

MINUTES
FOURTH WALNUT CREEK MUTUAL
MONDAY, OCTOBER 21, 2019 AT 1:30 P.M.
BOARD ROOM – GATEWAY

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 21, 2019 in the Board Room at Gateway complex, 1001 Golden Rain Road, Walnut Creek, California.

ROLL CALL: PRESENT:	Vicki Swisher	President
	Carolee Perrich	Treasurer
	Sheldon Schwartz	Secretary

ABSENT:	Linda Brown	Vice President
---------	-------------	----------------

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

Ms. Swisher welcomed 8 residents in attendance.

APPROVAL OF CONSENT CALENDAR

Mr. Schwartz moved to approve the consent calendar with the minutes listed as follows: September 16, 2019 Regular Board Meeting and October 7, 2019, Special Board meeting. Executive Sessions as follows: September 11, 2019, September 16, 2019, October 8, 2019, October 11, 2019-A.M., and October 11, 2019-P.M. Ms. Perrich seconded and the motion carried without dissent.

RESIDENTS' FORUM

No questions or comments.

MANAGEMENT REPORT

No report.

PRESIDENT'S REPORT

As part of Ms. Swisher's report, she shared some of the information from the September President's Forum.

- Some of the Mutual Presidents wanted to know if the lump sum GRF Blanket Insurance premium could be spread over semi-annual, quarterly, or monthly payments. If not, could the lump sum payment be delayed to later in the year. Rick Chakoff, GRF CFO, stated that the payment could be changed to semi-annual payments but the second payment is likely to be higher because the Underwriters usually increase their premiums during the year. Also, there would be an additional cost to the total yearly premium if it is split into two payments. There are four options to paying the lump sum in January:

- Have the insurance broker finance the payment.
- Obtain a bank loan to finance the payment.
- Borrow from the Mutual Reserves.
- Establish adequate working capital in a Mutual's yearly operating budget.

The first two options definitely increase the cost of the yearly insurance premium. Many Mutuals borrow from their Reserves but must repay the borrowed funds within a year or establish a reasonable payback schedule. The ideal solution is to increase a Mutual's operating budget to provide the required working capital.

- One Mutual President asked whether any Mutuals have policies addressing the installation of legacy markers on Common Ground to commemorate deceased residents. No Mutual had a specific policy for this type of installation. Each Mutual said they relied on their alteration and landscaping policies to cover these types of requests.
- The Presidents discussed options available if a resident would not let MOD representatives inside a manor to perform repairs necessary to maintain the Mutual property. Most Mutuals have CC&Rs that specify Manor Owners are required to permit entry as long as reasonable notice is provided, except in emergencies. Sometimes the City of Walnut Creek may be able to assist through their adult public service department. Otherwise litigation may be necessary.
- GRF discussed the latest negotiations with Comcast to keep the TCM channel. According to Comcast approximately 1000 manors regularly watch the TCM channel. There are various options offered by Comcast, but all require the TCM channel to be paired with the Comcast Sports Package. The additional cost would be \$2.20 per month for the TCM/Sports Package.
- Chris Preminger discussed the content of the current monthly Work Order report. Most of the Presidents liked the ability to view outstanding work and pending costs. The report template will remain the same.
- Chris Preminger asked if the Presidents wanted any changes to the Lease Expiration Report. The Presidents asked Chris to list all of the leases in future reports instead of those expiring in the next 3 months.
- Tim O'Keefe discussed the upcoming Oct. 8 & 9 workshops on the new Rossmoor Emergency Operations Plan. GRF hired an independent company to update the existing plan. In particular, the previous plan did not include considerations for wildfires. The new plan will be available for review on the Rossmoor website under Residents / Public Safety & Security / Emergency Operations Plan Draft Sept. 2019. Other excellent emergency preparedness information is also available on rossmoorepo.org.

