

# WALNUT CREEK MUTUAL NO. SIXTY-EIGHT

ANNUAL MEETING MINUTES OF THE MEMBERSHIP  
MONDAY, JUNE 12, 2017 AT 3:00PM  
FIRESIDE ROOM, GATEWAY COMPLEX  
1001 GOLDEN RAIN RD., WALNUT CREEK, CA 94595

## Call to Order

The meeting was called to order at 3:00 P.M.

## Roll Call

**Directors Present:** Barbara Blum  
Diane Mader  
Brant Free  
Larry Cahn  
Bill Dorband

The Mutual Operations Division was represented by Paul Donner, Director of Operations; Rick Chakoff, Chief Financial Officer; Rick West, Building Maintenance Manager; Rebecca Pollon, Landscape Manager; Will Kim, Board Services Coordinator.

## Certification of Notice of Meeting

Brant Free, Secretary of Walnut Creek Mutual No. Sixty-Eight, certified that notice of the Annual Membership meeting was published in the Rossmoor News on March 1<sup>st</sup>, 8<sup>th</sup>, and 15<sup>th</sup>. A copy of the notice was sent to all members of record on the 24<sup>th</sup> of May, in accordance with Article 5.4 & 6.3, of the Bylaws of said corporation.

## Approval of Meeting Minutes

President Blum asked if there were any additions or corrections to the following minutes:

Annual Meeting of the Board ..... June 13, 2016  
Organizational Meeting of the Board..... June 13, 2016

The minutes to the aforementioned meetings were approved as submitted.

## President's Report – Barbara Blum

In June, at last year's Annual Meeting, we heard from Michael Cochrane, our Attorney, about the bedrock landslide largely on GRF land below 3101/3103 Grey Eagle Dr. He showed us diagrams of what is suspected to be the borders of this anomaly and projected what was needed to find out more definitively what has caused this unfortunate occurrence. Later in the meeting, we were lucky enough to welcome Brant Free to the Board. Here is the first reference: Dry rot continued to be a huge drain on our finances as it had in the previous year. We formed a Task Force for Budget Review to aid the Board in managing our finances and planning for the future in view of the demands for more money.

In July we saw more change orders on the dry rotted landing at 3146 Grey Eagle, more dry rot was found which added to the total expense for the project. Grey Eagle was slurry sealed by GRF monies and the Mutual added to the contract so that all of our streets and cul de sacs were also slurry sealed at the same time. The exterior painting continued for Phase 1. The

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Board encouraged the work of the Finance Task Force focusing on the areas of Insurance, Roofing, Landscape and Reserve Study.

In August, the Social Committee prepared an excellent Summer Picnic at Peacock Plaza with a record number of attendees. We saw the completion of the Phase 1 Painting and the response to the new color schemes was positive. Tom Mader created an edition of TERN with the help of Vickie and staff writers. The Board prompted the creation of an E-TERN which is emailed to all residents with a synopsis of monthly Board Meetings.

In September, the MOD crew began the dry rot work on the buildings in the Phase 2 Painting area. The Finance Task Force began its important work on 2017 Budget components including inspection of all roofs, creation of a 5 year plan for landscaping and the investigation of the possibility of Mutual 68 investing in earthquake insurance. Dwight Walker was appointed chairman of the newly created Finance Committee. A letter was sent to residents outlining the soils repair issues related to 3101/3103 Grey Eagle.

In October, there was the continuation of the busy Finance Task Force in preparation for the Budget Meeting with residents and the finalization of the 2017 Budget. We solicited members for the Finance Committee to join Dwight. The first quarterly walk through the community for landscape evaluation was held. We took a straw poll of residents to ascertain their interest in retaining Comcast phone and DVR options and it was high.

In November, the Board appointed and approved the members of the Finance Committee - Dwight Walker, Chair, Mike Weiner, Judy Box, Judy Harris, Irv Shiffman, Mike Marchi, Doug Todoroff and Bill Dorband, Liaison. The painting of the street light poles began. The Board evaluated the Phase I Painting and started preparing for Phase II. Dry rot remediation was on-going.

