

MINUTES
FOURTH WALNUT CREEK MUTUAL

NINETEENTH ANNUAL MEETING OF THE MEMBERS
THURSDAY, AUGUST 1, 2019 AT 4:00 P.M.
FIRESIDE ROOM – GATEWAY COMPLEX

The Nineteenth Annual Meeting of Members was convened by President Vicki Swisher on Thursday, August 1, 2019 at 4:00 p.m. in the Fireside Room, Gateway Complex, 1001 Golden Rain Road, Rossmoor, Walnut Creek, California.

ROLL CALL: PRESENT: Vicki Swisher President
 Linda Brown Vice President
 Carolee Perrich Treasurer/Sec
 Eva Angvert Harren Director

ABSENT: Sheldon Schwartz Director

Representing staff were Paul Donner, Director of Mutual Operations; Rick West, Building Maintenance Manager; Rebecca Pollon, Landscape Manager and Anne Paone, Administrative Secretary.

It was determined that a quorum was reached with 70 residents present. Representation by 58 member households was needed for a quorum.

Ms. Swisher welcomed the many members of 4th Mutual.

Ms. Swisher stated that she would like to introduce the Board members, Vice President Linda Brown, Treasurer Carolee Perrich, Landscape Liaison Eva Angvert Harren, and herself Vicki Swisher, your President. Unfortunately, the Board's Secretary, Sheldon Schwartz could not attend the meeting.

Ms. Swisher reported that supporting the Board throughout the year are our representatives from MOD, Paul Donner Director of Mutual Operations, Rick West Building Maintenance Manager, Rebecca Pollon Landscape Manager, and our extremely valuable Assistant Secretary Anne Paone who ensures the Board operates within the California HOA laws and keeps the Board running smoothly. Without the cooperation and daily support of these individuals, the Board work would come to a grinding halt. She thanked everyone for their extraordinary efforts.

CERTIFICATION OF NOTICE OF MEETING

Secretary Anne Paone certified that notice of the annual membership meeting was published in the *Rossmoor News* on July 17, July 24 and July 31 and a notice was mailed to the membership in accordance with Article 4, Section 4.3 of the Bylaws of the corporation.

APPROVAL OF THE MINUTES

President Swisher asked for any corrections or additions to the last Annual Membership Meeting held on August 2, 2018. She asked for a motion from the floor to approve the minutes. A motion was made, seconded and carried.

President Swisher asked for any corrections or additions to the last Annual Organizational Meeting held on August 2, 2018. She asked for a motion from the floor to approve the minutes. A motion was made, seconded and carried.

ELECTION RESULTS

Anne Paone reported there was one position on the Board of Directors in this year's election. Incumbent Vicki Swisher submitted her candidacy statement by the deadline of June 17, 2019 and was determined eligible to run. No other candidates came forward.

Pursuant to Section 6.3 of the Bylaws, Ms. Swisher was declared elected by acclamation of the membership.

SUMMARY OF YEAR'S ACTIVITIES - Vicki Swisher

- Building Maintenance
- Technology and Preventive Maintenance Task Force
- Landscape and Grounds
- Policy Revisions
- Communications

Ms. Swisher gave her report as follows:

Last year's Annual Meeting format proved very successful, so the Board again decided to dedicate the majority of the Annual Meeting to the Members Forum to permit residents of Mutual 4 a better opportunity to address the Board with questions, concerns, and comments. As a result, all of the usual Task Force and Committee Reports have been consolidated into a summary of the most significant activities during the past year. It is my pleasure, as your President, to provide this summary.

As expected, Building Maintenance is at the fore-front of the majority of our largest and costliest activities for the past year. In order to identify and schedule many of these activities, the Board works with MOD Building Maintenance during the third quarter of each calendar year to review and update the Reserve Study Plan that monitors and recommends when large components such as roofing, exterior painting, asphalt, concrete, and drainage are likely to need replacement. This ensures that the reserve budget is properly maintained and available to support this work. In addition, MOD Building Maintenance and the Technology and Preventive Maintenance Task Force have been working together over the past 12 months to identify materials and installation techniques that are likely to add longevity between structural repairs and ultimately reduce maintenance costs.

