 01, 2027) Executed

From the Board's motion and authorization on January 31, 2022, the contract between Mutual 55 and Terra Landscape was finalized and executed. This is a \$196,596, five-year general landscape maintenance contract that includes but is not limited to pruning of shrubs; removal of the dead or dying shrubs; weed control; fertilization (April); firebreaks; and the trimming, pruning, or thinning of trees under 12 feet in height.

Evacuation Signs Installed

In 2021, Walnut Creek began an "evacuation zone" plan for the city so those first responders could move quickly to a specific zone location. Our zone is WCR-003, or "Silver Zone." During our September 7, 2021 meeting, the Board moved to allow the installation and maintenance of evacuation zone signs at each of our three entries. All evacuation signs are installed. Please note that the Mutual will not, because it cannot, call for an evacuation. The agencies that are allowed to call for an evacuation are city authorities.

Audio/Video Recording

Persons from outside our mutual and a member of our community have asked if our meetings will be recorded or if they can privately record such meetings, either by audio or video. Some further cite the First Amendment in support of private recordings. First, the First Amendment to the U.S. Constitution does not give owners the right to record private meetings. Second, the First Amendment applies to governmental restrictions affecting free speech, and HOAs are private – not public – organizations with the right to regulate speech. The First Amendment does not apply to a private organization's private meetings. Second, this board does not allow for the recording of its meetings. It has been found that persons who bring audio or video recorders to board meetings often do so because they threaten litigation or wish to intimidate the board and participants into silence. Under such conditions, meeting participants are reluctant to speak freely for fear of being dragged into litigation or having their voices appear on internet websites. As a result, members' free speech rights are suppressed by the person doing the recording. Moreover, even though owners attending a meeting may not have an expectation of privacy within the community, they have a reasonable expectation that their conversations and likeness are not going to be posted on YouTube or other websites open to the public outside their community. For these reasons, this board prohibits private recordings of its board meetings, whether audio or video.

No New Members

We have no new members since November 2021, but understand that some new listings are forthcoming.

Treasurer's Report

Rob Ingalls reported on the month's financial status and no action was taken.

Committee Reports

Community Committee

Jan Klein reported on the continued work on the monthly newsletter and acknowledged the work of JoAnn Lieberman on her work on editing the newsletter. Community interest in the BBQ on June 17 was reported. More information will be available once the date nears. A request was made for members interested in holding some monthly community social events.

Emergency Committee

Jane Blanchard reported on the quarterly meeting held on March 18 to review how to open garage doors in case of a power outage and the proper use of fire extinguishers. Jane reminded residents that in case of an emergency, you are on your own since everyone will be attending to their own needs during that time. She urged residents to prepare for emergencies in advance of any event. The next meeting is expected to be held June 17 during the BBQ to facilitate member participation.

Governing Documents Committee

Bobbie Richards reported that work is still being done to bring documents in compliance with new regulations.

Landscape Committee

Kris Carey reported that all junipers were removed (under DFSC cost-share program). For the work framed up for 2022, seven approvals will be sought later in the agenda.

Manager's Report

Paul Donner reported on staffing changes, benefits of Joel Lesser attending an insurance conference, bench installation timeline and use of prepaid days.

New Business

Landscape Committee Personnel Changes

Lynda Phelps is no longer on the Landscape Committee.

A motion was made to appoint Jo Ann Mueller to the Landscape Committee.

Moved, Seconded, Carried 5-0

Shared Deductible Agreement

A motion was made to approve signing the Shared Deductible Agreement between several Rossmoor mutuals that proposes to share the cost of a property loss exceeding the \$250,000 insurance deductible. The cost share is detailed to be \$10,000 for the mutual which incurs the loss and the remaining \$240,000 shared at a per door assessment between all participating mutuals. The motion further requires approval is pending formal board approval by at least two of the three largest mutuals and their signing of the document after their board approval.

