



Walnut Creek Mutual Fifty-Five (Mutual 55)

REGULAR MEETING MINUTES OF THE BOARD THURSDAY, FEBRUARY 11, 2021 AT 9:00 A.M.

Call to Order

President Kelly Boruszewski called the Regular Meeting of the Board of Directors to order at 9:01 a.m.

Directors Present

Kelly Boruszewski, President
Bobbie Richards, Vice President
Rob Ingalls, Treasurer
Joe Pehl, Secretary
Kris Carey, Director at Large

Also Present

Mutual Operations staff was represented by Paul Donner, Mutual Operations Director; Clayton Clark, Building Maintenance Manager; Kelly Maki, Board Services Coordinator; Rick Chakoff, Chief Financial Officer; Tess Haskett, Assistant Controller; and Dale Harrington, GRF District Director.

Approval of Minutes

- a) Ballot Count Meeting held on January 19, 2021: A motion was made to approve the ballot count meeting minutes. **Moved, Seconded, Carried 5-0**
- b) Annual Meeting held on January 20, 2021: A motion was made to approve the annual meeting minutes/ **Moved, Seconded, Carried 5-0**
- c) Organizational Meeting held on January 20, 2021: Approval of the organizational meeting minutes was tabled for further corrections to the draft.
- d) Executive Session Meeting held on January 20, 2021: A motion was made to approve the executive session meeting minutes. **Moved, Seconded, Carried 5-0**

Residents' Forum

Residents were afforded the opportunity to express their concerns, make comments, and have questions answered by the Board and M.O.D. staff representatives. No comments were made.

President's Report – Kelly Boruszewski

President Boruszewski gave the following report:

Since our first meeting, the last 22 days can be summed up as a “Strive for progress, not perfection” We took our first baby steps at our first meeting. Now, our “one-foot in front of the other mentality” has given us the ability to walk – slowly but sure, but with purpose. During the past 22 days, your Board has been extremely active in moving us to a more comfortable pace. I alone have received over 276 (those do not include replies) emails since 01/20.

As a full-time working lawyer, I have learned that action seems to move slowly at first, but as deadlines loom, it is amazing what people can accomplish.

Our CC&Rs are at the Recorder's office for recordation.

We are on Rossmoor's website under Mutual 55. There you will find our bylaws, agendas, minutes, other information.

The board approved, and we have obtained D&O insurance. Anyone dealing with insurance knows that 22 days from start to finish is a miracle. We achieved a D&O liability insurance coverage with a \$3,000,000 limit and only a \$5,000 deductible. The premium equates to about \$1.25/day per unit. In comparison, Third Mutual's D&O insurance had only a \$1,000,000 limit and a \$200,000 deductible for approximately the same price per unit.

We also executed the MOD Contract for accounting and property management services. The MOD is an arm of the GRF, and the service agreement equates to about \$60/U/M. To balance our operating expense side of the budget, we need to reduce this by approximately \$9/U/M. Therefore, we continue to discuss these contracts with other mutual presidents and are reaching out to third-party property management companies for comment and possible bids as to the property maintenance side of the contract.

In the meantime, the GRF and M55 remain working on transferring all accounting functions from Third Mutual to Mutual 55, with one last motion to be made today to move forward.

We are close to contracting with Terra Landscape for our landscaping needs. Currently, we have negotiated a maintenance fee equivalent to what M3 is receiving. Even though we are smaller mutual compared to 3M, Rebecca Pollen has been working hard on securing a viable contract, and we are close to achieving a contract at the same cost as 3M on a project basis. So much for the argument that we get a better rate being bigger.

Further, we have started establishing an emergency contact list and establishing an email consent system to reduce the cost of mailings and the delay in the postal mail. We encourage you to sign up for such email announcements.

I have attended meetings regarding looking into a Rossmoor-wide self-insurance coverage as a possible way of reducing our property insurance liability. If that is not feasible, we have a contingency plan to look into self-funding our own mutual property insurance, but this work is a long way off.

In the meantime, be sure to review your insurance policies and look into whether you should obtain an "all-perils" policy.

I have attended meetings regarding very preliminary discussions of the benefits and costs of moving the entire mutual into solar. There are many risks but many benefits as well.

We have started looking into the process of getting FHA approval for reverse mortgages. This will be a minimum two-year process but maybe a needed step for some members.

After the last meeting approving landscaping work to satisfy fire code requirements - long overdue - we have removed most of the junipers (the remainder for next years) as a cost that may allow us a 50% reimbursement from local government departments. We have a motion today that addresses the remainder of the junipers and timetable. Our landscape committee has been hard at work planning our environmentally sustainable future, but I will leave that to Landscape Chair Kris Carey to discuss today.

On the reserve side of the budget, we had the status of our roofs inspected, which will be reported on this date.

Your Board approved the distribution of an initial set of proposed Rules and Procedures (R&P) to its Members for comment. Yes, there are typos and some errors, but all will be corrected on March 10, 2021. If you think the R&P are too much, too strong, too weak, we want to hear from you. Send your comments to Kelly Maki - I am sure she is waiting to hear from you.

Our Finance Committee has the unpleasant task of looking at all of the numbers from 2020 and will report on what we actually spent, where we stand in both operating and reserve budgets and where we go from here.