MOD Building Maintenance completed approximately 400 work orders since the last Annual Meeting. These work orders encompass both major planned projects and emergent repairs. The following are the major efforts completed by Building Maintenance during the past year or are currently in progress:

The re-roofing of the buildings and attached carports in Entry #10 with new Dura-Last roof material was completed in November 2018. This project was scheduled as part of our

Reserve Study Plan. It is important to note that the Board requested increasing the normal 15 year warranty to 20 years. The vendor agreed to the additional 5 years with only a 2.5% increase in the overall cost.

Another activity started at the end of last year was the external electrical safety inspections which are required by the Reserve Study Plan. The external inspections entail checking plug-in receptacles in the carports and performing maintenance on the external breaker panels that supply electricity to our buildings, carports, and outdoor lighting. As part of these inspections, the electricians are replacing the existing receptacles with GFCI receptacles, checking grounds, inspecting breakers, and lubricating connections. This work should be completed by the end of the year. Internal electrical inspections are also required. You may not know, but the breaker panels within your manor are also the responsibility of the Mutual. Inspection of these panels should start this year.

In January 2019, the Technology and Preventive Maintenance Task Force walked down the Mutual property in Entries 1, 3, 7, 8, and 9 with MOD to identify wood rot and painting issues. One of the questions asked by the Task Force was if there were better materials to use against dry rot. MOD suggested that Mutual 4 utilize a material known as "Smart Panel" wherever possible since it has greater longevity against dry rot. They also recommended minor architectural changes that would reduce moisture buildup underneath the siding. After approving a proposal from MOD, the Board also requested that Landscape Maintenance lower the soil level adjacent to some of the buildings and carports to reduce future dry rot of the siding. To-date, the approved costs are below the budgeted \$182,600. Simultaneous with the dry rot work are the deck inspections and repair. This activity is performed every 2 – 3 years to ensure the safety of the structures.

Also, as a result of the walkdowns, the Board and MOD agreed that painting the exteriors of the buildings in Entries 1, 3, 7, 8, and 9 was not needed for at least two more years. This freed up almost \$400,000 that was included in the 2019 painting budget. These Reserve funds can now be directed towards other repair and preventive maintenance efforts.

In response to comments at the last Annual Meeting regarding the reduction in water flow and water pressure in seven of the Mutual 4 buildings, the Technology and Preventive Maintenance Task Force researched potential fixes based on the results of the repair to building 1909 Skycrest Drive. The following information was gathered towards a resolution:

- The water flow and discoloration problems are primarily due to a build-up of mineral deposits in the galvanized domestic water lines present in the seven buildings.
- When the main water line and the manor in-wall water lines were replaced with copper, the problem was completely resolved.
- When only the main water line was replaced with copper, the water flow was noticeably increased, and the discoloration reduced or eliminated.
- Two of the buildings have one water shutoff valve for every six units and the other five buildings has one shutoff valve for the entire building. Any work would compromise water availability to a number of manors simultaneously.
- 56 manors are affected in the 7 buildings plus 6 manors in 1909 still have in-wall galvanized pipes.
- Some residents preferred not to have their kitchen and bathroom walls impacted at this time if there was another solution.
- Estimated cost to replace the main domestic water line under each building with copper and install shutoff valves for every two manors is approximately \$90,000.
- Estimated cost to replace the in-wall domestic water lines with copper and put back the walls and fixtures for 62 manors is in excess of \$1.2M.

Based on this information, the Board in January requested MOD obtain bids for replacing the galvanized main domestic water line under each of the seven buildings with copper and install shutoff valves for every two manors. It took until July to receive three bids from qualified plumbing companies willing to take on this task. The contract was awarded to Davis Plumbing at the July monthly Board meeting and work will start this month. After each building is completed, the water flow, pressure, and discoloration will be evaluated in each manor to identify any that require replacement of in-wall piping to establish adequate flow.