TECHNOLOGY AND PREVENTATIVE MAINTENACE TASK FORCE

Ms. Swisher reported the following:

Last Month's Activities:

- Continued drainage program by clearing debris from catch basins and drain pipes and removing debris from wire mesh, as needed. The wire mesh installation has proven to be very successful and shows little degradation after more than one year.
- Continued research on alternatives to Duro-Last roofing material that may have a longer warranty period. A contractor in Livermore has bid on the installation of a PVC style roof on 1401 Skycrest Drive. This building currently has a tar and gravel roof.
- Walked-down Entry #10 with MOD for potential dry rot work that can be added to the current replace/repair project.
- Continued to evaluate EBMUD water reports for Mutual 4 to identify evidence of major underground water leaks.
- Continued visual inspection of gutters on buildings in entries #10 through #17 Skycrest Drive to identify areas with major degradation. Researching potential new materials or techniques for repair/replacement.
- Started a draft of the electrical vehicle charging policy. This is possible since the external electrical inspections have been completed by Sang Electric and GFCI plugs have been installed in all of the carports.
- Continued reviewing the Condominium Design Drawings located at MOD to identify drainage, irrigation, and structural details. MOD has granted permission for Mutual 4 to scan the drawings since none are currently in the MOD electronic database. The Task Force is also in the process of obtaining electronic copies of the building drawings from City of Walnut Creek Building Division.

Activities Scheduled for Next Month:

- Continue ongoing activities listed above (drainage inspections, water reports, dry rot inspections, etc.).
- Complete update of water pressure and leak test procedure. This testing has become a priority because some Mutual 4 buildings do not have water pressure regulators or likely have failed regulators.
- Meet with MOD Building Maintenance to review all of the open work orders to determine whether any can be closed or cancelled.

Open Items:

- None

TASK FORCE ON PARKING

- This Task Force is currently idle since there are no outstanding issues.

LANDSCAPE AND GROUNDS, FIRE CLEARANCE

Ms. Pollon read her report as follows:

FALL 2019 MAINTENANCE REPORT

As the weather cools and the day lengths shorten irrigation will become less frequent even if the warm weather continues.

Residents can look forward to the fall colors of Red Maples, Liquidambar, Pistache trees, and Nyssas.

LAWN MAINTENANCE Lawns will be over seeded between October 1st and November 15th.

WATER USE As temperatures decrease and day lengths shorten, irrigation use will decline.

ENTRY MAINTENANCE Entry maintenance crews will finish summer pruning tasks and start transitioning to fall cleanup.

RESIDENT REQUESTS

If you have landscape *maintenance* requests (pruning or irrigation), please direct them to the MOD work order desk. If you have landscape *improvement* requests please contact your mutual landscape representative.

WORK ORDER DESK

By phone: **988-7650**

By email: **WORKORDER@ROSSMOOR.COM**

LANDSCAPE REHAB REPORT

Annual Budget \$63,000

Remaining budget is ~ \$37,000

MOD WORK DAYS

REMAINING DAYS 9-10

Fall work is scheduled for the last two weeks of November. Plans are to remove juniper within defensible spaces throughout the mutual and install cobble next to buildings where soil was removed (where possible). A few other small replanting projects will also take place. If there are time and funds left, we will also remove some lawns as specified in the attached document. Costs TBD. Rosemary will be removed. E9 has Juniper to be removed. Juniper between E8 and E9 will be removed.

TREE REPORT

Annual Budget \$35,000

Remaining Budget is ~ \$10,000

Annual tree maintenance bids have been requested from Waraner but at this point will likely happen in early 2020. Instead, if there

are no emergencies and we have funds left over in mid-December we will use remaining monies for irrigation clock replacements.

We will be putting cobble back in some areas.

IRRIGATION REPORT

Annual Budget \$8,000

Remaining Budget ~7,200

There are 11 irrigation controllers left that are older than 10 years old and should be replaced. To replace all 11 would cost \$27,500 so we should wait until the end of the year and see what budget funds are remaining and replace as many as possible.

