



ROSSMOOR

WALNUT CREEK MUTUAL FIFTY-FIVE

REGULAR MEETING MINUTES OF THE BOARD OF DIRECTORS SEPTEMBER 7, 2021, AT 9:00 A.M. (PACIFIC TIME)

R1. Meeting Called to Order – Kelly Boruszewski

Called Regular Session of Mutual 55 to order at 9:02 a.m.

R2. Roll Call – Lucy Limon

Kelly Boruszewski, President ✓
Bobbie Richards, Vice President ✓
Rob Ingalls, Treasurer ✓
Jan Klein, Secretary ✓
Kris Cary, Director ✓

Additional Attendees of Golden Rain Foundation & Mutual Operations:

Clayton Clark, Building Maintenance Manager
Paul Donner, Director
Lucy Limon, Board Services Coordinator
Rebecca Pollen, Landscape Manager

R3. Approval of Minutes of Regular Board Meeting of July 14, 2021 – Jan Klein

Moved, Seconded, Roll Call Vote: 5-0

Approval of Executive Minutes of Regular Board Meeting of July 14, 2021 – Jan Klein

Moved, Seconded, Roll Call Vote: 5-0

R4. Residents' Forum – Lucy Limon

No comments.

R5. President's Report, Announcements, General Comments – Kelly Boruszewski

Personnel and Resident Changes

Assistant Secretary for most of the Mutuals, Christine Conti, is no longer employed at the GRF. The position of Mutuals' Board Coordinator has been re-posted. In the interim, MOD Hub Coordinator, Lucy Limon, is filling in and at your service until a replacement is found. I have worked with Lucy before and strongly endorse her as our Assistant Secretary.

We announce our newest members to our community: Daniel and Donna Frankel who are moving into 4817-1A-21. There are currently four more units in various stages of getting ready to sell, so we should see more new faces by the end of this year.

Seeking Email Consent

With the endemic, computers, videoconferencing, and emails are essential. To date, 41 of 66 units have executed consent forms allowing the Mutual to send Notice and governing documents to its Members via email. If anyone who has not provided their consent and would like to receive notices via email, please contact me and I will send you the form. The more consenting members, the less cost in mailing and printing costs.

2020's Insurance Commission Refund

As some or all Members may know, in 2020, there was a refund by the third-party administrator Gallagher Bassett regarding GB's insurance commission. The amount was approximately \$200,000. This was considered an operating fund surplus by the GRF. Under the Trust Agreement, the GRF must refund or credit to the Mutuals their proportionate shares "after the end of each fiscal year." In June 2021, we received our proportional refund in the amount of \$4,707, or \$71.27 per unit, deposited into Account Code 10025, "Cash."

Mutual 55 approved by the U.S. Department of Housing and Urban Development.

When a project separates from a mutual, it automatically loses its FHA-approval status through the U.S. Department of Housing and Urban Development. After breaking away from Third Mutual in late January, a top priority from many of our neighbors was for the Board to reestablish FHA-Approval. I personally thank licensed mortgage advisor Martha Echols of Mutual of Omaha for all her assistance. Martha can answer our members questions regarding these types of loans.

Contract with Fire Protection Management (Fire Sprinklers, Hydrants)

The Board contracted with Fire Protection Management for servicing of fire sprinklers and fire hydrants. The cost of this three-year contract is \$1,705/Y, or \$2.15/U/M. This was good deal, is slightly less than before, and M55 received indemnity from the company.

Contract with NiceCans, LLC (Organic/Compost Cleaning)

The organic/compost green containers in each of the five trash enclosures are desired by our population and appear to be in full use. What was not desired was the smell that sometimes goes along with such a compost system. After requests from several members, the Board moved to contract with a company to clean the compost containers every quarter. The cost is \$280/Y or \$0.35/U/M. You will find that that the cleaning will be done later in the day as the company must be sure the trash has been picked up.

Contracting with Cintas (Inspections and Maintenance of Fire Extinguisher Systems)

Cintas is the company that does all mutual inspections. They do fire extinguisher inspections. The board authorized contracting with Cintas for a 3-year cost of under \$1,700, or \$0.71/U/M.

Contracting with Spectrum Paint (General / As-Needed Common Area Painting)

The board authorized contracting with Spectrum Paint, a painting contractor, to complete as-needed painting in the common area.

Contracting with Dellamar Electric (General / As-Needed Common Area Electrical Work)

The board authorized contracting with Dellamar Electric, an electrical contractor, to complete as-needed electrical work in the common area.