In addition to working with MOD Building Maintenance, the Technology and Preventive Maintenance Task Force has completed the following initiatives during the past year:

- Developed a procedure to assist in identifying under slab domestic water line leaks to stop erosion and greatly reduce water bills.
- Supported installation of PVC vinyl doors and siding on two trash enclosures to determine viability for future trash enclosure repairs. PVC is less expensive than wood, requires no maintenance, and is impervious to dry rot.
- Assisted in the implementation of the organic composting bins. Due to space limitations, only 8 of 24 Mutual 4 trash enclosures had enough space to accommodate the bins. Various cleaning processes and cleaning schedules were tested during the past three months to determine what works best to maintain hygiene and safety in the trash enclosures. It has become evident that the bins need regular cleaning, especially during the warmer months. Proposals are being requested from MOD and Nice Can for bin cleaning services.
- Worked with MOD to establish the use of Pex water piping in attics and eaves to replace under slab leaking water pipes. This eliminates jackhammering slabs and makes the piping more accessible for future inspections and repairs.
- Completed the Mutual Modifications computer program that permits entry and retrieval of modification data that could impact future work (e.g. changes to water line locations, types of piping used in modifications, installation of foundation piers, etc.). This program was developed at no cost to the Mutual. The program will be administered and used by MOD, as well as, Mutual 4. The Mutual Modifications program will be transferred to MOD this month.

Other activities regularly performed by the Task Force included:

- Monitoring common areas for drainage and erosion issues.
- Inspections of building exteriors to identify emergent repairs.
- Monitoring monthly water bills to better identify under slab and irrigation leaks.
- Continuously researching new building materials and techniques.

The Landscape Committee worked the past year on projects associated with landscape re-hab, tree maintenance, irrigation, and fire abatement. Major projects undertaken or scheduled include:

- Completed installation of 120 cubic yards of composted mulch to keep the weeds down and feed the soil. The mulch was placed in front of buildings in all entries with the exception of entries 1 and 3. These entries are scheduled to be rehabbed next year as

part of the entry re-hab program. The mulching project came in \$2,000 under budget. The Landscape Committee plans to refurbish this mulch every two years.

- Currently re-landscaping the common areas around 1605 and 1609 Skycrest Drive due to the destruction of existing landscape when the buildings were re-leveled.
- Removed three dead or dying trees and some emergency branch removals as part of the tree maintenance program. Also completed removal of several crowded trees between 1109 and 1133 Skycrest Drive entry #1.
- Completed fire abatement work of all grasses within 100 feet of the Mutual 4 buildings. As requested by the Board, an additional 50 feet beyond the 100 foot requirement was added. GRF also completed their fire abatement soil discing in various areas that surround Mutual 4 property.
- The Board approved tree fire abatement to the 2nd v-ditch between entries 13 and 16. This work will be completed as soon as possible.
- MOD Landscaping is currently working on a plan to remove all junipers within 30 feet of any building due to fire concerns.
- Replacement of 11 irrigation controllers that are older than 10 years will depend on the landscape budget remaining at the end of the year.

The Policy Committee worked over the past year to update various Mutual 4 policies to ensure compliance with the current California civil codes for HOAs, better known as the Davis-Stirling Act. The Board is planning to release some of these policies for resident review by the end of this year. The Policy Committee is also working with the Technology Task Force to prepare comprehensive solar and electric vehicle charging policies. The solar policy has proven challenging because of the following issues:

- No solar vendors are willing to provide the Mutual with an independent solar site survey. Therefore, it will be the responsibility of the Mutual to verify individual vendor solar site surveys, probably using Google Earth.
- Solar vendors vary widely in their approach to panel installation. Some vendors want to position panels above roof vents, requiring the vents to be cut off, many are not aware of the clearance required for fireman, some of the vendors do not secure the panel framework to the roof, each takes a different approach to their solar site survey, and vendors want to place the panels on the sunniest part of the roof, not necessarily over the owners manor.
- The new solar policy needs to cover all aspects regarding infringement on other manor owners in the building (e.g., if the panels are over their part of the roof, they cannot install skylights or solar panels in the future).
- Solar panels for one resident may use up all of the remaining available amperage in an electric panel. Therefore, future solar panel installations on a building would not be available without a completely new breaker panel.