- Ms. Swisher asked Ms. Pollon if Terra removed the wood, reinforced the moss rock retaining wall, and connected the downspout to the left of the front door to an underground drain that runs to the v-ditch beside 1601 Skycrest Drive #1? ***Ms. Pollon reported it has been done and the invoice was already sent to accounting.***
- Ms. Swisher asked if there is any landscape work other than the 15 MOD workdays remaining for the end of the year? ***Ms. Pollon replied no.***
- Ms. Swisher asked if the plan for the 15 MOD workdays was completed and an estimated cost for materials? ***Ms. Pollon reported there is no cost yet and the dumpsters are about \$1,000 each.***
- Ms. Swisher asked Ms. Pollon if it looks like the Mutual will have monies remaining for some irrigation controller replacement? Do these funds come out of the Reserve budget? ***Ms. Pollon reported that if there is any remaining money, they will do whatever controllers they can. It will probably be about \$25,000 for the controllers. She will bring a proposal to the November meeting.***
- Ms. Swisher thanked Rebecca for preparing the Landscape Representative Reference Booklet. It has a great deal of excellent information for the Board and our next Landscaping Liaison.

BUDGET

The budget was taken out-of-order on the agenda. It was listed under New Business. Rick West presented the proposed 2020 budget as follows:

MOD Management Fee, increase of \$2.04

Total Building Maint. and Public Works, decrease of \$.28

Landscape Maintenance, decrease of \$7.64

Insurance, increase of \$18.47 To cover last year's unexpected increase and 2020 increase

Total Utilities, increase of \$4.42

Professional Services, decrease of \$1.77 (Legal and Audit)

Increase Working Capital, \$14.98 Would be best to have money to cover insurance premium for next year or 2 month's expenses

Total Mutual Assessment, \$46.32

Total GRF Assessment, \$12.68 Includes Trust Operations and Cable TV Service

Total Basic Assessment \$59.00 – Increase

Per manor per month - \$812.00

- Ms. Swisher thanked the Board members for working so hard over the past three months on the 2020 budget. This year's budget presented many of the usual challenges, as well as some new issues to consider. It is important to point out that some operating budget increases were not negotiable by the Board and require an automatic increase in the coupon. These include an estimated insurance increase of 15%, an EBMUD rate increase of 9% starting July 2020, a MOD Management fee increase of 4.1%, a GRF assessment increase of 4.5%, and an estimated increase in PG&E rates. With these increases as a given and the need to ensure that funds are available to maintain the aging structures in Mutual 4, the Board is challenged to finalize a proposed budget that met all of the needs without placing an undue burden on the Mutual 4 members.
- Another recurring issue also played a major role in developing the 2020 budget. Over the past three years, the GRF Blanket insurance policy costs have escalated over 60%. These large increases were not covered by the Operating budget during the past two 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 Mutual 4 budgets had a very small allocation for working capital which is needed to carry over to pay the January lump sum insurance premium. 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. The 2019 operating budget was increased enough to pay approximately 45% of the loaned monies back to the Reserve fund. However, the Board cannot delay repayment past 2020 and must provide enough working capital to preclude borrowing from the Reserve Fund in the future. Both of these items resulted in more than doubling the working capital budget for 2020.
- The result of the 2020 budgeting effort is a 7.8% increase in the coupon which equals a \$59.00 increase per manor per month. Although this may be of little consolation to our members, Mutual 4 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.

No questions asked.

Ms. Perrich moved to approve the 2020 budget as presented with a per manor per month amount of \$812, which is an increase of \$59 from last year. Mr. Schwartz seconded and the motion carried without dissent.

BUILDING MAINTENANCE REPORT

Mr. West reported the following:

INFORMATION ITEMS: Work in progress or completed.

