

MINUTES
FOURTH WALNUT CREEK MUTUAL
MONDAY, OCTOBER 19, 2020 AT 1:30 P.M.
ZOOM MEETING

President Swisher called to order a regular meeting of the Board of Directors of Fourth Walnut Creek Mutual at 1:30 p.m. on Monday, October 19, 2020 via ZOOM.

ROLL CALL: PRESENT: Vicki Swisher President
 Linda Brown, Vice President
 Carolee Perrich Treasurer
 Pamela Ovalle Secretary
 Sheldon Schwartz Director

ABSENT: None

Representing Mutual Operations were Paul Donner, Director of Mutual Operations-Excused; Rick West, Building Maintenance; Manager Rebecca Pollon, Landscape Manager; Jo Ann Cooper, Financial Analyst, and Anne Paone, Administrative Secretary.

Ms. Swisher welcomed 13 residents in attendance.

APPROVAL OF CONSENT CALENDAR

Ms. Brown moved to approve the consent calendar with the minutes listed as follows:

Minutes: September 21, 2020: Regular Board Meeting
 September 21, 2020: Executive Session
 June 10, 2020: Executive Session
 August 12, 2020 Executive Session
 September 16, 2020: Executive Session
 September 22, 2020: Special Board Meeting
 October 2, 2020: Special Board Meeting

Mr. Schwartz seconded and the motion carried without dissent.

RESIDENTS' FORUM

Resident discussed cardboard in recycle bins. Is there a charge to the Mutual for overfill? Ms. Swisher explained it goes to Republic. A resident may use any bin in the Mutual or go up to MOD.

Resident thanked the Board for the information. She didn't realize that large cardboard can be a problem.

MANAGEMENT REPORT

Mr. Donner was excused, so no report.

PRESIDENT'S REPORT

As part of Ms. Swisher's report, she has provided each Director and Paul Donner a handout

detailing the highlights of the September President's Forum. In order to expedite the meeting, Ms. Swisher waived reading of the handout and asked that it be included in the official minutes of this meeting. See complete report as follows:

Highlights of September 2020 Presidents' Forum

- Presidents discussed the status of each Mutuals' efforts to reduce landscaping fire risks. Ms. Swisher indicated that the majority of the Fourth Mutual effort to remove junipers and dried rosemary is almost completed. Some other Mutuals stated they estimate between 1 and 3 years before all work will be completed. Completion of work is dependent on landscaping budget.
- One of the Presidents ask for updated information regarding back-up generators. Ms. Swisher stated Fourth Mutual currently does not have a specific policy but is able to prohibit gasoline and propane powered generators due to hazardous materials, noise, and safety implications from power cords running on sidewalks and stairways which is covered in current governance. Ms. Swisher also stated that if a resident asks for an alteration to add a battery powered back-up generator, power cords would have to be permanently installed and maintenance checks would have to follow the solar policy requirements. Many Mutuals are preparing new / updated policies.
- One President stated her Mutual asked MOD whether they could support changing their fiscal year from Jan. through Dec. to March through Feb. She indicated that Paul Donner and Rick Chakoff stated this would be no problem. Her Mutual is interested in making this change because it would help resolve having to borrow a large amount of money from the Reserve budget to pay the January insurance premium. The only issue is that the previous year's monthly assessment would continue until the new fiscal year begins. Therefore, delaying until March would mean the previous monthly assessment remains in effect for 14 months. Other Mutuals favored a June to May fiscal year. However, the previous monthly assessment would be in effect for 18 months which could cause financial problems. A question arose as to the effect to the Helsing recommended contributions. Many Mutuals are considering discussing a fiscal year change with their Boards and MOD.
- The Presidents discussed possible cost cutting measures for their budgets. Some of the discussion involved proposed GRF projects. Many of the Presidents shared a concern for large capital GRF projects that were expending many dollars in consulting fees to research these projects but showed no evidence of money savings for one or more decades. Ms. Swisher indicated that some Mutual expenses can be moved from the Operating budget to Reserves. This enables the costs to spread over ten years. Also, lawn removal reduces water costs and results in monies paid to the Mutual from EBMUD for water saving efforts.
- Dryer vent cleaning was discussed. Some Mutuals have made this a Mutual expense to ensure all dryer vents are cleaned every few years.
- One Mutual has found numerous penalty bills from Republic for extra pickups or yellow tagging of recycle bins (finding non-recyclables in the bins). This was only found when the Mutual reviewed their Republic bills. It was recommended that each Mutual review their Republic Waste Management bills monthly because some of the charges are erroneous and this is the only method for the Mutual to be made aware of the yellow tag issues.

