

MINUTES

FIRST WALNUT CREEK MUTUAL REGULAR MEETING OF THE BOARD OF DIRECTORS FRIDAY, JUNE 25, 2021 AT 10:00 A.M. ZOOM MEETING

President John Moe called to order the regular meeting of the Board of Directors of First Walnut Creek Mutual on Friday, June 25, 2021 at 10:00 a.m. (Zoom Meeting)

PRESENT: John Moe, President, District 3
 Tom Hansen, 1st Vice President, District 1
 Gerald Priebat, 2nd Vice President, District 2
 Pat Donahue, Treasurer, District 4
 Peggy Kaiser, Secretary, District 5

EXCUSED: None

Staff was represented by Paul Donner, Mutual Operations Director; Joel Lesser, Chief Financial Officer; Doug Hughs, Building Maintenance Manager; Rebecca Pollon, Landscape Manager; and Anne Paone, Administrative Secretary.

Mr. Moe welcomed 20 residents in attendance.

APPROVAL OF THE CONSENT CALENDAR

The consent calendar consisted of:

May 28, 2021 Regular Session Board Meeting
May 28, 2021 Executive Session Meeting

Certify compliance with Civil Code #5500.

Mr. Priebat moved to approve the consent calendar as presented. Mr. Hanson seconded and the motion carried without dissent.

RESIDENTS' FORUM

Resident sent email to Board about accelerating the formation of a committee with a draft charter.

Resident would have liked the Board to pass the feasibility study for solar. Other residents agreed.

Resident would like to see the Board enlarged.

LANDSCAPE REPORT

Ms. Pollon reported that Entry 16 renovation has been completed. Mulching is in progress. Ms. Pollon presented proposals from BrightView for Pine Knoll/Golden Rain corner-north side and Pine Knoll/Golden Rain corner-south side.

Mr. Priebat moved to approve proposals from BrightView for Pine Knoll/Golden Rain north side-\$6,240 and south side \$4,049 to be taken from the reserve account. Ms. Donahue seconded and the motion carried without dissent.

LANDSCAPE COMMITTEE REPORT

Ms. Crinion reported the committee had a meeting in the Redwood Grove. Three residents were added to the committee. They reviewed project lists.

They had input from Curtis. It was a productive meeting. The next meeting is on August 6th at 11:00 a.m.

TREASURER'S REPORT

Ms. Donahue reported the budget looks good. The Mutual is on budget, except for Building Maintenance and Professional Services. This is mostly due to electrical and plumbing matters. Delinquencies are being addressed. Progress has been made, but there are 5 accounts seriously delinquent.

Mr. Lesser reported the May financials show the operating fund balance at \$925,186 and the reserve fund balance at \$6,547,953.

The Mutual borrowed against the reserve fund in the amount of \$1,100,000 to pay the insurance premium. The property fund has \$619,986.

Mr. Donner reported that the payback started last year and was built into the budget. The Mutual is increasing its Working Capital.

BUDGET & FINANCE COMMITTEE

Ms. Autry reported the following:

1. We reviewed the May financials. There were some questions about the Other Income category as well as the Interfund Balances which have since been answered. The continued overages in Fire Extinguisher Repair/Service were also questioned but since neither Paul nor Doug were at the meeting, we tabled those for the next time. As has been reported, Insurance will continue to be underbudget for the year. Water is also running underbudget and although the majority of the water expense is from landscaping, we encourage residents to save whenever possible.
2. We received a brief report on past-due accounts receivable. The board continues to take action on the past-due items and progress is being made.
3. Sandra Crinnion compared the 12/31/20 draft financials against the final audited reports. There were very minor changes in expense accounts. The main changes related to recognition of revenue and are just timing issues. Her conclusion is that the monthly financials are extremely reliable.
4. We are still missing a budget & finance committee representative from District 1. If anyone is interested, please contact any board member or Anne Paone in the board office at Gateway.

5. Even though Doug Hughs has indicated that the main electrical panels are not a fire hazard and repairs can be done the original manufacturer is no longer in business, The committee recommends that the cost of replacing them be added to the Replacement Reserve and that replacements take place over 10 years starting next year as buildings go through their rehab.
6. Given the recent fire apparently caused by an electrical fault in the wall behind a stove, the committee recommends that proactive inspection and repairs if needed be undertaken pursuant to Paul Donner's recommendations in his 6/10/21 email to the board.
7. The proposed solar project has made clear that it would be helpful for the Mutual to establish priorities for the community. What's more important? – solar, fire risk abatement, building safety, water conservation, etc. The committee recommends that an ad-hoc committee be established to develop a Sustainability/Facilities Master Plan. The May 27th White Paper from Jack Appleman includes some excellent advice that should help the ad-hoc committee get started. Further, the committee recommends that money be added to the 2022 budget to hire a professional to assist the ad-hoc committee.

