

WALNUT CREEK MUTUAL NO. SIXTY-EIGHT

REGULAR MEETING MINUTES OF THE BOARD
MONDAY, JANUARY 22, 2018 AT 1:00PM
BOARD ROOM, GATEWAY COMPLEX
1001 GOLDEN RAIN RD., WALNUT CREEK, CA 94595

Call to Order

President Free called the meeting to order at 1:05 p.m.

Roll Call

Directors Present: Brant Free, President
Diane Mader, Vice President
Dwight Walker, Treasurer
Gail Todoroff, Secretary
Bill Dorband, Director

The Mutual Operations Division was represented by Rick West, Building Maintenance Manager; Kelly Mattison, Board Services Coordinator; Rebecca Pollon, Landscape Manager; also present was Michael Cochrane, Melissa Ward, and Lena Regee of Hughes Gill Cochrane and Tinetti.

Board President Free welcomed the membership, staff, and thanked everyone for their attendance.

Approval of Meeting Minutes

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

Regular Meeting of the Board November 27, 2017

The minutes to the aforementioned meeting were approved with a motion.

Moved, Seconded, Carried 5-0

Announcements

The next meeting of the Board will be held on Monday, February 26, 2018 at 1:00 p.m. in the Board Room at Gateway.

Members' 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.

Update on Soil Stabilization & Remediation @ 3101/3103 & 3113 Grey Eagle Drive: Bill Dorband and Michael Cochrane

Steve O'Conner with ESR was not present at the meeting due to the flu. Director Bill Dorband presented a slide show with photos to update the members on the progress so far. Since the original plan showed landslide movement that would affect 3113 Grey Eagle Drive, the design of the retaining wall was altered to insure it would not move.

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Michael Cochrane gave a report in the absence of Steve O'Conner based on a conversation with ESR foreman Tony Romo. The first row of tiebacks is completed. The tiebacks will be tested and then the second row of tiebacks will be done. It is approximated that it will take 10-14 working days to complete the second row of tiebacks, back fill, and drainage work. Mr. Cochrane noted the change order magnitude, indicating that the original proposal did not include this second row of tie backs and wall extension. After the test trench results it was redesigned causing a \$200-\$250k increase. This redesign would become an additional claim and it is anticipated to be a "covered loss". The redesign is more robust and will go down 25 feet below bedrock. It will have 14 foot "I" beams in a concrete base and two sets of expanding tiebacks going down between 15-17 feet that will shift dirt away from 3113. When this is complete, the tiebacks will be protected by a moisture shield and drainage.

Status of Our Insurance Claims

The Mutual 68 attorney Michael Cochrane reported the following: The cost of land stabilization and remediation is projected to be about \$4.4 million. Claims have been made and coverage has been accepted by the 3 insurance companies, subject to documentation. The 3 insurance companies are Lexington, Lloyds of London, and XL Catlin. The Mutual has received a partial payment from Lexington in the amount of \$400,000. The Mutual expects an additional \$1.4 million from Lloyds of London and \$200,000 from XL Catlin in the near future. Some items that will not be covered by the insurance policies include legal fees and all Cal Engineering invoices. Cal Engineering is not covered because they are the agent hired by the Mutual to oversee the process.

Financial Report/Finance Committee Report: Dwight Walker, Treasurer and Judy Box, Chair of the Finance Committee

Enclosed herein as "Attachment 1", the October 2017 financial report/dashboard was presented. Some highlights of Dwight walker's presentation include the following:

1. The Mutual's cash position is in good shape, except for the Replacement Reserve Fund which needs to grow over the next several years in order to keep the Mutual in sound financial position.
2. The current plan is to maintain a "Rainy Day" balance of \$700,000 in the Land Stabilization Fund for a few years to provide for unexpected contingencies related to the 3101/3103/3113 project.
3. The Finance Committee made a recommendation to transfer \$150,431 from the Land Stabilization Fund to the Replacement Reserve Fund, once additional insurance proceeds are received. That amount represents expenditures out of the Replacement Reserve Fund in 2015/2016 that are being reimbursed by insurance.
4. The Committee projects that the Land Stabilization Fund, once all expenses have been paid and all insurance proceeds are received, could be able to distribute approximately \$13,000 to each homeowner. Lump sum payments would be made to owners (of record on the date of distribution) of manors where \$17,000 assessment was paid in a lump sum. Homeowners who took advantage of the loan program would see a reduction of \$13,000 in their principal balance and a resulting decrease in their monthly payment. The process of paying all expenses and collecting all insurance proceeds could take many months, so homeowners need to be patient as this process moves

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forward.