All of these issues impact the Mutual 4 solar policy and must be resolved before the policy is finalized.

The completion of the electric vehicle charging policy is dependent on the results of the external electrical safety inspections currently underway.

The Communications Committee continued throughout the year to prepare and distribute the Go 4TH newsletter to each Mutual 4 resident. The purpose of the newsletter is to provide information on Board activities, as well as, topics current to GRF and Walnut Creek that may impact the Mutual such as emergency preparedness, fire safety, and identity theft.

The Communication Committee also started a technology review to identify the best tools available to upgrade our Mutual 4 website. The ultimate goals of the upgrade are to make the website more informative, less accessible to the public by establishing password protection, able to support on-line voting, and user friendly to residents. This upgrade should eliminate the need to mail paper copies of newsletters to residents with computer access and permit the Board to post important notices to residents rather than waiting for a newsletter.

In addition to these 5 committees, we also have individuals supporting the parking committee, emergency preparedness, and architectural control.

I want to take this opportunity to thank all of the committees for their excellent support. Anyone interested in volunteering for one of these committees, please see me after the meeting.

Ms. Swisher stated that normally at this time she would ask for questions or comments regarding the Summary of Year's Activities. However, she requested that questions or comments be held until the Members' Forum.

TREASURER'S REPORT

Ms. Perrich reported the following:

Based on the Financial Report as of 06/30/2019, the year-to-date Reserve Fund ending balance is \$1,577,925 and the year-to-date Mutual Operating Fund ending balance is \$87,218.

The Reserve Fund shows a deficiency of revenue over expenses of \$2,438 for the month of June and an excess for the Year-to-Date of \$26,284.

The Operating Fund shows a deficiency of revenue over expenses of \$8,073 for June and an excess of \$22,911 for Year-to-Date.

During June, we had expenditures in **Building Maintenance, Insurance, Utilities, and Custodial Services** that were higher than budgeted. Expenditures in **Landscape Maintenance, Professional Services,** and **Other General & Administration** were lower than budgeted.

Suspected shortfalls

During this year, we have had large increases in insurance premiums that had not been anticipated. In previous years we have borrowed from reserves to pay these premiums. The money was not always placed back in reserves. We are starting to pay these funds back from operating to reserves.

We are also having increased utilities costs with our utility companies getting approval for increases.

Insurance and Utility costs will continue to cause deficiencies in revenue over expenses.

2020 Budget

All board members met with MOD budget accounting personnel and building maintenance for the first stage of the 2020 budgeting process. Other meetings are scheduled. The increased costs we have encountered this year will be taken into account in the 2020 budget.

MEMBERS' FORUM

Resident brought up water quality and pressure in his unit. He sent an email to Vicki with photos regarding brown water coming from the sink. It is an issue taking a shower.

Ms. Swisher responded that she sent an email recently to him. The task force wanted to evaluate problems in 1909 Skycrest and it went to the end-of-the-year. It is also difficult to find contractors. Every main line under 7 buildings will be done. It will be \$90k for each building. This will drastically reduce issues with the water. Galvanized pipes will be changed.

Resident commented that her back sliding glass door can be lifted out of its track. This is a resident responsibility, but she was given some suggestions.

Resident asked how long before the Mutual has a Solar Policy in place.

Ms. Swisher reported the Board hopes to have it out by the end of his year.

Resident stated that there are 3 people in her building that are interested in installing solar.

Ms. Swisher reported that MOD won't approve the alteration without a policy. The Mutual wants a policy that will protect the residents.

