

MINUTES
WALNUT CREEK MUTUAL NO. FIFTY-SIX
REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, JANUARY 18, 2017 AT 9:30 A.M.
BOARD ROOM – GATEWAY COMPLEX

President Claudia Edwards convened a regular meeting of the Board of Directors of WALNUT CREEK MUTUAL NO. FIFTY-SIX at 9:30 a.m. on Wednesday, July 20, 2016 in the Board Room of Gateway Complex, 1001 Golden Rain Road, Walnut Creek, California.

ROLL CALL PRESENT: Claudia Edwards, President
Bill Eames, Vice President
Vacant, Secretary/Treasurer

EXCUSED: None

Representing staff were Paul Donner, Director of Mutual Operations; Rick West, Building Maintenance Manager; Rebecca Pollon, Landscape Manager; and Rosalie O'Neill, Administrative Assistant.

Eighteen residents who were present were welcomed to the meeting.

REVIEW OF MINUTES

Ms. Edwards asked if there were any corrections or additions to the Special Board meeting minutes of October 19, 2016 and the Special Board Meeting of December 1, 2016. Hearing none, she declared them approved as written and reviewed.

Ms. Edwards reported that she will be resigning at the end of the Board meeting. She commented that it was a pleasure working with everyone. The Board has accomplished so much. We have new roofs, gutters and soon the dry rot will be gone. Painting will be done and we will be brand new.

In response to a question about the minutes, Mr. Donner reported that the minutes are posted once they are approved. They must be deemed official minutes before they are posted.

FINANCIAL REPORT

Mr. Eames reported that the finances are in flux right now, but the Mutual is about where we planned. Any analysis wouldn't mean much because there are too many things to consider regarding contracts and work to be done.

Mr. Chakoff reported that, as of December 2016, the Mutual has \$15,000 in the operating fund. \$30,000 is due back to the reserve fund, so effectively the Mutual has negative cash. The money has to be paid back within a year or the Board needs to take action to extend it. Mr. Chakoff recommended that the Board extend the \$20,000 borrowed from last year and borrow \$30,000 for this year, 2017. It should all be paid back by the end of the year. Insurance is paid in January for the entire year.

Mr. Eames moved to borrow \$35,000 in new funds and extend the \$20,000 from last

year to be paid back or brought to another action by the Board at the July Board meeting. Ms. Edwards seconded and the motion carried without dissent.

Financial Planning:

Mr. Eames reported that financing and action on the maintenance contract needs to be discussed. There is no money left and the project is only half completed. The Board needs to make a decision on how to get money to complete what was started and assess what needs to be done. There is a motion to assess each homeowner \$15,000 and it requires a vote. The motion included working on three buildings at a time. This motion was previously passed and carried. There has been no action on this motion. The Board does not know if this is enough money. The Board does not have any fixed contracts on what is necessary to bring buildings up-to-par.

The Board can get recommendations from the Maintenance Committee.

The Board needs to appoint a Secretary/Treasurer.

Susie Crist brought to the attention of the Board that Patti Hornung and Rick Webster are not homeowners. The consensus was that they can serve on the committee, but cannot be on the Board.

Mr. Eames moved that Bob Ward be appointed to the Board to fill the vacancy created by the resignation of Susie Crist. Ms. Edwards seconded and the motion carried without dissent.

There was some discussion about increasing the number of Board directors. Ms. Edwards suggested that be addressed at the next Board meeting.

Mr. Ward moved to rescind the previous motion and to pursue a line-of-credit to finance operations to the end of the year.

Ms. Edwards stated that she has experience and taking a loan out is not a good idea.

Mr. Ward commented that the Mutual could get a line-of-credit and there is no interest until you actually borrow the money. The Mutual can then decide how to pay it off. Mr. Chakoff reported that the Mutual can do a special assessment or borrow the money to complete the project. He gave an example of a line-of-credit for one million dollars that would cost \$5,000 to set up. The Mutual can do a special assessment to pay back the line-of-credit once the amount is determined or convert the balance to a fixed loan. He suggested having the Finance Committee meet and then schedule a Special Board meeting to make a decision.