In December, there was no Board Meeting, but planning for Phase II Painting and dry rot remediation continued and we completed the quarterly review of landscaping on Saklan Indian. Eagle Ridge's Holiday Dinner chaired by two brand new residents, Robin Minor and Deanne Gilbert, was a huge success.

In January, we held a meeting for those in the Phase II Painting area to introduce those residents to what is expected of them, have them pick their front door color, and their questions were answered. The Finance Committee had its first meeting. COMCAST staff came to a Board meeting to explain the new aspects of the phone service and promised great and quick response time for problems.

In February, we had very heavy and continued rains. We held a Town Hall Meeting regarding 3101/3103 Grey Eagle which was very well attended. The Board continued to work on securing a loan and mitigation options were explored. Residents Fisch and Margolis were asked to vacate their residences as 3101/3103 Grey Eagle were deemed unsafe.

In March, the dry rot remediation on the Phase II Painting area continued in preparation for exterior painting. The Finance Committee and the Treasurer worked on loan details and preparation for the Special Assessment. We held another Town Hall Meeting on March 24th

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in an effort to keep the residents totally informed of our progress and allow for questions to be answered. The Board met in Executive Session six (6) times on the subject of 3101/3103 Grey Eagle during March. Special Assessment Ballots were sent out.

In April, the dry rot remediation on the Phase II Painting area continued when weather permitted. The painters finished painting the street light poles. The Special Assessment ballots were independently counted and it was announced that the Special Assessment passed handily. The Social Committee succeeded in creating another outstanding Spring Brunch. Another issue of TERN was published. The Landscape rehabilitation of the Phase I Painting area buildings began on Red Wing Court.

In May, Landscape Rehab progressed and is probably 6-8 weeks from completion. How refreshed the buildings look after being painted and then re-landscaped. The painting of the Phase II area began and work continued on Mitigation, documents to accompany the assessment payment details were created and another issue of TERN was published.

### **Financial Report – Bill Dorband**

Each year in October, the Board of Directors and various committees estimate what expenses will occur for the next calendar year. This budget is our guide as we review the expenditures made each month, and commitments for future costs.

The final budget is sent out to all residents. Any resident interested in participating in the development of the budget is encouraged to contact the finance committee chair during the summer.

The monthly coupon all members pay is a single payment for a variety of costs. The largest portion is used for operating expenses such as utilities, repairs, landscaping maintenance, insurance and other common area expenses. We also put \$190 into a reserve fund, to be used for painting of units, refurbishment of buildings and roofs, and landscaping when needed. A portion goes to Golden Rain Foundation, to be used by them for Rossmoor common area maintenance and improvements including security, roads, community buildings and fitness center, golf and tennis facilities and swimming pools. It also pays the salaries for the Rossmoor staff and services. The final piece is paid to "MOD" or mutual operations division. This is a service operated by GRF to provide accounting, administrative, maintenance and landscaping services on a contract basis.

During the last twelve months, the Board formed a finance committee, to help review financial activity, conduct special studies and report monthly to the Board. One of their primary tasks is to review the monthly financials and highlight areas of particular interest, including exceptions to the budget status of invested cash, and special accounts being monitored by the board. The monthly financial review is broken down into Operating Fund, Replacement Reserve and Land Stabilization funds. The board then approves any future expense requests based on the current financial condition and budgetary needs.

A report was presented to the board on the status of our finances as of December 31, 2016. That report showed a savings for 2016 in three areas of expense as compared with the

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budget. It also detailed unplanned expenses paid from the replacement reserve, due to contract variations and advances to the land stabilization account for unexpected expenses there. A copy of that report is available at: [www.rossmoor.com](http://www.rossmoor.com)

In February, our engineers and attorneys advised us that the duplex building at 3101- 3103 Grey Eagle Drive was no longer safe to be occupied by the residents owning the two units. The engineering study and final report, containing 102 pages, concluded that the building must be removed and soil repairs be made to prevent further damage to mutual 68 property and buildings. An exhaustive study by the finance committee concluded that as much as \$4,000,000 was needed to buy out the residents, remove the building from the site and repair the hillside. To meet this financial need, a special assessment of \$3,995,000, or \$17,000 per manor, was approved by mutual members in April with an approval vote of 83% of the votes cast.