- Paul Donner provided information on this year’s GRF fire mitigation efforts. \$35K was budgeting for discing of GRF property surrounding the Mutuals. \$25K was budgeted for open space fire abatement. Junipers are being removed from GRF open spaces over the next five years.
- Paul Donner discussed the Third Party repair and billing procedure. Various problems, primarily water damage, that are a result of malfunctioning manor owner’s appliances or toilets must be corrected immediately to minimize damage to Mutual property. Prior to 1997, MOD did not get involved in the remediation of such damages. However, there were long term impacts to Mutual property. Currently, MOD responds to the removal of water and dehumidifying the manor. However, this is billable to the resident. Some Mutuals have prepared a document stating this information, and residents are asked to sign this document so they are aware of their financial responsibility. Ms. Swisher indicated that Fourth Mutual has provided MOD with this paperwork.
- Paul Donner notified the Board Presidents that Terra Landscaping has agreed to phase in the use of electric leaf blowers. The yearly cost increase will be less than 1% to offset the purchase of new equipment. Terra plans to have only electric leaf blowers by the end of 2021.
- Dennis Bell notified the Presidents that updated information regarding Rossmoor evacuation plans would be provided to all residents in the Rossmoor News.

TECHNOLOGY AND PREVENTATIVE MAINTENANCE TASK FORCE

Ms. Swisher provided each Director and the MOD Representatives a handout detailing the highlights of the activities performed during the past month. In order to expedite the meeting, Ms. Swisher waived reading of the handout and asked that it be included in the official minutes of this meeting. See complete report as follows:

STATUS REPORT

October 19, 2020

Last Month’s Activities:

- Continued drainage program by clearing debris from catch basins and drainpipes and removing debris from wire mesh, as needed. The wire mesh installation has proven to be highly successful and shows little degradation after almost three years.
- Completed the year 2020 sewer line inspection program for all Fourth Mutual buildings. The Board is currently evaluating corrective action for problems that have been identified,
- Developed a spreadsheet for measuring the water pressure and evaluating the condition of water pressure regulators on each building. An evaluation of each building is currently underway.
- Working with Davis Plumbing to connect new copper piping in the affected G-11 buildings currently having galvanized piping. Residents in each of the G-11 buildings are being asked to agree to shutdown of water for connection of the new copper lines and entry into their residence for inspection of water flow and repair / replacement of filters and angle stops.

- Continued to evaluate EBMUD water reports for Mutual 4 to identify evidence of major underground water leaks.
- Evaluation of the vinyl siding on the trash enclosures in Entry #1 and Entry #7 is completed. Even without the rubber bumper guards, the siding has remained undamaged by Republic Waste during emptying of the landfill containers. The Mutual is planning to install like materials on five other trash enclosures.
- Provide updates to the 2021 draft Helsing Reserve Report
- Responded to owner questions regarding potential alterations and structural issues.

Activities Scheduled for Next Month:

- Continue ongoing activities listed above (drainage inspections, water reports, dry rot inspections, etc.).
- Performing general inspections of sidewalks, building infrastructure, and hill erosion.
- Continue preparing the Mutual 4 electrical vehicle charging policy. The policy covers both the use of carport 110 outlets and owner installation of a charging station. Various considerations include safety for carports located below manors and how to bill residents for electrical usage.

Open Items:

- None

TASK FORCE ON PARKING

- This Task Force is currently idle and no new issues have been identified.

LANDSCAPE AND GROUNDS, FIRE CLEARANCE

Ms. Pollon reported the tree removal were approve in April and August. There are 4 MOD workdays in December. Plant replacements and small projects will be done. 1413, E8-remove Juniper and 1209 E3-install boulders and a small drain. There was some discussion on updating the Animal Damage Management contract. The Board will review it.

BUILDING MAINTENANCE REPORT

INFORMATION ITEMS: Work scheduled in progress or completed.

1. Senate Bill SB326 - Structural Engineers inspection of raised mutual components –
The Board has elected to complete this project in 4 Phases over 4 years starting in 2021 - and completing the inspections in 2024.
Deadline to complete these inspections is January 1st, 2025. -
Proposal does not include destructive testing or put back costs. -

(Helsing has now included a new Reserve funding category for this project. (Board approved and signed FWC Proposal).