There is \$284,000 in the checking account, but \$35,000 will be moved to the operating account and there are some outstanding invoices that haven't been paid yet.

Mr. Eames reported that his understanding is that all of the buildings are currently water-tight. He believes the question is whether chimneys get replaced or repaired.

There was some discussion on what work needs to be done.

Mr. Eames moved to schedule a Special Board meeting in the middle of February so the construction/maintenance department will come back with their recommendations. At that time, the Board would make a decision. The \$15,000 special assessment should be held in abeyance. Mr. Ward seconded and the motion carried without dissent.

David Smith suggested the Board consider a motion to ask Mr. Chakoff to enter into

discussions with one or more banks and report to the Board prior to its meeting on what financing would be available. Mr. Chakoff commented that the Finance Committee should be involved.

Ms. Edwards moved to have Mr. Chakoff discuss options with some banks and report to the Board on available financing. Mr. Eames seconded and the motion carried without dissent.

Ms. Crist thought the membership should be aware of any interest that would have to be paid depending on how long the loan takes to be paid off.

Mr. Ward would like the committee to report to the Board on the finances. It would be a summary. The committee could make suggestions to the Board on funding for programs.

Ms. Edwards moved to appoint David Smith as Chairman of the Finance Committee. Mr. Eames seconded and the motion carried without dissent.

Committee Reports:

Building/Maintenance – Mr. Wiscosil is resigning. He will send Ms. Edwards a note stating as such. Ms. Edwards appointed Mr. Rick Webster as chair of the committee and Patti Hornung as co-chair.

Emergency Preparedness – Mr. Samuels did not have anything new to report. He reminded everyone to keep flashlights handy and don't have clutter around that you could trip over.

Ponds – Phyllis Christopher reported that she has been working with John Peters. He has been trying to get the lights to work. Either the fountains go down or the lights are on or vice-versa.

Ms. Edwards moved to appoint Phyllis Christopher as chair of the Ponds Committee. Mr. Eames seconded and the motion carried without dissent.

Social – Susie Crist has resigned. Ms. Edwards suggested there could be a committee.

Landscape – Bob Crist resigned. He walked once a month with Curtis from Bright View and assessed what needed to be done. In the summer, he worked with the tree service company and made sure there was money available to pay for any work that needed to be done. He had replanting done.

A resident volunteered to be on the landscape committee, but not as the chair.

Mr. Ward volunteered to be chair of the landscape committee until someone steps up to fill the position.

Ms. Edwards commented that it is the responsibility of the Chairs of the committees to notify committee members or Lakeshire residents of any meetings that the committees are holding or when there will be a landscape walk around the community.

RESIDENTS' FORUM

A resident asked about the contracts for the buildings. Mr. West reported he has three

contracts. A contract from Five Star for the chimneys, a contract from Five Star for the wood siding and gables and a contract from Specialty in the amount of \$3,500 to inspect the exterior of all 14 buildings for termites and dry rot. The Board currently has the option of accepting these contracts or going back out to bid.

NEW BUSINESS

Mr. Ward moved to authorize up to \$2,000 for the Maintenance Committee to have the opportunity to talk to and pay for some outside professional help, if necessary.

Mr. Eames would like to increase it to \$5,000.

Mr. Ward amended his motion to authorize up to \$5,000 for the Maintenance Committee to have the opportunity to talk to and pay for some outside professional help, if necessary. Mr. Eames seconded and the motion carried without dissent.

The Board needed to approve an audit proposal.

Mr. Eames moved to approve the proposal from Henricher, Douglas & Porter in the amount of \$3,050 for 3 years to complete a yearly audit and to do the Mutual's taxes. Ms. Edwards seconded and the motion carried without dissent.

ANNOUNCEMENT

The Board will schedule a Special Board Meeting on February 15 at 9:30 a.m. in the Board Room at Gateway.

The next board meeting is scheduled for Wednesday, April 19, 2017 at 9:30 a.m., Board Room at Gateway.

ADJOURNMENT

Having no further business, the meeting was adjourned at 10:50 a.m.

/s/ _____
Anne Paone, Assistant Secretary
Walnut Creek Mutual 56 (Lakeshire)