1. 2019 Phase I Balcony Repairs Entries 1 - 9 – Contractor: MOD (Work has been completed). Phase II estimate is being prepared by MOD and will be presented to the board for review.
2. 2019 Phase I Dry Rot Repair Project - Entries 1 thru 9 - This includes 19 buildings and 14 carports. Contractor: MOD – (Work has been completed).
Phase II estimate is being prepared by MOD and will be presented to the board for review.
3. Interior and Exterior Electrical Panel and outlet Inspections - Contractor: Sang Electric –
Sang has installed GFCI outlets in carports as needed. (Exterior Inspections and repairs are complete). Interior Panel inspections scheduled to start in late November.
4. Installing new Main Line Galv. to Copper piping on seven G – 11 Buildings.
Contractor: Davis Plumbing – some angle stops got clogged. Davis will go back to check and clear them.
(Work is in progress).
5. 1149 SC # 4 – New Drainage System at back patio. Contractor: Five Star cost \$1,175.00.
(Work is in progress).
6. 2152 TC #1 – Toilet water supply line burst. Resident billable damage to units # 1 & # 2.
(Work is in progress).
7. 1910 SC #6 - Sewer Drain line back up. Manor damage, Mutual billable.
(Work is in progress).

Ms. Swisher reported the following comments and questions:

- The change orders listed in the Building Maintenance report for dry rot repair were approved on September 9, 2019.
- The Board previously approved \$41,000 for Phase I balcony work that included all of Entries 1 – 9. Our 2019 Reserve budget was \$81,700. What was the final cost?
Mr. West will email the Board the cost.
- The Board previously approved \$150,000 for Phase I dry rot work that included all of Entries 1 – 9. Our 2019 Reserve budget was \$182,600. What was the final cost?
Mr. West will email the Board the cost.

- I accompanied MOD on the dry rot walk down of Entry #10. Although the estimate exceeds the previously approved contract, it does not exceed the budgeted \$182,600.

Mr. Schwartz moved to start phase 2 with a NTE of \$30,000. Ms. Perrich seconded. After some discussion, Mr. Schwartz amended his motion as follows: Mr. Schwartz moved to start phase 2 with a NTE of \$32,600. Ms. Perrich seconded and the motion carried without dissent.

Ms. Swisher reported that the Board will need a proposal for this work.

Ms. Swisher reported that the Board needs a new bid for the attached carports.

- Which G-11 buildings have Davis Plumbing completed re-piping of the main water line? Is he performing any work outside the current contract during the pipe installation? Is Davis Plumbing or MOD checking water flow in the manors after the re-piping? **Ms. Swisher will go to MOD to check.**
- The Board has previously discussed a follow-up plan for manors in the affected G-11 buildings that still do not have adequate water flow after the re-piping. Phase II would be to clean-out or replace the angle stops and plumber's nipples, and potentially blow out the vertical galvanized pipes with high pressure water or air if the installed hose bibbs will support draining the water system. We asked MOD to perform these efforts on 1509 Skycrest Drive #2 in the shower and kitchen. Has that work been completed? Phase III would require replacement of the vertical galvanized pipes if Phase II is ineffective. **Mr. West will check to see if the work has been completed.**
- The Board is interested in getting building 1401 Skycrest Drive re-roofed as soon as possible. We have received two proposals to-date. Has the 3rd proposal been received? **Mr. West reported the 3rd proposal has not been received.** Based on the information regarding the Fibertite PVC roofing material, it seems to be more resilient than Duro-Last. The installer is also offering a 30 year warranty versus a 20 year warranty for the Duro-Last. The ACS proposal is for \$34,283 with roof tear-off, installation of 50 mil Fibertite PVC, and a 30 year warranty. The A-One Construction proposal is for \$42,932 with roof tear-off, installation of 50 mil single-ply Duro-Last, and a 15 year warranty. Since we are trying to improve preventive maintenance and extend the time period between re-roofing, I am interested in trying the new PVC roofing product.

Mr. Schwartz moved to accept the ACS proposal for \$34,283 to re-roof building 1401 Skycrest Drive with 50 mil Fibertite PVC. Ms. Perrich seconded and the motion carried without dissent.

