

WALNUT CREEK MUTUAL NO. TWENTY-NINE

QUARTERLY MEETING MINUTES OF THE BOARD MONDAY, DECEMBER 8, 2021, AT 9:30 A.M. ZOOM MEETING

Call to Order

President McLaughlin called the meeting to order at 9:31 am.

Roll Call

Directors Present: Mike McLaughlin, President
Beth Gannon, Vice President
Sheila MacDonell, Treasurer
Tanc Agius, Secretary
Richard Giessner, Director

Also Present: Paul Donner, Director of Mutual Operations; Rick West, Building Maintenance Manager; Rebecca Pollon, Landscape Manager; and Lucy Limon, Board Services Coordinator.

Approval of Meeting Minutes

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

- a. Quarterly Meeting Minutes held on September 20, 2021
- b. Executive Session Minutes held on September 20, 2021

The minutes of the aforementioned meeting were approved with a motion

Moved, Seconded, Carried 5-0

President's Report: Mike McLaughlin

President McLaughlin gave the following report:

TRANSITIONS

We have one new member since the last meeting. Welcome to Emily Schwartz, who moved into the East end of the Mutual.

Two residents have passed away. Ed Moosman, a long-term resident who was very active and supportive of the Mutual in years past, and Francis Conneally.

There are three current active rentals.

2022 Budget (see booklet)

There are two parts to the budget: there is what we can control and what we can't control. The increase to the monthly coupon over the past 4 years has been mostly due to issues we can't control. The largest of these is insurance. Insurance costs per manor have risen 277% from \$36 to \$100 per manor per month since 2019. The Mutual had no property claims

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during this time. The losses in other Mutuals such as the barbecue fire have impacted these increases. Fortunately, this year the loss history and other Mutual specific risk factors were taken into account. This has resulted in an increase of 5.8% for Mutual 29, compared with over 30% in some others.

The total revenue for 2022 is \$1,213,488.00 (Top p.2). This results in a monthly coupon of \$954.00. This is an increase of \$20.00.

Page 3 of the budget booklet lists the per manor costs of each type of expense. As I said, the Mutual Board manages only some of these expenses. Two categories the Mutual does not control are the GRF assessment and the MOD management fee. These two costs increased by a total of \$20.63, which is 63 cents more than the coupon increase. In other words, the increase in the coupon is completely accounted for by these two expenses.

The cost of the remaining portion of the budget, which the Board does manage, is therefore slightly less than last year. The primary reason for this is that the allocation for working capital is zero this year. Last year, when we had a beginning balance of just over \$80 thousand, the Board allocated over \$40 thousand to working capital, so as to maintain a safe cash balance. The most recent cash balance at the end of October was over \$140 thousand.

Several factors have contributed to this improved cash position. We have spent less on plumbing and lighting repairs. We received a rebate for excess premiums from our insurance broker. We have also had significant savings in trash pickup. (Even recycle pumpkin decorations into snowmen)

This balance means not only can we fully repay the full amount that was borrowed from the reserve fund to pay our insurance premium in January, but that we do not need to allocate any additional working capital.

The goal of the Board in the 2022 budget is to effectively manage operating costs while assuring that there will be sufficient reserves to adequately maintain residences and property values.

The operating budget is increasing by \$13,915.00. Two major expenses account for this increase. They are insurance, which is up by \$6,908.00, and water, which is increasing by \$8,149.00. (6.5% rate increase) We are budgeting less than last year for trash pickup and maintenance.

The reserve budget is seeing an increase of \$50,156.00. There are two factors behind this increase. One which we reported on in previous meetings is the need for balcony inspection and repairs, to comply with the recent law change. This law requires us to have the balconies inspected by a licensed structural engineer.

The second increase is to begin the replacement of the flat portion of the roofs sooner than previously scheduled. (Describe the flat roof) We discovered an inconsistency in our funding analysis which has led to these replacements extending beyond the useful life of the roofs.

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Fortunately, we have had only two leaks, but we need to address the potential for others. We are guided by a professional roof inspection performed last month. Richard Geissner will address these issues further in his report.

The Board believes we are fortunate to have only this 2.1% increase in the monthly coupon, which is necessary and adequate to meet the needs of the Mutual.

GRF, MOD, and contractor staffing

I want to address the impact of the current labor shortages and turnover in staff and workers who serve us.

There has been almost complete turnover of the accounting staff of MOD. Though we haven't seen an increase in billing or accounting errors, we are seeing that processes are taking longer, and reports are coming much later. The accounting staff are working long hours and training new staff — both of which are time-consuming and stressful. The Board is taking more time to make sure there are no errors or omissions.

We have seen some disruptions in services, such as trash and recycling pickup due to staffing shortages. A number of top levels GRF and MOD staff have also left for higher-paying jobs.

We are very fortunate to have Lucy who has been so responsive and flexible.

I am saying this because I think we need to consider doing several things.

1. Be patient with GRF and MOD staff.
2. Expect that hiring and keeping quality staff will likely cost more.
3. Understand that errors and problems are like to occur, especially in the short run. Please let the Board or committee members know about problems. We are committed to work together to solve them.
4. If you see something that seems wrong, see if you can help. For example, with all the new people making deliveries, packages are being put in the wrong place. If you see this, see if you can take it to the right person.

Financial Report: Sheila MacDonell

Sheila MacDonell gave the following report:

**Mutual 29 Financial Report
December 8, 2021
(Expenditures through October)**

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The budget continues to be healthy so far this year. We are under budget in a number of categories as Mike said earlier.