For the record, our current cash balance in the operating fund is \$217,312 as of May 31, 2017. The cash balance in the replacement reserve is \$527,149, all in interest bearing insured accounts. To date, \$197,793 has been paid from the replacement reserve for costs associated with 3101- 3103 Grey Eagle. These advances will be repaid from special assessment funds as they become available.

We welcome all requests for information, encourage all residents to participate in committee activities and attend all open Mutual 68 board and committee meetings.

### **Update on 3101/3103 Grey Eagle Drive – Bill Dorband**

As you all know by now, the building located at 3101- 3103 Grey Eagle Drive is in a distressed condition, has been red tagged by the City of Walnut Creek, and must be removed from the property. Once the building is removed, stabilization work must be done to prevent further earth movement and protect the adjacent building. The cost of buying out the current residents, removing the building and doing the slope repairs is estimated to be \$4,000,000.

On April 27, a Special Assessment of \$3,995,000 was approved by a vote of residents as required by our Bylaws. The Special Assessment works out to be \$17,000 from each property owner in Mutual 68. Some residents expressed concern that the lump sum payment would create a financial hardship for them. In order to assist those residents, the Board has committed to obtaining long term financing so that the Mutual will act as a conduit between the lender and any resident who elects to pay monthly.

We have applied for a line of credit for the \$4,000,000 to begin the work as soon as possible. We can then repay that line of credit with special assessment funds received in a lump sum from some residents, and continue the loan long term for those residents wishing to pay off their special assessment obligation on a monthly basis.

We had received initial pre-approval for the line of credit and take out loan based on our financials, but final approval was contingent on approval of the Special assessment by the residents and a review of our remediation plans by the lender's underwriters. As you know, the special assessment has been approved, but the underwriters are still reviewing the plans

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supplied by our engineers dealing with the repairs. We expect to have an answer within the next day or two.

For security, we have also applied with an alternate lender to obtain the financing. Either way, we are anticipating that we will be able to obtain the needed financing early enough to purchase the building and start the repair work this summer.

We have not yet sent out the bills for the \$17,000 special assessment. The bills will provide two options:

1. Payment in a lump sum
2. Procedures for electing the monthly payment option

Until we get a final approval from the lender, we cannot give the precise information needed to lay out the terms and conditions of the monthly payment agreement. Once the lender gives us the firm commitment, we will send out the bills with details for the monthly payment option included. Payment of the lump sum or the first monthly installment will probably be due approximately 30 - 45 days after the bills are sent out.

Insurance claims have been filed against our property insurance carriers and also against that of Golden Rain Foundation. Insurance inspectors have initially reviewed the property damage, and are independently investigating further. However, we have been informed that if any recovery is due, it would take months or even years before any payment is received. Any future insurance recovery will not affect resident's current responsibility to pay the Special Assessment now.

The question of mitigation, or the recovery of funds, has been carefully reviewed by the finance committee over the past several months. That committee recently reported its findings to the Board along with recommendations. Once financing is secured, the Board will consider taking action on those recommendations.

### **Members' 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.

### **Committee Reports**

A report was presented by the following committees:

- a) Building Committee
- b) Community Information Committee
- c) Emergency Preparedness
- d) Landscape Committee
- e) Social Committee
- f) Holiday Decor Committee
- g) Data Base
- h) Welcome Team
- i) Finance Committee

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**Adjournment**

President Blum adjourned the meeting at 5:06 P.M.

**Secretary's Certificate**

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Board of Director's meeting.



\_\_\_\_\_  
**Assistant Secretary**

\_\_\_\_\_  
**6/30/17**  
**Date**