2022/2023 Fiscal Year Coupon Expectations

Our fiscal year is April 1 to March 31. Therefore, any newly elected director will be part of the budgeting process for the 2022/2023 fiscal year. The main issue will be the increase in the HOA fee, commonly referred to as a “coupon.” M55’s coupon is currently \$953/U/Month. After attending the GRF Finance Committee meetings, the GRF Board meetings, and the President’s Forum, it has been well stated that the two main cost factors will see an increase for 2022:

1. Property Insurance

In 2020, Third Mutual budgeted \$41,500 for property insurance. In 2020 then Project 55 spent \$55,027, or 33% over budget. In 2021, 3M budgeted \$74,292 for property insurance, a 44% increase. Thus far, M55 expended roughly \$37,000, so we are currently right on budget. In preparation for 2022, the 3PA, Gallagher Bassett, believes the “market is leveling out” and that 2015/2016 incident will “fall off the 5-year review”. However, some personnel understand that this is not a legal requirement and that insurance carriers still know of that incident and “have a long memory.”) Notwithstanding, Gallagher’s very preliminary, and quoted “conservative” top-end estimate of property insurance increase is 25% and that the Mutuals should budget accordingly. Tim O’Keefe restated that the 25% was a “conservative” number of the maximum increase. During the meeting, Paul Donner advised that the amount may be less because of the lower age of our improvements. We will know more come late December.

2. Water

We are entering our third year of the latest California drought on October 1, which is the traditional beginning of the state’s measurement period for annual rainfall. The dry landscape, warm temperatures, and dramatically reduced reservoir water levels, all point to the state-mandated water conservation measures and water supplemental surcharges. In 2020, the water budget was \$47,000. \$51K was spent. For 2021, roughly \$60,500 was budgeted and we expect to hold true to actual expenses. As for 2022, we have been advised by the MOD to expect a 9% increase in water costs. Any increase will be reflected in the change in UPCOMING coupon in April 2022. To that end, the mutual stays the course of using GRF’s five-year landscape plan as a guideline, and we are likely okay through the remainder of this year, but if we have a dry winter, we are going to need to make some very difficult decisions. Likely this will result in drastic curtailing or even temporary discontinuation of irrigation. Watering to mature trees and shrubs will need to be prioritized over all else. To that end, the board and several committees are reviewing the GRF’s standardized landscape policy.

“Standardized” Landscape Policy

For at least the past five months, the GRF has been developing a foundational, standardized landscape policy template. The policy will create some consistency between the mutuals as we have members that move from one mutual to another. (The last three move-ins were from persons already living in Rossmoor.) After some revisions, the GRF presented the “finalized” version for all mutuals to review and add/delete/modify the template as needed. This template policy is now before the Landscape, Finance, and Governing Document Committees for review. We anticipate the committees’ recommendation before December’s Board Meeting so the cost of voting on new Rules/Procedures can be made at the same time as another vote on January 31, 2022.

Election Season

The Board's next regularly scheduled meeting is December 13. Before then, there are several "to-dos" related to the January 31 election of a Director. Of note is the Notice of Nominations (October 5) and Nomination Deadline (November 4). The election for a three-year term will be held January 31, 2022. Further announcements will be coming.

PPP

In 2021, the GRF is expecting an operating surplus of about \$3.6M because it applied and asked forgiveness for the federal government PPP loan. The mutual presidents believe the surplus should be returned to the mutuals. Based on current percent issues, M55 could receive between \$36,000 and \$72,000 (likely the lower). So, if a member desires that this money should be provided to the mutual, please contact your District Director Dale Harrington, the GRF President Dwight Walker, and tell your neighbors in other mutuals to do the same.

R6. Treasurer (Finance Committee) Report – Rob Ingalls

As of June 30, 2021 the Mutual 55 Operating Account balance was \$78,622.00 compared to \$38,471 at the end of 2020. As of June 30, 2021 the Mutual 55 Reserve Account was balance \$690,860.00 compared to \$540,121 at the end of 2020. We have not received financial reports from July or August.

Motion to appoint Kelly Boruszewski as Member of Finance Committee – Rob Ingalls
Moved, Seconded, Roll Call Vote: 4-0-1

Kelly Boruszewski, President (Abstained)
Bobbie Richards, Vice President Yes
Rob Ingalls, Treasurer Yes
Jan Klein, Secretary Yes
Kris Cary, Director Yes

Motion to Certify the Board's Compliance with Civil Code § 5500 in that the Mutual Funds Reports for April, May, and June were Reviewed by Treasurer and Provided to all Directors – Rob Ingalls
Moved, Seconded, Roll Call Vote: 5-0

R7. Committees Reports

R7-a Emergency Preparedness Committee – Kelly Boruszewski for Jane Blanchard

The Committee seeks a volunteer to be the Emergency Coordinator for Entry 19-Right, please contact Jane Blanchard or a director if interested. Jan Klein advised that a meeting is set for this Thursday (September 9)

R7-b Governing Document Committee Report – Bobbie Richards

Committee is conducting a Town Hall style Quarterly Meeting seeking input from all members regarding additions, deletions, and modifications to Mutual 55's Bylaws and Rules & Procedures. The meeting will be via zoom (<https://tinyurl.com/GDC-Town->

Hall) starting at 10:00 a.m., Wednesday, September 8, 2021. In discussion, Kelly Boruszewski addressed California's Senate Bill 391, which establishes alternative teleconferencing procedures for a board meeting, allowing a meeting entirely by teleconference under four conditions: Notice, Instructions, a "IT" contact point, and all votes are by "roll call" instead of hand raising (because some people will be audio only.)