Annual Sewer line drain preventive snaking - Includes using video camera in lines .

Five Star will complete ten buildings per month for \$2,100.00. Annual cost \$12,600.00.

(Work is in ongoing).

3. 2019/2020 Phase II Dry Rot and Painting Project – Contractor: MOD
This project will include repairs and paint to 18 Buildings and 12 Carports.

This will include entries 10 and 11 Skycrest Dr.

The Board has approved NTE \$32,600.00 to complete entry 10 first.
Total YTD Costs - Carpentry rehab \$158,614 Balcony rehab
\$29,167 Paint \$20,600.00.

(Project is scheduled to start in October).

4. Interior electrical building and unit panels inspections - Contractor: Sang Electric Work has been approved by the board. Contract amendments for this work to be reviewed and signed.

(This work is in progress).

5. Installing new Main Line Galv. to Copper piping on seven G – 11 Buildings. Contractor: Davis Plumbing – 1509 SC, 1901 SC, 1933 SC, 1133 SC, 1940 SC, 1941 SC, 1309 SC.
(Staging has been completed. Scheduling with Davis Plumbing to complete final connections and angle stops as needed).

6. 1903 SC - \$21,775.00 Columns, Beams, Concrete and Asphalt work including 690 Sq. ft. of new concrete and 86 sq. ft. of new asphalt. Contractor: Five Star.

Mr. West reported the Board needs to officially sign the FWC Contract.

Ms. Swisher advised Mr. West that the Board still needs the Five Star water pressure spreadsheet.

The Board is requesting ratification of a motion made in Executive Session on 10/14/2020 to approve a contract to Sang Electric for \$20,525.00 to inspect all Fourth Mutual interior and exterior electrical panels for overheat of main breakers, tightening all lugs, and lubricating lugs with electrical joint compound. Extra charges will apply to replacement of any parts or breakers.

Mr. Schwartz moved to ratify the motion for Sang Electric made in Executive Session on October 14, 2020. Ms. Ovalle seconded and the motion carried without dissent.

Ms. Swisher reported that per her email earlier today, the Board has approved Davis Plumbing to complete installation of the copper piping in the affected G-11 buildings as long as the building residents sign the notification document included in the email. The

document signed by the residents approves the shutoff of water for 8 hours in their building and entry by Davis Plumbing personnel into their manor. She asked Mr. West to let the Board know if they need to take responsibility for the signing of these authorizations instead of Davis Plumbing.

ARCHITECTURAL CONTROL AND ALTERATIONS: COMPLIANCE

Ms. Swisher reported the following:

- Alterations Updates- Resident alteration requests covering the period 07/01/2020 to 9/30/2020 include:
 - 4 alterations were approved by the Board and are in progress.
 - 8 alterations were completed.
 - 4 alteration required further evaluation by the Board before approval.
 - The Board needs to verify that the Alteration Department can track and maintain Alteration agreements required by the Board. A meeting is being set up with Chris Preminger and Bill Parsons to coordinate this effort.
- Compliance Updates
 - No compliance issues were identified in any of the above alterations.

EMERGENCY PREPAREDNESS COMMITTEE

Tabled

COMMUNICATIONS COMMITTEE

Mr. Brown reported that he is still updating the website.

POLICY COMMITTEE

A. Status Updates

Since the Board Director previously designated as Chairperson of the Policy Committee is no longer on the Board, Ms. Swisher provided the report on behalf of the Committee:

- Working on the new Communications Policy 10.7 is underway. This policy is needed to address the email requirements specified in Senate Bill 323 and to provide governance on electronic communication of Mutual documents to residents.
- Working on updating policy 1.8, Floor Covering, to incorporate the requirements of SB 326 and Helsing recommendations for deck floor coverings.
- Evaluating governance changes needed as a result of SB 3182 that addresses rental / leasing of HOA manors. Section 4.3 of our CC&Rs specifies various lease / rental restrictions including the following:
 - ✓ Not more than 25% of manors can be leased or rented (seems in compliance with SB 3182)
 - ✓ Manors cannot be leased or rented for a period less than 30 days (seems in compliance with SB 3182)

- ✓ Manors cannot be leased or rented for more than a period of 1 year

The Board has asked our attorney to review Section 4.3 of the Fourth Walnut Creek Mutual CC&Rs and notify us of any changes that are required to comply with SB 3182. Our attorney has also been asked if Section 4.3 of our CC&Rs cannot be revised by January 1, 2021, do we lose the ability to enforce the existing governance? The Adams Stirling newsletter indicated that HOA rental governance not in compliance on January 1, 2021 may result in voiding existing governance, thus permitting short term Airbnb and long term rentals (less than 30 days and longer than 1 year) until new governance is amended.