Carl Brown reported that the summer newsletter was not ready. A newsletter will be published in the Fall. He asked what the cost would be to put back an alteration to the standard.

Ms. Swisher reported that the resident is responsible for alterations. Residents should consider having personal insurance to cover this issue.

Resident commented that the trash bins are terrible. Her son washed them out.

Ms. Swisher reported the Mutual is looking into hiring a company to clean bins.

Resident commented that she is interested in installing solar and thinks the Board should look at other Mutuals' Solar Policies. The tax credit will decrease after January from 30% to 23%.

Ms. Swisher reported that other Mutuals realize they may have to change their policies.

Resident asked if all units in 1909 Skycrest will have pipes fixed.

Ms. Swisher reported they will do a waterflow test to determine if in-house pipes have to be changed.

Resident commented that there is a bluish colored line and bluish rocks. This matched the description of Roundup.

Mr. Donner reported that MOD still uses it. They use it sparingly and are working to eliminate it. The amount is very small compared to the square footage of Rossmoor.

Resident asked what the Mutual's legal responsibility would be if sued regarding the use of Roundup.

Mr. Donner responded that the Board would have to ask their attorney.

Resident asked if 2109 Skycrest was forgotten regarding maintenance.

Ms. Swisher reported that the lower entries were being done. They are looking for major

dry rot issues.

Mr. Donner reported there is a maintenance schedule. Everyone gets their turn. There is a schedule for roofing, painting, asphalt, etc.

Ms. Swisher explained the Helsing Report and that the Mutual does work in phases.

Resident thanked Board for transparency. Shocked that Roundup is still being used.

Ms. Swisher explained that if they stop using Roundup, organics don't work. Weeds will show up. If people do not have a problem with this, then that is fine. Otherwise, the budget for landscape will need to be increased. Weeds would have to be hand pulled. This should be a membership vote because of the huge financial impact. This will be discussed in executive session and then in open session.

Mr. Donner reported that this is a Board decision.

Ms. Swisher commented that the Mutual could do an advisory vote.

Mr. Donner reported that they need to have Rebecca Pollon available to explain her plan and to give all of the facts.

Resident commented that the asphalt near her unit is crumbling. She would like it repaired.

Ms. Swisher reported that this is on the list.

Mr. West reported she was on the list for an earlier time. It was slated for 2022. The building stabilization caused it to be delayed.

Ms. Swisher reported that the Board tries to work within the budget. They look at items that are most urgent.

Resident asked if composting will be on hold.

Ms. Swisher reported that there is no intention to increase the size of the bins. Republic said no one is getting new bins right now.

Mr. Donner said residents can bring composting up to the Recycle Center. There are 3 bins there.

Mr. Adza commented that PG&E may have shut-downs of electricity. It could last at least 5 days.

Ms. Swisher reminded everyone to be prepared.

Resident asked about residents being allowed to install back-up generators in their units.

Ms. Swisher reported that to her knowledge there are no generators in Fourth Mutual of that nature. This would need to go through the Alterations Department. Certainly, gas would not be allowed.

Resident suggested members go to RossmoorEPO.org for answers to a lot of their questions.

Ms. Swisher reminded residents that entry coordinators do not tell residents what to do during an emergency.

Colene Trinterud reported that only the police and fire department tell you when and where to go during an emergency evacuation and they must provide buses. She has a list of entry coordinators for EPO for Rossmoor.

Resident commented that people are walking in landscape areas and are destroying mulch.

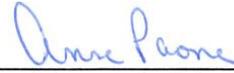
ANNOUNCEMENTS

Ms. Swisher announced that next Board meeting will be held on Monday, September 16, 2019 at 1:30 p.m. in the Board Room at Gateway.

Ms. Swisher thanked everyone for attending the annual meeting.

ADJOURNMENT

Having no further business, the Nineteenth Annual Meeting of Members adjourned at 5:35 p.m.



Anne Paone, Assistant Secretary
Fourth Walnut Creek Mutual