Next meeting is Friday, July 16 at 1:00 pm at a location to be determined. All residents are welcome to attend.

MUTUAL OPERATIONS REPORT

Mr. Donner reported MOD is now open to residents. Walk-ins are from 8am-noon. Appointments are from noon-4pm. We are not very busy yet.

Mr. Hughs reported as follows:

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CARPENTRY AND PAINT- Carpenters have been working on 1748 Oakmont Drive, entry 16 and 2433 Golden Rain Road, entry 17. They will then be moving onto 1457 Oakmont Drive and 2549 Golden Rain Road, entry 18. Painters are currently at 1732 Oakmont Drive, entry 16.

ROOFING- Frank Fiala Roofing has completed five of the eight roofs for this year. They are currently roofing 2100 Pine knoll Drive, entry 1.

ACCUSTRUCT- Our foundation contractor has completed the repair work on the foundation of 1608 Golden Rain Road as well as the stabilization work on the back corner of 2224 Pine Knoll Drive.

FIRE- On the evening of June 3rd we had a structure fire up at 2925 Golden Rain Road, entry 22. The fire investigator has narrowed down the cause to an electrical connection for the oven of manor #5. The affected resident manors have been emptied of their personal belongings. Next week the asbestos removal company will begin the demolition process. We are also getting our Project Manager for the job caught up to speed to hopefully take over the process next week.

ASPHALT CONTRACT-In our memo to the Board dated June 10th we detailed the entries to be done and the price for the asphalt repair work. The entries are Golden Rain Road entries 8 and 11. This work is going to be done in conjunction with all other Mutuals asphalt work and Trust work throughout the valley. This same contractor is doing all of the work since he came in with the lowest price and has done quality work for us in the past. That contractor Black Diamond Paving and the price of their work in FWCM is \$117,964. Our

budgeted amount for the year is \$200,000.00. At this time, we are requesting Board approval to contract with Black Diamond Paving for \$117,964.

Mr. Priebat moved to approve the proposal from Black Diamond paving in the amount of \$117,964 to be taken from the reserve account. Mr. Hansen seconded and the motion carried without dissent.

Mr. Hughs reported the Mutual is over in plumbing due to aged plumbing. The inspector is ahead of the maintenance service for the inspection of the fire extinguishers. Mr. Priebat would like the Board to consider inspecting original ovens due to the fire caused by connections. Mr. Hughs reported that cooktops have 220 connections, too. They should inspect connections for any oven/cooktop prior to 2000 for all ovens. They use polaris connections. Mr. Priebat asked Mr. Hughs to present a plan at the next Board meeting.

RECYCLE/COMPOSTING

Mr. Moe reported that he continues to check enclosures on the west side of Pine Knoll Drive. There have been no changes. He pulled out a vacuum and a food processor out of a bin. Rapid Recycle will pick up electrical items with cords for no charge.

PRESIDENT'S REPORT

Mr. Moe reported the presidents met on June 21st. They talked about the management agreement. There is a sub-committee working to straighten out language. Progress is being made.

Accounting problems with MOD were discussed. They are forming a sub-committee to meet with MOD to address these problems.

Ms. Pollon gave a report about changing the sprinkler controllers. Everything is going to 5G. Mr. Donner reported that the controllers work now, but not when on a 5G network.

Presidents talked about insurance. Gallagher said the market is unstable right now. Wildfires are what drive the increases.

Mr. Donner reported that MOD now has a drone. It can inspect roofs, etc. Mr. O'Keefe passed out a paper on how Mutuals should proceed moving forward on the solar initiative.

ORIENTATION – Gerald Priebat

Mr. Priebat reported there was a Zoom meeting earlier this month. There will be no July orientation. The next meeting will be on August 10th in the Donner Room at the Event Center. Letters will be mailed out to new residents.

SOLAR TECH COMMITTEE

Mr. Moderacki reported the following:

I'd like to take this opportunity to remind the Board of the Committee's Vision and Mission Statements, which were originally shared with the Board during its February 26, 2021 meeting.