5. As a condition for obtaining the Special Assessment loan from Mechanics Bank, Mutual 68 agreed to keep its money in Mechanics Bank in non-interest-bearing accounts. Rick Chakoff, GRF CFO and Mutual 68 Assistant Treasurer, is working with Mechanics Bank to revise this situation now that the insurance proceeds are being received and the Mutual is in a stronger cash position.
6. A Task Force will be set up to look into the Directors and Officers policy and costs of Earthquake insurance. Current Members include Michael Wener and Trudi Valachi.

A motion was made to transfer \$150,431 from the Land Stabilization Fund to the Reserve Fund, upon the receipt of insurance proceeds from Lloyds of London and XL Catlin. The amount represents money spent out of the Reserve Fund in 2015 and 2016.

Moved, Seconded, Carried 5-0

Building Maintenance Report/Building Maintenance Committee: Rick West, Building Maintenance Manager; Mike Casey, Chair of the Building Committee

Rick West presented the following report:

Action Items:

1. Phase III Painting Proposals out to bid (Estimates presented to the board in Executive Session).

Work In Progress:

1. 513 SO - Front Landing Dry rot repairs - Contractor Empire Works Cost \$3,110.00 (Work in progress).
2. Timberline Roofing Ph. I - Roof repair and valley replacement for 21 bldgs. - Completion of punch list items. (Work in progress).
3. 2966 SI - Retaining Wall Repairs - Contractor Acustruct Contract - \$69,260.00. Scheduled start date January 22 2018. (Weather Permitting). McLarens has completed inspections for the Insurance Claim. Structural engineer Dave Olnes finalized plans for the City permit.

Completed:

1. MOD roofing and carpentry crews sealed all identified open spaces on the roofs, walls and foundation for all reported locations. (Completed).
2. Utility closet repairs for 18 closets - Five Star repairing drywall and foam around pipes (Completed).
3. 2852 SI and 598 High Eagle - MOD investigation of high water bills. (Completed).
4. 517 SO Front Landing Repair - Contractor MOD cost \$1,800.00. (Completed).

Landscape Report/Landscape Committee Report: Barbara Blum, Chair of the Landscape committee; Gail Todoroff, Board Liaison to the Landscape Committee; Rebecca Pollon, Landscape Manager

Barbara Blum gave the following report:

- The committee is looking for a Saklan Indian landscape zone rep
- Continuing to have residents pay for the back areas to be rehabbed by consulting with

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- Brightview rather than wait for the Mutual to pay for the work
- Brightview has added color to most of the color spots throughout the community and it looks great
 - Landscape Committee meets tomorrow at 9:00 a.m. at the Gateway MPR #3...open meeting, residents are most welcome to attend
 - Will solicit input from residents when it is time to consider how to landscape the new, enlarged Sunset Park
 - Contact your Landscape Rep to discuss concerns if calling the MOD work order desk will not be able to handle the issue. MOD work order desk should be contacted if you wish for shrubs to be pruned or dead plants to be removed, pest control needed. Other issues should be addressed to your zone rep.

Landscape Manager Rebecca Pollon reported the following:

LAWN MAINTENANCE: Turf is being mowed every 2- 3 weeks, irrigation is off.

ENTRY MAINTENANCE: Crews are cleaning remaining leaves from beds, then will begin winter pruning of large shrubs including Oleander and Hypericum. Pre-emergent weed control is occurring now

TREE MAINTENANCE: No current activity, some small proposals pending

LANDSCAPE REHAB: Resident funded projects are in process (6 currently)

BOARD DISCUSSION: Lawn replacement near 2816 Saklan Indian - Pending board decision

Vermin Elimination and Remediation: Diane Mader, Vice President

Vice President Diane Mader reported that we still have a problem, that rodents can cause very expensive damage by chewing on cables, ductwork, sheetrock, and water drains in the garages, some of which can also lead to fire damage. The Board requests that residents with a problem notify MOD at 925-988-7650. Owners can also contact Contra Costa County Mosquito and Vector Control at 925-771-6172 to come out and provide a report of the source of the problem and what needs to be done.

President's Report: Brant Free

President Free reported that he informed other Mutuals about how M68 communicates at the most recent President's Forum. Solar and EV charging stations were also discussed. GRF is looking into installing 10 charge stations at Gateway, 10 at Tice Creek, and another 10 at Dollar.

Report of Other Standing Committees

Community Information Committee: Vickie Hipkiss, Chair – a report was not presented

Data Base Committee: Vickie Hipkiss, Interim Chair – a report was not presented

Social Committee: Wendy Dorband, Chair – a report was not presented

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Welcome Team: Casey Dixon, Chair – a report was not presented

Unfinished Business

Policy on Security Cameras and Other Security Devices:

The Board is developing a new policy on surveillance devices. Lena Regee from Hughes Gill Cochrane and Tinetti spoke on the policy and provided background information as to why the Mutual is looking to develop this draft.