- When the ACS contract is written, it should specify the color of material to be Energy Grey and installation completed by the end of November. If ACS cannot accommodate that schedule, the Board is requesting MOD provide a contingency plan such as a tarp or re-tarring problem areas to eliminate the possibility of a roof leak until the new roof is installed. Previous roof leaks in that building have been quite costly to the Mutual.
- Because of recent problems with sewer line backups and other drainage issues, the Board has asked Five Star to provide a proposal to clean out all building sewer lines each year at a rate of 10 drain lines a month. Five Star was asked to specify using only drain augers, unless tree roots are encountered, to minimize damage to the pipe walls and run the auger approximately 50 feet in both directions from the sewer

line cleanout. Has MOD received the proposal? **Mr. West will check to see if the proposal is ready.**

- Please provide some details on the new balcony inspection requirements as a result of Senate Bill 326. **Mr. West reported that there is nothing from engineers yet, but it will be approximately \$500 per balcony.**

ARCHITECTURAL CONTROL AND ALTERATIONS; COMPLIANCE

Ms. Swisher reported the following:

- Alterations Updates - Resident alteration requests covering the period 04/30/2019 to 9/30/2019 include:
 - 13 alterations were approved by the Board and are in progress.
 - 28 alterations were completed.
 - 5 alterations required clarification by the Board before approval. It is important to note that 2 of these alterations were to install solar systems on 1801 Skycrest Drive. These 2 alterations have since been approved by the Board in accordance with Mutual 4's new solar policy. I want to thank the Board members for spending a number of hours reviewing the alteration packages and supporting this effort.
 - The Alteration Committee appreciates manor owners discussing upcoming large remodels with the Committee before finalizing design changes and obtaining an Alteration Permit. This helps to streamline the process.
- Compliance Updates
 - No compliance issues were identified in any of the above approved alterations.

EMERGENCY PREPAREDNESS COMMITTEE

Steve Adza had 2 different charging devices with him. These can be used to charge cell phones, etc. The EPO meeting covered one of two annual entry coordinator workshops. CERT presented information on HAM radios used to contact the emergency center downtown. On October 8th Mr. Adza attended a GRF plan update for emergency operations procedures.

COMMUNICATIONS COMMITTEE

Ms. Swisher reported that she emailed Carl Brown topics for the newsletter.

POLICY COMMITTEE

A. Status Updates

- Ms. Swisher reported that since the Board Director previously designated as Chairperson of the Policy Committee is no longer on the Board, she will provide the report on behalf of the Committee:
 - The new solar policy was approved at the October 7 Special Board Meeting.
 - There are still open items regarding golfport usage, rent, and

ownership. This is still being researched to update the Mutual Policy.

- According to Tess Haskett, MOD Assistant Controller, the Mutual 4 policy on fines needs to be updated to be in compliance with Davis-Stirling. This remains an open item.
- The Board plans to appoint a new Chairperson to the Policy committee and is requesting Mutual members to volunteer for this Committee.
- The Board plans to appoint a new Chairperson to the Policy committee and is requesting Mutual members to volunteer for this Committee.

OFFICERS REPORTS

1. President: Ms. Swisher reported that she would like to use the President's report as the mechanism for listing any work orders or invoices between \$500 and \$5000 that were signed during the past 2 months 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.
 - AMAC for \$4,760 for cleanup of 1910 Skycrest Drive #6 following a sewer backup.
 - Protera for \$1,615 to perform an asbestos survey at 2152 Tice Creek Drive #1 and #2. This cost will be passed on to the manor owner since it is a result of a leaking water hose within the manor.
 - MOD for \$1,500 to repair / replace a leaking gutter on 2100 Skycrest Drive.
 - Protera for \$845 to perform an asbestos survey at 1910 Skycrest Drive #6.
 - AMAC for \$2,800 for cleanup of 2152 Tice Creek Drive #1. This cost will be passed on to the manor owner since it is a result of a leaking water hose within the manor.
2. Vice President: Not here, report waived.
3. Treasurer: Ms. Perrich gave the Treasurer's report. Based on the Financial Report, as of 8/31/2019, the YTD Reserve Fund ending balance is \$1,563,347 and the YTD Mutual Operating Fund balance is \$84,486. The Reserve Fund shows a deficiency of revenue over expenses of \$10,993 for the month of August and excess of the YTD of \$11,707. The Operating Fund shows an excess of revenue over expenses of \$7,289 for August and an excess of \$20,179 for year-to-date. During August, we had expenditures in Custodial Services, Insurance, and Utilities that were higher than budgeted. Expenditures in Landscape Maintenance, Building Maintenance and Public Works, Professional Services and other General & Administration were lower than budgeted. As previously reported insurance and Utilities are expected to continue to cause deficiencies in revenue over expenses and were taken into account in the 2020 budget. Based on the new Davis/Stirling requirement that the Board perform a monthly review of the HOA financials, Ms. Swisher asked for a motion to certify the Board's compliance with Civil Code Section 5500.