We continue to look for volunteers. For those who do not think they have the time, I work fulltime, been conducting day-long depositions, and am preparing for a trial. Yet here I am.

Regarding waste, our contractors ask you not to throw Styrofoam into the recycle bins.

Last, we have two new members

- Alan and Janet Traenkner (4749-3B), who are splitting time between here and Austin, have one grandson and one on the way!
- Sherry Rowan (4749-1A), who begins contemplating possible remodel work.

“Little by little becomes a lot.” Anonymous

“Consider what a long way you’ve come.” Anonymous

Secretary’s Report – Joe Pehl

Secretary Pehl had no report to give.

Treasurer’s (Committee) Report – Rob Ingalls

Treasurer Ingalls gave the following report:

The financial Committee met on Monday, February 8th. We reviewed the December/Year-End financial information and discussed what additional information we need to fully understand this information. I have asked Tess Haskett for the key to the Type Codes for the General Ledger and have received this and distributed it to the other members.

We concluded that we need to better understand the Helsing Reports to properly budget the reserves for future years. I have requested that JoAnne Cooper meets with us, and she indicated that she felt Clayton Clark should be in the meeting as well and would be back in touch with us.

In our discussion of reserves, we agreed that there would be no long-term effect if the mutual took a more aggressive approach to the restoration of the landscaping. There would be no effect if we spent \$30,000 for four years or \$60,000 for two years. The financial committee suggests that the board consider this approach.

The committee discussed the current budget and decided that we should keep the current \$953.00 per month coupon through the next fiscal year, beginning on April first.

- a) Motion to Certify Board’s Compliance with Section 5500 of the Civil Code – Review of Financials: This motion was tabled until the next board meeting as there are some significant changes pending to the yearend statements, which are actually for the Third Mutual.
- b) Motion to approve Treasurer’s recommendation regarding 2021 Budget: A motion was made to approve a coupon of \$953.00 per manor per month for the fiscal year beginning on April 1, 2021 – March 2022. After discussion, the motion was amended to approve a

coupon of \$953.00 per manor per month for the fiscal year beginning on January 1, 2021 – March 2022. **Moved, Seconded, Carried 5-0**

- c) A motion was made to authorize the Assistant Treasurer and Mutual Operations' Accounting Department to close all current Project 55 accounts; open a new account under "Walnut Creek Mutual Fifty- Five (Mutual 55)" for operations, reserves, and sweep account. **Moved, Seconded, Carried 5-0**

Committee Reports

- a) Emergency Preparedness – Jane Blanchard: Jane reported that the committee had not met yet, and she urges all committee members to attend the monthly Rossmoor EPO meetings that take place the 1st Monday of every month. The committee is still looking for an entry coordinator for entry 18.
- b) Community – Joe Pehl: Joe reported that the committee now consists of two members and a third member is pending. Please contact Joe if you are interested in serving on the committee.
- c) Governing Documents – Bobbie Richards: Bobbie reported the revised rules and procedures have been distributed to the members for comment. The Board will review comments received before they consider adoption at the March 11th Board meeting. Rick Chakoff advised that Rule 6.13 Minimum Levels of Operating Funds and Reserve Funds should be reconsidered and partially deleted.
- d) Landscape – Kris Carey: Kris presented an M55 Landscape Budget Overview PowerPoint Presentation that included recommendations to the Board on tree work, juniper removal, replanting of dead shrubs, and the entry 18 proposed garden.
- i. Motion(s) to approve Landscape Committee's presented recommendations:

A motion was made to approve the budget and executing work orders and scheduling for \$5,025 – tree trimming 2021 and \$4,625 – tree removal 2021. **Moved, Seconded, Carried 5-0**

A motion was made to approve the budget and executing work orders and scheduling for \$2,710 (materials) and seven free days usage 2021 – replanting dead plants for juniper removed in 2020. **Moved, Seconded, Carried 5-0**

A motion was made to approve the Entry 18 garden style and multi-years approach. Approval of the initial 2021 budget, executing work orders, and scheduling for \$5,500 to start work on tress and irrigation. **Moved, Seconded, Carried 5-0**

A motion was made to approve submission of DFSC application #2 for work in 2022 - \$6,030 juniper removals in 2022. **Moved, Seconded, Carried 5-0**

Old/Unfinished Business

- a. Approve Attorney retention for M55: A motion was made to engage Adams Stirling Firm as the M55 general counsel. **Moved, Seconded, Carried 4-0-1. Director Boruszewski abstained due to conflicts of interest.**

New Business

- a. MOD Report: Mutual Operation's organizational chart – Paul Donner: Paul presented the current MOD organizational chart to the Board that identified employees and their roles at MOD.
- b. MOD Report: Results of roof inspections and future replacements – Clayton Clark; Clayton reported on recent roof inspections and advised the Board of the current roof status in M55 and what to expect for future replacements so that the Board can properly fund the reserves for these projects.

Announcement of Next Board Meeting

The next scheduled Mutual 55 Board Meeting will take place on Thursday, March 11, 2021 at 9:00 a.m. via Zoom.

Adjournment to Executive Session

President Kelly Boruszewski adjourned the regular meeting at 10:28 a.m. and the Board moved into Executive Session.

Executive Session Summary

The Board met in Executive Session to discuss a landscape maintenance contract.

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the minutes of the Regular Meeting.



Assistant Secretary
Mutual 55