

MINUTES  
WALNUT CREEK MUTUAL NO. FIFTY-SIX  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
WEDNESDAY, FEBRUARY 15, 2017 AT 9:30 A.M.  
BOARD ROOM – GATEWAY COMPLEX

Vice-President Bill Eames convened a special meeting of the Board of Directors of WALNUT CREEK MUTUAL NO. FIFTY-SIX at 9:30 a.m. on Wednesday, February 15, 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 Paul Donner, Director of Mutual Operations; Rick Chakoff, Chief Financial Officer; Rick West, Building Maintenance Manager; Rebecca Pollon, Landscape Manager; and Anne Paone O'Neill, Administrative Secretary.

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

Mr. Eames announced that Claudia Edwards resigned effective January 18, 2017.

REVIEW OF MINUTES

Minutes are to be approved at the next regular Board meeting.

Committee Reports:

**Building/Maintenance** – Patty Hornung reported that she has been tasked with assessing what is going on with the building project. What is the status of the project and how should it proceed are issues she will address. The project was started and then everyone realized that it will cost more than originally anticipated. Five Star is doing the work.

The committee recommends continuing with Five Star. They have fixed bids with set pricing, however, some areas are unforeseen and may be a Time & Material cost.

The committee believes that any buildings already started should be 100% completed. The work should be done as follows:

1. Complete work on addresses #1917 – 1937 odd numbers.
2. For some addresses, correct/amend sprinklers and/or landscaping of both Mutual 56 and private residences' responsibilities so not to ill effect building. Each building will be assessed and discussed with the homeowners. Mut 56 costs will be covered separately under the landscaping budget.
3. Replace siding/trim and support framing as deemed needed on all remaining chimneys and repaint upon completion, on remaining buildings with addresses #1901-1935 and #1250-1258.
4. Concurrently with #3, replace siding/trim and minor framing on selected gable roof walls. Repaint upon completion.

Then the next set of buildings should be tackled. They should also be 100% completed. Five Star will start and work continuously until the project is done. Fences and trellises can be done at a later date, unless they are not working or are a hazard.

Treasurer, Bob Ward, reported that the fee for Keith Peedle of MOD is about \$70 per hour. There is \$50,000 in the landscape budget. (This was just a place holder with no other justification.) The Board should think about doing sealcoat on the Mutual's roads this year. The Mutual needs about \$800,000 - \$1,000,000 in the reserve account. There is currently \$224,000 in the account now. It is anticipated that the Mutual will need \$600,000 - \$700,000 to finish the building project. This is using the reserve money.

**Finance** – David Smith reported some figures to the Board and Rick Chakoff. Mr. Chakoff stated that he could not comment until he vetted the numbers. Mr. Smith stated that it is unclear how much money will really be needed. Paying with an assessment or a loan was discussed, but neither seems to be prudent. The Mutual could take out a line-of-credit for a \$1,000,000. If this was approved, the Mutual could take money as needed. At the end of the year, the Board could decide how to pay off the borrowed money. They could do an assessment or a term loan where the Mutual would pay it off and the coupon would go up or it could be a combination of these. The committee recommends a line-of-credit. The Mutual would only pay interest as the money is used.

**Landscape** - Mr. Ward stated that there are 7 people on the committee. He met with Bob Crist and Rebecca Pollon for some history. The committee is in the process of formulating a plan that would include items that need to be done now, items that would be nice to do in the future, and items we might want to upgrade in the future.

**Ponds** – Phyllis Christopher reported that the lights and fountains are working now. Aquatic Environments is the vendor. There was \$24,800 that had not been invoiced yet, but the work had been done. Bill Eames will look into the invoice.

**Social** – Sheila Egdal reported that April 4 will be a fun evening. The BBQ will be on September 18<sup>th</sup> and the Holiday party will be on December 4<sup>th</sup>.

## RESIDENTS' FORUM

A resident stated concerns about water under the houses. Mr. Webster said that he will have this looked into later.

A resident reported that the gutters are not working.

Ms. Hornung reported that the Mutual pays to have the gutters cleaned. Some locations may require more cleaning. The resident would need to get someone to do cleanings outside of the Mutual gutter cleaning contract. Mr. Chakoff reminded residents to make sure the person has the proper insurance.

Mr. Donner stated that the Mutual should have a policy on gutter cleaning. MOD can vet some contractors and can keep their insurance information on file.

A resident asked if Five Star will employ more than just a few guys to do the building work. Mr. Webster stated that they want him to work with his core crew, even if this means it might take a bit longer to complete the work.

Another resident said there is a water problem under her home. Ms. Hornung will check under her mother's house and make recommendations based on what she finds.

A resident had some questions about balloting for an assessment or a credit line. She wanted to know if they would vote on a credit line. She also asked about the interest that

will be charged. She reminded residents that they will not be able to deduct the interest on their taxes.

Mr. Eames reported that an assessment needs a vote of the membership, but a line-of-credit is a Board decision.

Mr. Eames asked Mr. West if there was a written agreement between the Mutual and Five Star for the 2-year project. Mr. West stated there were 2 separate contracts, one painting and roofing contract and a dry rot contract. They were voided to go with Time & Material. Mr. West will give the Board a copy of the contracts.

Mr. Eames asked Mr. Peedle to give Mr. Ward a list of work that he thinks needs to be done.

### NEW BUSINESS

*Mr. Ward moved that Mutual 56 and MOD will enter into an agreement with Five Star which will specify as a minimum the planned work sequence, schedule, and progress reporting procedures. The agreement is to be signed by Mutual 56 and MOD prior to commencement of work. Mr. Eames seconded and the motion carried without dissent.*

*Mutual 56, with the assistance of staff, will explore obtaining a \$1.2 million line-of-credit for a term of 18 months and at the same time, a 15-year take-out loan to be utilized, at the discretion of the Board, at or about the expiration of the line-of-credit. Mr. Eames seconded and the motion carried without dissent.*

### ANNOUNCEMENT

The Board will meet again in a special meeting yet to be determined.  
Mr. Ward thanked Patty Hornung and Rick Webster for their work.

The next regular 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 10:55 a.m.

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