

MINUTES
WALNUT CREEK MUTUAL NO. FIFTY-SIX
REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, APRIL 19, 2017 AT 9:30 A.M.
BOARD ROOM – GATEWAY COMPLEX

Vice-President Bill Eames convened a regular meeting of the Board of Directors of WALNUT CREEK MUTUAL NO. FIFTY-SIX at 9:30 a.m. on Wednesday, April 19, 2017 in the Board Room of Gateway Complex, 1001 Golden Rain Road, Walnut Creek, California.

ROLL CALL PRESENT: Vacant, President
 Bill Eames, Vice President
 Robert Ward, Secretary/Treasurer

EXCUSED: None

Representing staff were Rick Chakoff, Chief Financial Officer; Rick West, Building Maintenance Manager; Rebecca Pollon, Landscape Manager; and Anne Paone O'Neill, Administrative Secretary.

Twenty-eight residents who were present were welcomed to the meeting.

Mr. Eames announced the Board is appointing Nancy Richardson to fill the vacated term until October, 2017.

Ms. Richardson took her place at the Board table and thanked the Board and committees for all of the work they have done. She proceeded to conduct the meeting.

REVIEW OF MINUTES

Ms. Richardson asked if there were any corrections or additions to the regular Board meeting minutes of January 18, 2017 and the Special Board Meeting of February 15, 2017. Hearing none, she declared them approved as written and reviewed.

Treasurer Report:

Mr. Ward reported that the March balance sheet showed a reserve fund balance of \$132,369. The coupon amount per manor per month is \$990.00. GRF's portion is \$260.33 and the Mutual's portion is \$729.67. Approximately \$96,000-\$100,000 goes to the reserves annually.

Secretary Report:

Mr. Ward reported that Phyllis Christopher and Rick Webster have worked hard to create a complete roster.

Ms. Richardson reported that the Board will be reviewing the reserve study. The Mutual's problems are much bigger than anticipated by the reserve study.

Committee Reports:

Building/Maintenance – Patty Hornung reported that the committee would like to remove the fence and trellises from the contract and place them on hold. They

recommend continuing with Tony, the contractor with Five Star. The contract should be changed from Time and Materials to a bid contract and then there can be change orders, if needed. The buildings on Lakeshire that have already been started should be completed. The chimneys and gables should be addressed. Everything should then be painted. The projected schedule from Tony now has a completion date of October 31, 2018. The committee would also like to keep Keith Peedle from MOD as the construction foreman. Approximately \$48,000 goes to MOD.

Ms. Richardson stated that it is preferable to remove the growth from the fences and trellises now, otherwise things could get worse.

Ms. Hornung reported that some people use it as a screen. Some fences could fall down if it is removed.

Ms. Richardson suggested the Board address a policy regarding growth on fences and trellises.

Ms. Hornung discussed chimneys. The paper underneath is very deteriorated. The flashing on the cap has created drips. The caps need to be cleaned and painted. They need support due to the weight of the water. The saddle flashing around the chimneys needs support, too. The average cost for each chimney is about \$5,400. A lot of prep work is involved to protect the roof when working.

Ms. Richardson reported that the attorney has a draft addendum. Ms. Hornung is recommending that the part of the addendum that pertains to the Building Committee should indicate that the project continue with Five Star, the fence and trellis work be taken out of the contract, the timeframe be adjusted, and Keith Peedle stays on the project.

Mr. Eames asked to have a copy of the markup that the contractor has. The original contract has a manufacturer's warranty. He wants to be sure that it doesn't get voided. Mr. West reported that Nancy Bunch will send copies to the Board of the warrantees.

Ms. Richardson asked Mr. Eames to put in writing what he wants to see so Ms. Bunch can make adjustments to the contract. Mr. Eames declined and said he just wants to see them.

Ms. Richardson reported that she met the contractor and he is very straight forward.

Ms. Hornung reported that the first buildings to be worked on are on Lakeshire. The back patio areas are the homeowner's responsibility. When painting begins, residents will receive advance notification. They will need to move items at least 6 feet from the building. They will also need to make sure greenery is cleared away.

Finance – David Smith reported that currently the exact amount needed for the project is unknown. It could be \$1.2 million. An option was suggested. The work could be spread out over 5 years with several assessments over a 4-year period. This is not a good option because costs will go up and work can be delayed.

The Finance Committee recommends the following:

1. Obtain \$1.2 million line-of-credit from Popular Association Bank.
2. Look at how to take out a line-of-credit and by the end of the year, the Board needs to figure out how they would want to pay it back. This bank had the best proposal.

If the Board wants, this can convert to a 15-year loan. The payments will be interest only payments on the amount drawn down. The interest rate is favorable and there is no payment penalty.

The Board can allow the credit to convert to a 15-year loan and pay it over 15 years with the amount on the coupon.

The Board could assess the members the amount owed to be paid in a lump sum.

The Board could allow the Mutual members, at the end of the credit, to be assessed the amount owed.

The options are to pay in a lump sum or the members can pay it off in 15 years. There could be a single assessment and each member can choose how to pay, either a lump sum or over 15 years. The obligation is the member's responsibility. If they sell, it must be paid in full.

The Finance Committee recommends obtaining a line-of-credit.

Landscape –Mr. Ward stated that the chair position is still open. The Board needs input from the committee. The monthly walk-arounds need to be reestablished. They take place on the first Wednesday of every month. However, next month it will be on Tuesday because Mr. Ward is not available on Wednesday.