- Working on upgrading insurance governance to establish consistency between CC&Rs, By-Laws, and policies.
- Working on an emergency generator policy is currently underway.
- Working on the new electric vehicle charging policy is still underway.
- There remain open items regarding golfport usage, rent, and ownership.
- The policy on fines needs to be updated to be in compliance with Davis-Stirling. This remains an open item.

The Policy Committee needs volunteers to assist in upgrading Fourth Mutual governance. Ms. Swisher requested approval from the Board to post an article in the Rossmoor News soliciting volunteers for this committee.

Mr. Schwarz moved that Ms. Swisher post an article in the Rossmoor News soliciting volunteers for the Policy Committee. Ms. Ovalle seconded and the motion carried without dissent.

OFFICERS REPORTS

1. President: Ms. Swisher uses the President's report as the mechanism for listing any work orders or invoices between \$500 and \$5000 that were signed during the past month by her per the requirements of the Board to ensure financial disclosure in the meeting minutes. These include:
 - Steve Adza for \$175.00 for miscellaneous September expenses.
 - Nice Cans for \$176.40 for September cleaning of the compost bins.
 - ERI for \$2,120.00 for mold remediation.
2. Vice President: No report.
3. Treasurer: Ms. Perrich gave the Treasurer's report.

Status of Financial Account

Based on the Financial Report of 09/30/2020, the year-to-date Reserve Fund balance is \$1,862,085 and the year-to-date Mutual Operating Fund ending balance is \$66,984.

The Reserve Fund shows an excess of Revenue over expenses of \$39,300 for the month of September and an excess of Revenue over expenses for year-to-date of \$266,107.

The Operating Fund shows an excess of Revenue over expenses of \$11,333 for September and an excess of Revenue over expenses for year-to-date of \$41,303.

During September, **Landscape Maintenance, Insurance, Utilities, and Professional Services** were higher than budgeted. **Building Maintenance &**

Public Works, Custodial Services, and Other General and Administration had expenditures that were less than budgeted.

4. Secretary: No report.

Mr. Schwartz moved to certify the Board's compliance with Civil Code Section 5500 for these financial reports. Ms. Ovalle seconded and the motion carried without dissent.

Ms. Ovalle explained that the WASH Laundry Room contract expired in 2005 and has been on a month-to-month basis. She is waiting to speak to someone from that company to discuss a new contract. There are 2 laundry rooms. This contract provides maintenance/replacement of equipment for the washer and dryers.

***Ms. Perrich did not feel well and had to leave the meeting at this point. (3:33 p.m.)

Ms. Swisher reported that Republic has been billing Fourth Mutual for a SWCM landfill bin for quite some time, maybe years.

The Board need to review the contract for cleaning the laundry rooms and the trash enclosures.

UNFINISHED BUSINESS

None

NEW BUSINESS

A. 2021 Budget

- Ms. Swisher thanked the Board members, Rick West, and especially Jo Ann Cooper for working so many hours over the past three months reviewing the Helsing Reserve Study Draft Report and finalizing the 2021 Mutual budget. Their input has been invaluable in developing an equitable Reserve and Operating budget.
- Ms. Swisher continued: As a major element contributing to the yearly budget, the Board spent a great deal of time reviewing the draft Helsing Reserve Study Report. Over the past two years, the Board has requested Helsing make various changes to our components lists, expected useful lifetime of certain components, and the addition of new categories for inspections. Some, but not all of these changes have been incorporated. The Board expected Helsing to make appropriate updates based on their site inspection this year. However, the Board still found numerous omissions in the 2021 draft report. As a result, the Board provided Helsing with numerous additions and clarifications to over 90% of the draft Study. Jo Ann, I would like to request that each member of the Board be provided with a color copy of the revised draft sent to Helsing. This will be used by the Board to ensure Helsing has included all of our requested updates in the 2021 final report.
- Another recurring issue that also played a major role in developing the 2021 budget was our Blanket Insurance Policy and Shared Deductible. Over the past four years, our Blanket insurance policy premium has escalated from \$90,190 to almost \$300,000 per year. In addition, the deductible rose from \$100,000 to \$250,000 which impacts our contribution to the Shared Deductible Agreement in the event of a loss. These large increases were not completely covered by the Operating budget during the past three years since the Board had to prepare the

budgets based on an estimated insurance increase which was well below the actual increase. As a result, the Fourth Mutual budget is continuously trying to catch up with the actual insurance costs.