Mr. Schwartz moved to certify the Board's compliance with Civil Code Section 5500. Ms. Perrich seconded and the motion carried without dissent.
4. Secretary: No report.

UNFINISHED BUSINESS

None

NEW BUSINESS

A. Approve 2020 Helsing Reserve Study

Ms. Swisher thanked Paul Donner, Rick West, Rebecca Pollon, and Jo Ann Cooper for working many hours with the Board over the past three months in finalizing the Helsing Reserve Study Report and the 2020 Mutual 4 budget. Their input has been invaluable in developing an equitable Reserve and Operating budget.

The Board spent a great deal of time reviewing the current Reserve Study Report and requested Helsing make various changes to our components lists, expected useful lifetime of certain components, and the addition of new categories for inspections. The purpose of these changes was to ensure all Mutual 4 property was included and to incorporate longer life considerations for higher grade products used in our replacement projects.

California law requires that HOAs have a reserve study done. Mr. West reported that the Mutual gets an annual report. It has the age expectancy for Mutual components such as asphalt, railings, painting of buildings, etc. Some components had been missing so they were added in this time. A few years ago a 10-year spreadsheet was created. Helsing does a 30-year study. We send our plan to Helsing. They try to match it up. The Mutual spreads the work out so the Mutual can handle the cost. The 10-year plan is reviewed annually with the Board.

Ms. Perrich moved to accept the 2020 Helsing Report as presented using the September 27, 2019 document with modifications in the notes. Mr. Schwartz seconded and the motion carried without dissent.

ANNOUNCEMENT

The next meeting is the Regular Meeting scheduled for Monday, November 18th, 2019 at 1:30 p.m. in the Board Room at Gateway.

ADJOURNMENT

Having no further business, the meeting adjourned at 3:58 p.m.



Anne Paone, Assistant Secretary
Fourth Walnut Creek Mutual

***The Board of Directors met in executive session on September 11, 2019 at 1:10 p.m. to discuss the following:

1. Contracts – Nice Can, Davis Plumbing-piping, Sang Electric-copper wiring
2. Member Compliance – Bankruptcy, Tree Pruning, Dog Barking

Having no further business, the executive session adjourned at 4:00 p.m.

***The Board of Directors met in executive session on September 16, 2019 at 3:45 p.m. to discuss the following:

1. Contracts – Davis Plumbing -piping
2. Member Compliance – Bankruptcy-no information
3. Payment Plan – Board to place lien next meeting

Having no further business, the executive session adjourned at 4:30 p.m.

***The Board of Directors met in executive session on October 8, 2019 at 1:00 p.m. to discuss the following:

1. Contracts – Revised Helsing Study

Having no further business, the executive session adjourned at 3:00 p.m.

***The Board of Directors met in executive session on October 11, 2019 at 10:30 a.m. to discuss the following:

1. Legal – Solar Panels-Architectural Review

Having no further business, the executive session adjourned at 12:15 p.m.

***The Board of Directors met in executive session on October 11, 2019 at 1:00 p.m. to discuss the following:

1. Contracts – Revisions to Budget

Having no further business, the executive session adjourned at 3:00 p.m.