

## MINUTES

### WALNUT CREEK MUTUAL SEVENTY REGULAR MEETING OF THE BOARD OF DIRECTORS THURSDAY, SEPTEMBER 15, 2022 AT 2:00 P.M. ZOOM

President Herma Lichtenstein opened the meeting at 2:00 p.m. Directors David Kirkpatrick, Jeff Cheung, Janet Maleski, and Wally Brohaugh were present.

Three resident members were present.

Staff was represented by Paul Donner, Director of Mutual Operations; Rick West, Building Maintenance Manager; and Anne Paone, Assistant Secretary. Steve Ormond, Landscape Supervisor was excused. John Tawaststjerna. Landscape Manager was excused.

#### CONSENT CALENDAR

The consent calendar consisted of:

- a. Approval of Minutes: Regular Meeting Minutes – July 21, 2022  
Executive Session Minutes – July 21, 2022  
*Ms. Lichtenstein asked for any additions or corrections to the minutes. Hearing none, Ms. Lichtenstein declared them approved.*

#### MEMBERS' FORUM

Members Forum was held, but no questions were asked or comments made.

#### SECRETARY'S REPORT

No report.

#### LANDSCAPE

Ms. Lichtenstein gave the following report:

The landscape committee met on Sept 13<sup>th</sup>.

1. Brightview gave an update on work performed over the last month with the majority being routine maintenance.
2. The committee continued the discussion on possible bench placements in several areas. As noted previously, three to four areas have been tentatively identified, including a possible outlook off the sidewalk between Entry 4 and 7. The committee will include these areas along with cost proposals for consideration in the December rehab days.
3. Linda Ostro, the Entry 7 rep continues to work on landscape enhancement plan for the area impacted by the heritage oak removal. The plan was discussed at the meeting and will be incorporated in the December rehab days. Anticipated materials budget for the area is \$6000. In addition, Linda has volunteered to look into the possibility of State Grant for pollinator habitat restoration. We plan to include the oak

area as well as a request to cover the cost of broadcast seeding of wildflowers on several bare hillside areas.

4. The committee is compiling a by entry rehab list for the December MOD days. Items include retaining wall replacement in Entry 8, Oak replacement planting Entry 7 and 5, replacement planting in all entries and mulch.
5. Warner Brothers had completed building cutbacks for this year. Additional deadwood pruning will occur early 2023.

*Ms. Lichtenstein moved to award T&M to Brightview with a NTE amount of \$22,000 to replace perimeter drains at 3316 Terra Granada. Mr. Brohaugh seconded and the motion carried without dissent.*

A voice vote was taken. Herma-yes, David-yes, Jeff-yes, Janet-yes, Wally-yes

## BUILDING

Mr. West presented his report as follows:

### ACTION ITEMS: Proposals for review or Approval

1. Termite inspection and treatment for Phase I Buildings and carports in Entry 2. Section 1 Dry Rot Items out to Bid.

Termite inspection and treatment for Phase II Including 10 Buildings and carports in Entry 3 & 4.

*1265 AS dry rot repairs – GBG Estimate \$2,490.93 / 1285 AS dry rot repairs – GBG Estimate \$2,490.93.*

No action needed – each estimate is under \$5,000.

### INFORMATIONAL ITEMS: Work scheduled, In Progress or Completed

1. Exterior Main Electrical panel inspections. This bid is only for the 6 – 12 Unit Buildings.

Including the remaining 11 – 600 AMP Exterior panels for these buildings.

Bids for interior sub panel inspect cost also asked for.

Contractor: KR Electric.

Estimate \$385 for each interior and exterior panel inspected. (Includes Thermal Scan & Antioxidant Compound).

Total Estimate \$ 4,235.00 Scheduled for Thursday 9/22.

2. 1277 AS Building – Window leaks caused exterior Dry Rot - Repair Work.

Contractors: ASM / GBG: Estimate to date \$45,062.78.

Additional Dry rot repairs were found during new window installation.

MOD is waiting for GBG Change order Estimate and City Permit.

GBG C/O #2 Estimate \$34,403.86

3. 3425 TG – Garage wall dry rot and Garage roof repairs.  
GBG Estimate \$9,967.53
4. 3747 TG – 600 Amp. 5-meter Main Electric Panel replacement. Contractor: KR Electric - Cost \$10,452.68.  
Contractor is currently waiting for PG&E letter and City permit.
5. 3316 TG - Building Foundation Tie Beam Support Project. Contractor is waiting on City Permits.  
*Project was awarded to John Carpenter Construction and is schedule to be completed in October 2022.*
6. Senate Bill SB326 - Structural Engineers inspection of elevated mutual components – Contractor: FWC - The project will be completed in 4 phases over 4 years.  
  
