

MINUTES

FIRST WALNUT CREEK MUTUAL REGULAR MEETING OF THE BOARD OF DIRECTORS FRIDAY, APRIL 22, 2011 AT 1:00 P.M. DELTA ROOM – DEL VALLE CLUBHOUSE

President Mel Fredlund called to order the regular meeting of the Board of Directors of First Walnut Creek Mutual at 1:00 p.m. on Friday, April 22, 2011 in the Delta Room – Del Valle Clubhouse, Walnut Creek, California.

PRESENT: Mel Fredlund, President, District 5
Sue DiMaggio Adams, First Vice President, District 3
Barbara Gilbert, Secretary, District 2
Sally Nordwall, Treasurer, District 1

Attendance

ABSENT: Randall Morgan, Second Vice President, District 4

Mutual Operations staff was represented by Paul Donner, Director of Mutual Operations; Rick Chakoff, Chief Financial Officer; Doug Hughs, Building Maintenance Manager; and Dyann Paradise, Administrative Secretary.

President Fredlund welcomed the 19 residents in attendance.

APPROVAL OF MINUTES

Ms. Gilbert moved to approve the minutes of the regular meeting of March 25, 2011. Ms. Adams seconded and the motion carried without dissent.

Approval of
Minutes

RESIDENTS' FORUM

Barry Elfant, Oakmont Way – Entry 9, suggested that occupants should sign work orders whenever work is done by a private contractor. This would ensure that everything in the work order is completed satisfactorily. Mr. Elfant also thanked Ms. Adams for all her efforts on behalf of the residents. He suggested the Board keep up the pressure on elected officials to pass the reverse mortgage guidelines for cooperative housing units.

Residents'
Forum

Jiayi Zhou, Golden Rain – Entry 8, asked how the Mutual pays for the annual manor inspection. Mr. Hughs responded that it is paid per manor inspected. Mr. Zhou suggested that the inspection crew install smoke detectors wherever they are missing in each manor. He also asked when a carbon monoxide detector is required. Mr. Hughs responded that whenever work within a manor exceeds \$1,000 per project, installation of a carbon monoxide detector is required. Mr. Zhou suggested that any missing carbon monoxide

detectors should be installed during the yearly manor inspection process. Mr. Donner explained that at some future time whenever it is mandatory, the Mutual will install them as part of the inspection process.

Mr. Zhou then suggested that all copper pipes throughout the Mutual should be replaced with plastic pipes to avoid water leak problems. Mr. Donner commented that replacement of copper pipes throughout the Mutual is cost-prohibitive when compared to leak repairs that occur.

Hugh Grey, Golden Rain – Entry 25, commented that setting up a loan between the Mutual and the Golden Rain Foundation would require an amendment to the Mutual's Bylaws. He stated that he believes such a loan would not be beneficial to the Mutual overall, especially if the designated non-liquid funds were needed in an emergency.

PRESIDENT'S REPORT – Mel Fredlund

Mr. Fredlund reported on issues discussed at the March Presidents' Forum: review of the Manor Records Department procedures; new procedures for the corporate yard debris boxes; continuing discussions of the Trust Review Committee; implementation of a vendor set-up fee.

President's
Report

In the past month, three share loans were placed for a total amount of \$287,000. In March, there were 12 resales at a median sales price of \$141,750. There are currently 34 leases representing 1.8% of the total number of manors in the Mutual.

TREASURER'S REPORT – Sally Nordwall

Ms. Nordwall reported the Mutual is in good financial condition. She presented alternatives for improving return on investments. One possibility discussed was a loan to the Golden Rain Foundation at 5-6%. Legal counsel advised that the Mutual's Bylaws would need to be revised to accommodate such a financial situation. This did not seem to be a viable solution at this time.

Treasurer's
Report

Another option would be to open business reserve and property fund checking accounts. They would provide an earnings credit of 55 basis points that would result in an offset of bank fees that are currently \$18,000 per year. Funds would be moved out of the reserve wealth management division, where the Mutual is being charged \$570 per month in fees but only earns \$35.81, and into the operating division where the funds would accumulate the earnings credit to reduce the fees. Mr. Chakoff reported that funds placed into business checking accounts would be fully insured to the balance of the account. Following extensive discussion,

Ms. Nordwall moved to authorize staff to open a business reserve checking account and a property fund business checking account in order to minimize bank fees. Staff will be instructed to manage the checking accounts in order to minimize bank fees. Ms. Gilbert seconded and the motion carried without dissent.