The latest financial report is through October. Through October we are under budget by \$27,713.00 in the Operating budget and by \$119,350 in our Reserves budget. However, we have outstanding billing for the tile roof replacement, so we expect the Reserves balance to be less by the end of the year.

The savings in Operating come from three categories: building maintenance, insurance and utilities. The maintenance savings primarily come from plumbing. So far, we have not had the issues we have had in the past few years. The insurance savings are entirely from the rebate of excess premiums we received. The utility savings are mostly from trash pickup, due to our use of recycling and composting, but also in water usage.

Our monthly operating budget has seen ten straight months in which our spending has been less than budgeted. This likely shows that we are being consistent in water conservation and recycling, but also that we haven't had major unforeseen building maintenance issues.

The Reserve budget savings come from two categories. The asphalt maintenance project cost less than was budgeted. This was because we used a different less-costly method than sealcoating, which we had found to not be very effective. The second category was water and sewer line breaks, which we know will occur but haven't happened so far this year.

- a. **Compliance with Civil Code 5500:** A motion was made that the Mutual is compliance with Civil Code 5500 by review of the September and October 2021 Financial reports by two members of the Board.

Moved, Seconded, Carried 5-0

Building Maintenance Report: Rick West and Richard Giessner

Rick West gave the following report:

INFORMATION ITEMS: Work scheduled, In Progress or Complete

1. **Phase V - Tile to Composition Roofing Project will include 6 Buildings – Contractors: Mendoza Roofing - Five Star is the General Contractor for this project.**

The final phase for your roofing project is scheduled for 2022. Phase V will complete the last 6, Santa Clara Buildings.

**Phase V - Estimated Cost \$150,000.00.
Phase V is schedule to begin in spring 2022.**

2. **Phase I - 2022 DuroLast Roofing Project. This project is to replace all of the flat portions of the building roofs. Phase One will include Buildings #3152 and #3160. Two**

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additional buildings will need to be resealed so that they will remain watertight until they have had their Duro Last replaced. These are Building #2608 and #2648. Phase I will go out to bid in December 2021. The Project is scheduled to be completed in 6 phased and will be completed in 2027. The 2022 budget for Phase I is \$50,000.00. We are estimating to complete Phase I will cost around \$40,000.00.

The Board will be sent Bid proposals for review as they arrive.

3. 3152 PT #3 Rain Leak water damage project. Total cost to date \$5,207.00.
Contractors: ASM -All Star Mold / Five Star / MOD Roofing Dept. / MOD Supervision.

Emergency roof repairs completed by MOD / Dry out and testing Completed by ASM.
Put back of drywall / tape texture and paint is in progress.

4. Gutter and downspout Cleaning for 2021. Contractor: Outdoor Keepers. New 3-year contract 2022/2024 includes Two cleanings per years once in November and once in February.

Cost per cleaning \$6,500.00 or \$13,000.00 annually.
November cleaning has been completed.

Landscape Report: Rebecca Pollon/Wini Biehl

Wini Biehl and Rebecca Pollon gave the following report:

A tree walk through was conducted through the Mutual and 8 trees were identified in need of removal. City permits for the tree removal have been initiated. Once the trees have been removed, rehab will begin. In addition, all the juniper has been completely removed.

The Board made a motion to approve the \$6,000 contract with Waraner for the tree removal.
Moved, Seconded, Carried 5-0

The Board made a motion to a approve the lawn renewal project at 3108 Ptarmigan with Terra Landscape at \$5795.
Moved, Seconded, Carried 5-0

The Board a motion to approve a lawn renewal project behind 2740 Ptarmigan with Terra Landscape at \$27,120.
Moved, Seconded, Carried 5-0

Trash Committee Report: Tanc Agius

Tanc Agius gave the following report:

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Nice Cans comes out once a month to clean the green can. Tanc took the opportunity to thank all Mutual 29 residents for properly recycling.

Communications Committee Report: Sheila MacDonell

Sheila MacDonell gave the following report:

A newsletter has been sent to Mutual 29 residents. In addition, a phone book letter was also sent to residents. Residents are given the option to have their contact information appear in the Mutual 2022 phonebook.

Emergency Preparedness: Mike McLaughlin and Richard Giessner

Mike McLaughlin gave the following report:

We are continuing to hold off on in-person emergency drills due to the emergence of new Covid variants.

As I mentioned last meeting, we have updated the emergency database. Ramakrishna Ram is developing a secure electronic format for documenting and communication during emergencies. He has begun testing the system in two of the five emergency zones in the Mutual. This system will not replace the current paper recording by the Manor Monitors but will enhance their use.

Old Business

None

New Business

a. **Revision of policy regarding requirements for heat pumps:**

Richard Geissner conducted a walkthrough to test the decibel measurements of HVACs throughout Mutual 29. In his walkthrough he concluded the median decibel measurement is 70dB. Mutual 29 policy states that the decibel measurement shall not exceed 60dB. In addition, Geissner learned that other Mutuels have a limit of 73dB. The Board made a motion to revise their air conditioner and heat pump policy to reflect a decibel limit of 73.

Moved, Seconded, Carried 5-0

b. **Approval of contract with Terra Landscape**

The Board made a motion to renew their landscape contract with Terra Landscape for 5-years.

Moved, Seconded, Carried 5-0

Resident's 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. Comments included the air conditioners and meeting minutes.

Next Board Meeting

Next meeting: Annual meeting is scheduled for Monday, March 21, 2022, at 9:30 am via zoom.

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Adjournment to Executive Session

President McLaughlin adjourned the quarterly meeting at 10:42 a.m. and the Board moved into Executive Session to discuss member issues / legal matters.

Secretary's Certificate

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

Lucy Limon

Assistant Secretary