Possible Changes to our Solar Installation Policy:

The Mutual already has a solar policy in place and is looking to revise the policy since the law has recently changed. Melissa Ward with Hughes Gill Cochrane and Tinetti was present to speak on behalf of the new solar law signed by the Governor in October 2017 and the necessary changes to the Mutual's current policy to be compliant with the law change. The law change includes the elimination of member approval and the requirement of a site survey.

The proposed policies will be presented to the members for a 30 day comment period prior to the Board considering adopting them once the drafts are finalized.

Mutual Insurance Requirement for EV Charging Stations:

The Board discussed how their policy requires owners with EV charging stations to have an additional policy with the Mutual named as additionally insured and steps are currently taken to insure this happens. It was discussed that this requirement has to be met prior to approval of the alteration permit for the charging station and is verified in the alteration approval process.

New Business

Review of Alteration Permit #41226:

The Board reviewed the alteration permit # 41226 for 627 Shadow Hawk to do a wall removal between the living room and dining room. A motion was made to approve the alteration permit #41226.

Moved, Seconded, Carried 5-0

Adjournment

President Free adjourned the meeting at 3:29 p.m. and the Board moved into Executive Session.

Executive Session Summary

The Board met in executive session to discuss a third party contracts for painting.

Secretary's Certificate

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



Assistant Secretary

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Attachment 1

Mutual 68 Financial Dashboard December, 2017					
	Operating Fund	Replacement Reserve	Land Stabilization		
Cash and Investments:				Int Rate	Notes:
City National Bank Checking Operating	18,106	-			Residual Lock Box Activity and Balance
Shea Settlement in Escrow		15,022			Shea Escrow fund held by Attorney
Mechanics Bank	201,271	409,045	834,861	0.00%	Non Interest Bearing per Loan Agreement
Total Cash and Investments	219,377	424,067	834,861		Land Stabilization: \$83 +30 days
Resident Accounts Receivable	6,653		687,371		Op Fund: \$6,121 +30 days (3rd Party) & \$532 short pays
Accounts Receivable Other			1,600,000		Insurance Proof of Loss Docs filed for payment
Accounts Payable	25,579	17,556	60,228		
Due to (from) other Funds		15,018	(15,018)		
Mechanics Bank Loan Payable	-	-	687,760		
Ending Fund Balances	174,764	402,784	2,384,952		
				Major Op Budget Variances:	Fav/(Unfav)
YTD Revenue:				Revenue-MOD Dividend	5,158
Actual	1,824,890	536,038	6,010,965	Member Assessments 3101/3103	(7,634)
YTD Operating Budget	1,826,684			Painting	(5,750)
Total Year Reserve Budget		536,477	3,995,000	Unscheduled Contingency	(6,780)
Operating Fav/(Unfav)	(1,794)			Rain Leaks	(16,609)
Reserves Remaining Budget		439	2,015,965	Lighting	(4,588)
YTD Expenses:				Tree Removal/Maintenance	(4,543)
Actual	1,800,944	825,944	3,625,694	Pest Control	13,520
YTD Operating Budget	1,826,671			Insurance incl. shared deductible	(7,443)
Total Year Reserve Budget		817,450	3,995,000	Water Variance:	55,994
Operating Fav/(Unfav)	25,727			Water bills 12/2016 YTD \$251,298	
Reserves Remaining Budget		(8,494)	369,306	Water bills 12/2017 YTD \$244,006 -3%	
YTD Excess(Deficiency)Rev over Exp:				Identified Major Variances Total	21,325
Actual	23,946			Water Bills for 10.16-12.15/2017	
Budget	13			Irrigation gallons/day: 16k vs 3k LY	\$9,820
Fav/(Unfav)	23,933			Resident	17,435
				Fire Safety no usage	2,715
				Total	\$29,970
Reserve Fund Expenses Projection				Reserve Fund Expense Notes:	Fav/(Unfav)
2017 Budget		817,450	3,995,000	Rehab for Painting	(121,944)
Commitments by Board to Date		825,944	4,377,116	Red Wing Retaining Wall	(10,160)
% Committed		101%	110%	Deck Seep Holes/Coatings	(18,079)
ESTIMATED Insurance Proceeds			4,200,000	Roof Valley Replacement	(54,307)
% ESTIMATED Recovery			96%	Concrete/Drainage Maintenance	(11,721)

Attachments: Balance Sheet, Op LSFund and Reserve Income/Expense Detail and Reserve and LSFund Projections