- This year's budget presented many of the usual challenges. It is important to point out that some operating budget increases were not negotiable by the Board and required an automatic increase in the coupon. These included an estimated insurance increase of 35% over the actual 2020 premium, a utilities rate increase of 9%, and a MOD Management fee increase of 1.2%. Also, the Mutual has standard yearly costs associated with landscape maintenance, gutter cleaning, pest control, and an estimated number of work order repairs requested by our members. On the positive side, the GRF assessment decreased by 0.8%. With these increases as a given and the need to ensure that funds are available to maintain the aging structures in Fourth Mutual, the Board was challenged to finalize a proposed budget that met all of these needs without placing an undue burden on the Mutual 4 members.
- The result of the 2021 budgeting effort is an 8.1% increase in the coupon which equals a \$66.00 increase per manor per month. Although this may be of little consolation to our members, Fourth Mutual has one of the lowest monthly coupons in Rossmoor.
- Although the Board meeting is not typically open to resident comments other than in the Residents' Forum, we are prepared to respond to questions from residents regarding the budget presentation. Do any residents in attendance have any questions?

Ms. Swisher asked for a motion to approve the 8.1% increase in the Mutual coupon for 2021, which would be an increase of \$66.00 monthly from the 2020 budget.

Mr. Schwartz moved to adopt the budget as presented for 2021 with a total of \$878.00 per manor/per month. Ms. Brown seconded and the motion carried without dissent.

B. Extension of Borrowed Reserve Monies

- Ms. Swisher reported that because the insurance premiums have increased well beyond the estimates provided in October of each year by our Broker, the allocation in our monthly coupon for working capital which is needed to carry over to pay the January lump sum insurance premium has been inadequate. To pay the insurance premium, the Board had to borrow monies from the Reserve Fund. This is permitted in accordance with Civil Code 5515 as long as the monies are paid back to the Reserve within one calendar year. Repayment can be further delayed under certain conditions. Until the end of the year, we will not know how much of the \$175,000 borrowed from Reserves over the past three years can be repaid. As a result, the Board must vote at this time to extend the \$175,000 loan from the Reserve budget.

Ms. Swisher asked for a motion to approve.

Ms. Ovalle moved to approve extending the \$175,000 loan from the Reserve budget into 2021. Mr. Schwartz seconded and the motion carried without dissent.

Ms. Swisher reported that since the Board cannot continue to delay repayment of this loan from the Reserve budget, she is asking the Board to consider a special assessment in

2021. She requested that the Board delay until February or March 2021 to ensure they know the actual 2021 Blanket insurance premium increase and to wait until the economy has a chance to recover from the impact of Covid-19. Based on the current Reserve debt, the special assessment should only be a few hundred dollars per manor.

ANNOUNCEMENT

Regular Meeting – Monday November 16 at 1:30 p.m. – ZOOM Meeting

ADJOURNMENT

Having no further business, the meeting adjourned at 4:24 p.m.



Anne Paone, Assistant Secretary
Fourth Walnut Creek Mutual

***The Board of Directors met in executive session on June 10, 2020 at 1:15 p.m. to discuss the following:

1. Legal – Insurance Discussion
2. Contracts – Pipe remediation

Having no further business, the executive session adjourned at 5:05 p.m.

***The Board of Directors met in executive session on September 16, 2020 at 12:40 p.m. to discuss the following:

1. Personnel – Review and Discussion of Accounting Department Procedures
2. Legal – Small Claims-update
3. Contracts – Reviewed-recycling and plumbing in G-11 buildings
4. Payment Plans - Ms. Perrich to review and provide information to Board

Having no further business, the executive session adjourned at 3:30 p.m.

***The Board of Directors met in executive session on September 21, 2020 at 3:04 p.m. to discuss the following:

1. Legal – Small Claims-Waiting for Decision
2. Member Compliance – Ms. Perrich updated Board on delinquent accounts

Having no further business, the executive session adjourned at 5:10 p.m.