

**Minutes from Mutual 70 Special Board Meeting on June 3, 2016. The meeting was held in the Board Room at Gateway Clubhouse.**

The meeting was called to order promptly at 10:30 AM and was attended by Board President Eldon Rowe, Vice-president Jill Alley, Secretary Ellen Dietschy, Treasurer Jerry Cruson, MOD and Trust Operations Manager Paul Donner, MOD Building Maintenance Manager Rick West and Director Dale Smith.

President Rowe began by announcing that the purpose of the meeting was to consider proposed specific changes to Helsing's list of recommended essential and specific elements of maintenance and repair that should be performed on Mutual 70 Residential Buildings as outlined in Appendix B of the October 28, 2015 *Helsing Mutual 70 Funding Analysis*.

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**Background:** During the last quarter of 2015 Helsing's funding analysis showed that if Mutual 70 performed all the recommended maintenance and repair outlined in the above referenced report, Mutual 70 Reserve Balance would reach a low of approximately \$39,000 in 2020. The report was subsequently modified in an amended version dated November 6, 2015 to show a Reserve Balance of \$360,527 in 2020, still an unacceptable low for the Reserve Balance. Mutual 70's Reserve Balance at the end of 2015 was \$1,110,857.

In addition to this undesirable financial result, Helsing's funding analysis recommended that Mutual 70 strive to attain a Reserve Balance of:

- Under Threshold Funding between \$566,031 and \$629,241.
- Under California Method between: \$4,532,604 and \$4,612,573.

Mutual 70 Board finds these objectives inadequate in the first case and unattainable in the second. In a previous Board Meeting in February the matter was referred to the Finance Committee for further study.

President Rowe turned the meeting over to Dale Smith who lead the discussion of the the Revised Spreadsheet.

- A proposed desirable Reserve Balance is between \$1,000,000 and \$750,000.

A detailed discussion of work elements took place about the pros and cons of timing and estimated values, etc. and the following changes were made:

1. Changing the estimated inflation rate from 2.4% to 2% was accepted.

2. Changing the estimated interest rate from 2% to 1.5% was accepted.
3. Asphalt Repair Fund was recognized as not being a specific job but rather a provision for various asphalt needs and should be spread over time. No formula was suggested.
4. Advancing the Deck Replace element 1 year was accepted.
5. Advancing Garage Door Replacement was not accepted and needs further study to reflect current policy.
6. Advancing elevator repair was desirable but considered not possible due to our policy of using Ottis Elevator for that work. Rick West will look into the matter.
7. Irrigation Collectors, Repair Fund, General element amount of \$47,002 will be delayed to 2020.
8. Light Weight Concrete, Landing, Breezeways element will be delayed to 2017.
9. Paint Stucco element delay of two years was accepted. This delay was primarily to achieve smoothing of Cash Flow but also to allow time for needed other work to be performed before painting.
10. Paint Wood Railings element will be combined and performed in 2018.
11. Paint Wrought Iron Railings element will be advanced to 2017.
12. Roof built up to Duro-last element will be re-combined and work done in 2016 and 2017.
13. Roof, Tile element delay of 2 years was accepted.
14. Roof, Tile Tune-up element will be advanced and performed during 2017 and 2018.
15. Signs, Entry and directional element will be advanced to 2017.
16. Utility, Repair Fund, water supply and drain element will be advanced to 2016 and 2017.
17. Wood, Replace Railings element will be delayed until 2018.

No vote of the board members was taken to adopt these changes, however general agreement was reached that this revision of planned work as discussed will be followed until the next annual review of the Ten Year Capital Spending Plan. A vote to adopt the Plan is anticipated. Also a discussion with Helsing will probably take place.

Residents Forum: None

With no further business, the meeting was adjourned at 12:30 p.m.

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/s/ Ellen Dietschy, Secretary  
Walnut Creek Mutual No. Seventy