R7-c Landscape Committee Report – Kris Carey

Juniper removals: Approximately 75% of all junipers have been removed. The remaining 25% will be removed during 2022, under the second DFSC cost-sharing application (~\$3,000 give-back), which has been approved. There is no target date yet for replacement plantings.

Replanting: With possible water restrictions and summer heat, we wait for Fall to (1) replace ~270 junipers already removed and (2) replace ~105 dead plants (Prior Board approval).

Mulching: Two-thirds of common area is complete. The remaining 1/3 will be in 2022. Then, we recommend budgeting for re-mulching 1/3 of common area on rolling 3-year cycle.

R8. Unfinished Business

R8-a Motion to Approve Remove and Replace of 19L Retaining Wall

Motion that the Board authorize the President to enter into and execute a contract with Terra Landscape for the removal, design, and replacement of the E19L wooden retaining wall as proposed by Terra Landscape.

Moved, Seconded, Roll Call Vote: 5-0

R9. New Business

R9-a Motion to Reconsider July 14, 2021 Motion Re Transferring Reserve Funding into Secure Accounts

After the July 14, 2021 Motion, additional information and clarification was provided by the Assistant Treasurer. Therefore, Motion to Reconsider July 14, 2021 Motion Re Transferring Reserve Funding into Secure Accounts

Moved, Seconded, Roll Call Vote: 5-0

Motion that the Assistant Treasurer to place \$240,000.00 of Reserve Funds into Treasury Bills or FDIC insured Certificates of Deposit for a period of two years.

Moved, Seconded, Roll Call Vote: 5-0

Motion that the Assistant Treasury open an FDIC Insured account to sweep daily any amounts over \$250,000.00 in our Reserves Checking Account, but that all accounts are separate to assure each qualifies for \$250,000.00 insurance per account.

Moved, Seconded, Roll Call Vote: 5-0

R9-b MOD Safety Department installation and maintenance of evacuation zone signs

Walnut Creek is beginning an “evacuation zone” plan for the city so that first responders can move quicker to a specific zone location. The first eight zones are in W/C. Our zone is WCR-003, or “Silver Zone”. To place evacuation signs in any mutual, the GRF needs the mutuals’ permission. The signs will read, “WCR-003” and be silver. The cost of this installation for Rossmoor is approximately \$3,500, which will be covered by the GRF.

Motion to allow for the installation and maintenance of evacuation zone signs at each of our three entries and at a location (i.e., height, direction, or otherwise) designated by GRF’s Public Safety Manager Tom Cashion

Moved, Seconded, Roll Call Vote: 5-0

R9-c Motion to appoint Kelly Boruszewski as Member of Finance Committee
(Completed Earlier, see R6)

R9-d Discussion re future of Community Committee

This committee was formed in January. Since that time, no one is wanting to volunteer for this committee. Therefore, the Board needs to either dissolve the committee or find volunteers. If there are no volunteers, the December meeting will include a motion to dissolve the Community Committee and to create ad hoc committees on an as needed basis.

R9-e Motion to delay last 1/3 of mulching until next year, and going forward, to spread mulching costs over 3 years: Do 1/3 of M55 area each year @ estimated annual cost of approximately \$8,000 - \$10,000

Motion, Seconded. After discussion, motion is withdrawn as this will be a discussion item for budgeting in the new fiscal year.

R9-f Motion to allow Landscaping Committee to execute work orders that are below a threshold amount (to be determined), without Board or Finance Committee approval.
During pre-motion discussion, Motion is withdrawn as this will be a discussion item for budgeting in the new fiscal year.

R9-g Discussion re 2022 landscape budget and projected costs (Trees: \$16,500, Rehab/Ops: \$21,000) and pulling 2021 Reserve forward all from 2022, or spread over a few years – Kris Carey

R10. Announcement: Next Regular Meeting will be at 1:00 p.m. (PT), December 13, 2021. To be held in-person or virtually (e.g., Zoom) or both, dependent upon current endemic circumstances.

R11. Adjournment to Additional Executive Session

With no further executive session required, Kelly Boruszewski adjourned the meeting at 10:10 a.m.

Assistant Secretary
WALNUT CREEK MUTUAL FIFTY-FIVE