Moved, Seconded, Carried 4-1

Monetary Transfer Requirements or Alternative Authority

A motion was made as follows: “The Association desires to comply with Sections 5502 and 5510(a) of the Civil Code and allow its Managing Agent to pay the Mutual’s monetary obligations in compliance with its governing documents and without logistical impositions or delays through the successive adoption of written approvals from the Association. Therefore, the Association pre-approves, pre-authorizes, and continually authorizes its Managing Agent to make transfers or withdraws from the Mutual’s reserves account in amounts of \$10,000 or more upon either (1) two Directors executing a work order to be charged to the Mutual’s reserve account or (2) upon two bank-authorized signing Directors’ execution of a monetary draft against the Mutual’s reserve account. Such pre-approval, pre-authorization, and continued authorization shall remain in full force until future action by the Association and immediate notice to its Managing Agent.”

Moved, Seconded, Carried 5-0

Discussion on Current and Pending Building and Ground Projects

No action was taken.

Discussion on Possible Entry 19 Community Garden Area

Three possible locations were reviewed, and the board agreed that the area at the end of Entry 19(Right)’s cul-de-sac was the best. High-level cost estimates (~\$15,000) were discussed, and board confirmed that further detailing should be done to present firm proposals for consideration. This is potentially a 2023 project. No action was taken

Landscape – Tree Removal

A motion was made to remove four “at-risk” trees. This landscape expense shall not exceed \$2,000 and shall be completed this fiscal year.

Moved, Seconded, Carried 4-1

Landscape – Tree Trimming – Clearance, Safety

A motion was made to complete tree trimming for clearance and safety issues. This landscape expense shall not exceed \$6,000 and shall be completed this fiscal year.

Moved, Seconded, Carried 5-0

Landscape – Tree Trimming – Aesthetics

No motion was made to approve tree trimming for aesthetic reasons. The Board’s position is that such work is a Resident’s responsibility, and not paid for by the Mutual. Under Policies 22.1 and .2, all Owners requested tree removal or trimming beyond necessary maintenance is Owner Billable. The cost of the work plus the cost of required City of Walnut Creek permits will be borne by the Owner. Any owner who wishes to have a tree removed or trimmed shall initiate a request to the board, which the MOD’s Landscape Supervisor shall evaluate the request and approve or disapprove after conference with the Mutual President. If approved, the MOD Landscape Supervisor shall return it to the applicant with a list of the addresses of neighbors who should approve or disapprove it. The applicant shall obtain the signatures of the neighbors identified by the Landscape Supervisor, and return the form to the Landscape Supervisor, who shall forward the form to the Mutual President for final approval. The Mutual President shall obtain a recommendation and signature from the Landscape Representative (if any), then approve or disapprove the request, and return the completed request form to the Landscape Supervisor for distribution.

Landscape – Replanting

A motion was made to replace approximately 60 dead plants and juniper replacements. Discussion surrounded holding off on this decision until later in the year to see if drought conditions improved.

Moved, Seconded, Failed 2-3

Landscape – Mulching

A motion was made to complete remaining mulching for the additional installation of C6 mulch partially installed on Entry 19-R' slope (across from 4749) at a cost not to exceed \$7,500.

Moved, Seconded, Carried 5-0

Landscape – Cutting juniper stumps down to the ground on the E19R big-bend area

A motion was made to cut juniper stumps down to the ground on the E19R big-bend area. This landscape expense shall not exceed \$420 and shall be completed this fiscal year.

Moved, Seconded, Carried 3-2

Landscape – Bubblers on Redwood Trees

A motion was made to put bubblers on half of the recommended Redwood Trees at a cost not to exceed \$6,000.

Moved, Seconded, Failed 0-5

A motion was made to put bubblers on all recommended Redwood Trees at a cost not to exceed \$11,600 and to be completed this fiscal year.

Moved, Seconded, Carried 4-1

Landscape – Replace five areas of bender boards along paths to utility closets

A discussion was made concerning replacing some bender boards along paths and breezeways throughout the Mutual. Such work may be corrected under the Terra Landscape's contract. No Motion was made.

Adjournment

The Open Meeting adjourned at 1:19 PM

Note: No Closed (Executive Session) Meeting was held.