The Committee's Vision Statement: To enable First Mutual to become a resilient, self-sufficient island capturing all the energy its residents need from the sun.

The Committee's Mission Statement contains both objectives and constraints because it is not enough to simply say what you want to accomplish; you also have to specify what resources are available:

Objectives:

- Lock in lower electricity rates for 20 years
- Improve the reliability and resilience of electrical power
- Eliminate First Mutual's dependence on fossil fuel
- Enhance the longevity and value of First Mutual residences

Constraints:

- The total of each owner's current monthly coupon plus their PG&E bill cannot increase
- First Mutual owners cannot be required to contribute capital to this project
- Recurring charges for electricity must be easy to understand and show savings vs. PG&E
- The improvements cannot require material increases in MOD responsibilities

First Mutual's Solar Technology Committee met twice since the Board's last meeting. It received to sets of questions from B&F Committee Chairperson Jean Autrey and provided substantial responses to all the questions which I hope have been distributed to the Board members.

In the interval since the last Board meeting, there was a significant fire which damaged four manors on Upper Golden Rain Road. The cause of the fire was identified as a faulty aluminum to copper wiring connection in the metal box behind the stove. Since the fire, MOD has recommended inspecting all major aluminum/copper wiring connections throughout the Mutual.

The Committee confirmed the labor for the inspections and aluminum/copper connection equipment replacement, like the cost of replacing the aluminum master building panels would be eligible for the 26% solar installation rebates, when made a part of the overall solar installation project.

Lastly, the Committee received Jack Appleman's, "A Deliberate Path to Solar Energy in First Walnut Creek Mutual." The Committee found Mr. Appleman's call for a Mutual-wide Sustainability Master Plan well-reasoned and long overdue. The issues raised in the first 1.5 pages of the white paper should receive prompt attention.

In the remainder of the paper, beginning with the heading "Solar Feasibility Study," Mr. Appleman asserts it is premature for First Mutual to perform a solar feasibility study "until a Sustainability Master Plan is adopted by the Board."

He argues no other Mutual has built such an installation. He poses questions about the project which the proposed feasibility study is designed to answer, but says the Board should hold off getting those answers until it adopts a Master Sustainability Plan. The Committee thus finds Mr. Appleman's seeming enthusiastic embrace of a sustainability master plan at odds with his lack of curiosity to see how First Mutual would benefit now from moving forward with a solar feasibility study.

Mr. Priebat asked if the Ad Hoc Committee should be changed over to Sustainable Rossmoor. He would like to meet face-to-face with Table Rock and Sage people to discuss. The decision should be deferred to the July board meeting. He proposed that no action be taken on the letter until they meet with Table Rock and Sage. There is a meeting

on June 30th on Zoom or in the Fireside Room at 7pm.

Mr. Moe thinks the Board should move forward, but he understands. Ms. Kaiser believes this is a huge endeavor and would like to know how it will impact FWCM.

UNFINISHED BUSINESS

Republic Invoices – Ms. Kaiser reported she is still working on having the invoices corrected by Republic.

Rental Policy – Mr. Moe explained the new law was passed and FWCM has had their policy revised. Ms. Kaiser stated that they need to finalize it to send to the membership for comments. The Bylaws must be changed by December 2021.

BBQ – Ms. Kaiser reported that the California regulations do not allow open flames within 10 feet of combustible material. Ms. Kaiser suggested the Board meet to update the policy.

Mr. Priebat suggested the Board discuss concrete pads for BBQs. The Mutual has paid for pads -100% and the residents provided the BBQs.

NEW BUSINESS

Inspect ovens - Discussed earlier in the meeting.

ANNOUNCEMENTS

Mr. Moe announced that Tom Hansen is resigning effective June 30th. He thanked Mr. Hansen for his service to the Mutual. Mr. Moe asked that residents conserve water, due to the drought. He asked that residents do not wash their cars inside Rossmoor. Do not place plants in front of fire extinguishers. The Mutual can be fined.

The next regular Board meeting: Friday, July 23, 2021 at 10:00 a.m. Donner Room-Event Center

ADJOURNMENT

Having no further business, the meeting adjourned at 11:37 a.m.



Anne Paone, Assistant Secretary
First Walnut Creek Mutual

***The Board of Directors met in executive session on May 28, 2021 at 11:08 a.m. to discuss the following:

1. Member Matters – Reimbursement-declined; landscaping-resolved; delinquency-payment plan needed

Having no further business, the executive session adjourned at 12:47 p.m.