There are established and defined potential landscape upgrades and projects with estimated costs as follows:

1. Front yard foundation (\$26K)
2. Front yard turf (\$82K)
3. Side and back foundation (\$25K)
4. Common areas (\$60K)
5. Berm area (\$3.8K)

Ms. Richardson reported that some landscape work won't be done until the buildings are completed. Mr. Ward said that the landscape work will be coordinated with the building work.

Mr. Ward moved that the Board authorize the Landscape Committee to request a proposal from Bright View for implementation of Projects #1 and #5 on the landscape list. Mr. Eames seconded and the motion carried without dissent.

Ms. Crist suggested that they check with EBMUD before planting on the Berm. The Mutual previously received a reduction from EBMUD for meeting certain conditions regarding the Berm. We need to ensure these conditions are not abrogated by any new planting or irrigation installations.

Ms. Pollon said it can take a long time to put together proposals. Details can change based on the budget. It is better to get a proposal once the budget is set.

Ms. Pollon reminded the residents that they can call the work order desk if they see any problems.

Ms. Pollon reported the following:

LAWN MAINTENANCE: Turf mowing will resume on a weekly or bi-weekly (every other week) as the weather dries. Aerating, spring fertilization and treatment for grubs will take place in the coming weeks. Irrigation is now ON. The system is checked regularly but if leaks or 'geysers' are spotted please report them to the work order desk as soon as possible. The controller is connected to a satellite. The system is not perfect.

ENTRY MAINTENANCE: Entry maintenance crews are moving to their spring/summer schedule pruning shrubs for size control.

TREE MAINTENANCE: There are no pending tree removal permits at this time.

LANDSCAPE REHAB: To be reported by Bob Ward

Emergency Preparedness – Harvey Samuels reported that he has passed out to

residences a list of emergency preparedness items that residents should have in their houses and cars. New residents should fill out the emergency preparedness form and give it to a Board member. It has emergency contacts. He will have a drill in the next month or two.

Ponds – Phyllis Christopher reported that everything seems to be working as it should. She tried to get 2 more bids for the monthly maintenance, but was unsuccessful. Aquatic Environments is the current contractor.

Social – No report. Ms. Richardson thanked Sheila Egdal and Nancy Ward for the recent social. It was a very nice event.

RESIDENTS' FORUM

A resident asked how the interest on a loan or line-of-credit is paid. Mr. Smith reported that the Mutual has the funds to pay it.

A resident inquired about composting food. Mr. West suggested a call to Mary Ann at MOD.

A resident brought to Mr. Ward's attention that Mr. Crist did invite residents to attend the landscape walk-throughs, however, every Wednesday he walked with Curtis by himself.

A resident asked about the timeframe for removing plantings that are against the buildings.

Ms. Hornung reported that resident will be notified, but probably not until late summer or winter.

A resident asked what happens if someone defaults on their loan. Mr. Smith reported that the loan would be between the Mutual and the member. If they default, a lien will be placed on their home. It is paid off when the home is sold.

A resident asked if a new owner can assume the loan. Mr. Chakoff reported that the assessment is on the current owner, not a new owner. The line-of-credit is extended to the Mutual, not individual owners.

A resident asked who would pay extra attorney fees to place a lien on the property. Mr. Smith reported that if it is a 15-year payment plan, papers would be drawn and any legal fees will need to be paid by the member.

A resident asked when members would know how much is owed. Mr. Webster reported they would know by July or August of 2018.

A resident stated that it seems the work is being done by only a few individuals. The Mutual needs more workers on the project. Mr. Webster stated that Tony, the contractor, will put on the required crew to get the work done. They only want to use the "A" crew on the project.

OLD BUSINESS

With discussion completed regarding funding the building project, the motion was made as follows:

RESOLVED, that this Board adopts the form of resolutions submitted to this meeting to borrow up to \$1,200,000 from Banco Popular North America; and be it

FURTHER RESOLVED, that the officers of this corporation are authorized and directed to make such modifications of such resolutions as may be requested by the Lender in their discretion provided that such alterations shall not materially alter the substance of such resolutions.

This motion was moved by Mr. Eames and seconded by Mr. Ward. The motion carried

without dissent.

A provisional contract cannot be signed until the money is there to pay the bills.

Therefore, a motion was made by Mr. Ward as follows:

RESOLVED, the President is authorized and directed to enter into an amendment to the agreement with Five Star substantially as presented to this meeting, subject to approval of legal counsel and upon availability of the funds necessary to pay for the work proposed.

Mr. Eames seconded and the motion carried without dissent.

NEW BUSINESS

Ms. Richardson reported that the insurance is reviewed and approved annually by GRF. Mutual 56 has not yet approved the insurance amendment. It must meet the requirements of the California Civil Code. The amendment must be submitted to the membership for a vote. A section in the Bylaws will need to be replaced with a single statement. A new article will be added to the CC&Rs.

Mr. Eames moved to approve sending out the ballot to the membership to vote on the Bylaws and the CC&Rs insurance amendment. Mr. Ward seconded and the motion carried without dissent.

ANNOUNCEMENT

Ms. Richardson announced that there are 2 new members on the Board, herself and Bob Ward. Ms. Richardson attended a training session on legal matters. She will attend the Presidents' Forum. Her term expires in October. She is not planning to run for a new term. She urged members to run for a Board position in October. Mr. Ward thanked Ms. Richardson for taking the position.

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

ADJOURNMENT

Having no further business, the meeting was adjourned at 11:50 a.m.

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