Approval to Set
Up Reserve
and Property
Fund Business
Checking
Accounts

The Board discussed placing reserve funds into a longer term U.S. Treasury account in order to earn more interest than currently is being earned. Following discussion,

Ms. Adams moved to direct staff to move \$1 million from the reserve account and place the funds into a three-year Treasury. Ms. Gilbert seconded and the motion carried without dissent.

Approval to
Place Reserve
Funds into a
Treasury

MUTUAL OPERATIONS REPORT – Paul Donner and Doug Hughs

Mr. Donner reported that Gauthier Construction had submitted a five-year contract for general maintenance services. Following review,

MOD Report

Ms. Adams moved to approve a five-year contract for Gauthier Construction to perform general maintenance services at \$59 per hour with no increase in the hourly rate over the contract term. Ms. Gilbert seconded and the motion carried without dissent.

Approval of
Gauthier
Construction
Contract

Mr. Hughs reported on bridges, roofing, carpentry, painting, and fire hydrants. (A copy of Mr. Hughs' report is attached.)

Mr. Hughs reported that asphalt bids had been received from three contractors for this year's paving work. The work involved removing and replacing approximately 12,000 square feet of asphalt, then seal coating approximately 123,000 square feet of existing asphalt. Mr. Hughs noted the Silicon Valley Paving contract falls within the annual Mutual budget of \$90,000. Following review of the bids,

Ms. Adams moved to approve the proposal from Silicon Valley Paving in the amount of \$63,745.10 for the 2011 asphalt reserve project. Ms. Gilbert seconded and the motion carried without dissent.

Approval of
Silicon Valley
Paving
Contract

LANDSCAPE REPORT – Rich Perona

On behalf of Mr. Perona who was absent, Mr. Donner reported on lawn, entry, and tree maintenance as well as landscape rehabilitation. (A copy of Mr. Perona's landscape report is attached.)

Landscape
Report

ORIENTATION – Jerry Priebat

The next New Resident Orientation is scheduled for Tuesday, May 10 at 7:00 p.m. in the Delta Room at Del Valle.

Orientation

SAFETY AND DISASTER RESPONSE COMMITTEE – Barbara Gilbert

Ms. Gilbert reported the governing documents have been drawn per Davis-Stirling civil code requirements. On October 22, 2010 the Board approved establishment of the committee. The committee recommends the following composition: one First Mutual Board Lead; a chairperson; and one representative from each of the five districts. Additional participants to include GRF staff and Public Safety Officer.

Safety and
Disaster
Response
Committee

Ms. Gilbert moved to approve the governing documents and committee structure of the Safety and Disaster Response Committee as presented. Ms. Adams seconded and the motion carried without dissent.

The Board approved Marilyn Hoffpauir as chair of the committee.

The next meeting will be held on May 25, 2011 at 9:30 a.m. in the Board Room at Gateway, just prior to the Budget and Finance Committee meeting.

POLICIES – Mel Fredlund

Mr. Fredlund reported that the draft revision to the Policy Manual is in progress and will be given to the Board for review in the next few weeks.

Policies

UNFINISHED BUSINESS

Mr. Fredlund reported that the current management agreement was created in 2000. Mr. Donner presented a revised management agreement. Following review,

Unfinished
Business

Ms. Adams moved to approve a five-year management agreement with Mutual Operations Division with an automatic rollover unless canceled by either party, pending approval by the Golden Rain Foundation Board of Directors. Ms. Nordwall seconded and the motion carried without dissent.

Approval of
Five-Year MOD
Contract
Pending GRF
Approval

ADJOURNMENT

Having no further business, the meeting adjourned at 2:30 p.m. to an Adjournment executive session to discuss a resident matter.

The next regular meeting of the Board is scheduled for Friday, May 27, 2011 at 1:00 p.m. in the Delta Room at Del Valle Clubhouse.

Barbara Gilbert, Secretary
First Walnut Creek Mutual