

MINUTES
WALNUT CREEK MUTUAL NO. FIFTY-SIX
SPECIAL MEETING OF THE BOARD OF DIRECTORS
THURSDAY, DECEMBER 1, 2016 AT 3:00 P.M.
BOARD ROOM – GATEWAY COMPLEX

President Claudia Edwards convened a special meeting of the Board of Directors of WALNUT CREEK MUTUAL NO. FIFTY-SIX at 3:00 p.m. on Thursday, December 1, 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
Susie Crist, Secretary/Treasurer

EXCUSED: None

Representing staff were Paul Donner, Director of Mutual Operations; Rick Chakoff, Chief Financial Officer; and Anne Paone, Administrative Secretary.

Twenty residents who were present were welcomed to the meeting.

Ms. Edwards reported that this meeting is to discuss the special assessment for building repairs.

Mr. Chakoff reported that the Mutual needs a lump sum of money. The Board had several options to choose from with a special assessment being one of the options.

If the Mutual took on debt, it would be the obligation of the Mutual and any new owner. If the Mutual took on a loan, there would be interest that has to be paid. The Board has to look out for the well-being of the Mutual. Per the CC&Rs, the coupon must be the same for all members, so the suggestion of some residents paying in full and some paying a loan will not work.

If a resident took out a second mortgage, you might be able to get a tax break on the interest. There is no break for a resident if the Mutual takes out the loan.

A coupon that is raised might affect the sale of the home.

Ms. Crist began to read a letter that included history about the special assessment that passed in March of this year. She quoted some numbers for the repair expenses. Mr. Eames asked if the price for the gables is a fixed price. Mr. Donner stated that he will need to ask Mr. West.

Patty May, daughter of previous Board President Barbara May, is a general contractor. She thinks some things should be done before having a vote on another special assessment. She spoke to Mr. West and she decided that the process for estimates on the dry rot and landscaping was flawed. She thinks there should be someone with better qualifications to check the project for dry rot. She also thinks the process for determining the cost is flawed. She would like to see numbers that are more realistic. She stated that opening the chimneys was premature and the Mutual should finish the homes that are already opened. It is prudent, because of winter, to close things up.

A resident stated that the Mutual needs to figure out what is urgent to do. No estimate will ever be right on.

Ms. Crist stated that Mr. West's numbers were as follows: Siding-\$370,000, chimney-\$329,000, gables-\$234,000, a total of \$933,000 for dry rot. Roofs will be \$460,000 and \$48,000 for gutters and downspouts. Mr. Eames reported that the cost is \$42,750 per unit based on the bills to date.

A resident was concerned because he thinks that the plan to do part of the project in one year and some in 2017 is not being followed.

Mr. Eames wants everything looked at again to get a closer figure on the costs.

Mr. Donner stated that MOD will work with anyone or the Mutual can hire a project manager and MOD will step out of the project.

Ms. May suggested that they break up the project into phases and finish each phase before moving on. She stated that the Mutual should consider getting a termite inspector to come out and look at the dry rot. Mr. Donner reported that the Mutual will need to bring in an engineer because there is extensive dry rot. They would need to go deeper than a termite inspector would check. Mr. Donner stated that he believes in Mr. West's numbers, but the residents need to believe.

Ms. Edwards thanked everyone for their input. She reported that Bob Ward is on the Finance Committee and Phyllis Christopher is on the Pond Committee.

Mr. Smith said that the Board gets to make some decisions, but members can make decisions such as voting on special assessments.

Ms. Edwards called for a motion.

Mr. Eames moved to approve the balloting of a special assessment in the amount of \$15,000. All chimneys must be completed first. Chimneys and buildings must be made water-tight. The rest of the work is to be performed in phases that would include three (3) buildings at a time. Once they are totally completed, the next three (3) will be addressed. Ms. Crist seconded and the motion carried without dissent.

ANNOUNCEMENT

The next board meeting is scheduled for Wednesday, January 18, 2017 at 9:30 a.m., Board Room at Gateway.

ADJOURNMENT

Having no further business, the meeting was adjourned at 4:25 p.m.

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