Phase I Inspections were completed in 2021.  
Phase II Inspections have been completed in 2022 .  
Total Project Cost \$121,989.00.  
Currently waiting for Phase II Engineering Report.
7. 3425 TG Sewer line and storm drain maintenance. Contractor : Five Star.  
All of the building Storm Drain Lines are now free flowing.  
Sewer Line Inspection and cleanout in progress.

### GOVERNING DOCUMENTS

Mr. Kirkpatrick reported that the operating policies are being divided up between Board directors and they are to send any comments back to him by December 1<sup>st</sup>. Mr. Kirkpatrick stated that the Solar and EV indemnity forms were adopted but he was not clear on who should be signing them.

Ms. Lichtenstein advised that he contact Bill Parsons. Email the form to him and ask him to include it as part of the alterations.

### COMMUNICATIONS

Ms. Maleski reported that the committee is planning for the next newsletter. It will have a trash column every time it is published. She asked the Board to agree to support a get-together for a “Get to know your neighbor.” Ms. Lichtenstein stated that the Board should get the suggested date ahead of time, with at least four months’ notice. A thank you party was discussed. Ms. Lichtenstein asked Ms. Maleski to look into the cost. They should consider finger foods and wine. Ms. Maleski would like to have a get together for new residents. Ms. Lichtenstein said it could be small and may be held at someone’s house. They could start in the Spring. Mr. Kirkpatrick suggested topics for the newsletter. An article about who is interested in a water committee and traffic safety.

### TREASURER’S REPORT

Mr. Cheung gave a PowerPoint presentation.

He reported that no August financials were available. Slides with information was presented as follows:

3. Most of our insurance policies are on a calendar year. The most significant being the

master property policy.

- a. Under a calendar year schedule, our actual premium is not known until December.
- b. Therefore, there is budget premium risk for the entire 12 months (except for two Mutuals that have changed their fiscal year, they have budget premium risk for 3 months)
- c. We can change our master property policy to begin on Oct 1<sup>st</sup> and end on Sep 30<sup>th</sup>.
- d. The premium should be known by September, and the premium risk would be reduced to 3 months (except for the two Mutuals with a different fiscal year; they would have a 6-month budget premium risk).
- e. The negative aspect to this potential change:
  - There would be a high probability for 2 rates changes in calendar year 2023, depending on market conditions.
  - The 2023 insurance year would begin in Jan 1, 2023 and end on Sep 30, 2023. Short year of 9 months.
  - The new fiscal insurance period would be from Oct 1, 2023 to Sep 30, 2024. 12 months spanning to calendar years.
  - Therefore, a second premium rate increase could occur for the period of Oct to Dec 2023.

What We Know:

- Per Paul Donner our estimated insurance cost increase will be less based on risk allocation methodology. Net increase 24.5%. However, agent has been off by 4% - 50% over the past 5 years
- Will need to borrow from RF to pay for insurance premium. Est \$225,000+
- Water: EBMUD Tier II Drought pricing...increase of 8% effective 7/1/22
- \$64,000 ATT Dispute
- 2023 MOD Mgt Fee: increase to \$59 from \$56
- GRF is stressing importance for Mutuals to build up working capital to handle extraordinary & uncertain increases in insurance costs.
- Reserve Fund Study: First round Helsing study showed 2023 RF expenses increasing from \$800,000 to 1,700,000 and 2023 coupon component of 460. Several significant areas of questions on 2022-year end forecast and 2023 increases. MOD will be or has submitted changes to Helsing.
- We have met with Melissa Ward to clarify process and steps for a SA or ESA
- Maintenance and reserve fund projects must continue
- Inflationary & process, supply chain timing pressures on all work
- We are at the point where postponing projects or maintenance work will only lead to increase deterioration & costs in our buildings and common areas. We have an aging infrastructure
- Continued dry rot discovery & possible need to accelerate RF Projects

What We Don't Know:

- Will not know final insurance costs until Jan/Feb of 2023.
- Amount of RF borrowing a function of final insurance costs
- EBMUD: will Tier II surcharge apply to all of 2023? If mandated what will a Tier III surcharge be?
- ATT: more aggressive fact gathering

- Confirm 2023 GRF component 7% increase
- Reserve Fund Study...waiting on next round
- Building Committee Updates on project carryovers and costs overruns
- We have significant uncertainty dealing with extraordinary insurance costs and final outcome of ATT dispute and rates

Mr. Cheung reported on growing the Operating Fund and the Reserve Fund.  
Mr. Cheung stated we are paying off the 2018 RF Borrowings (\$85,000).

#### EMERGENCY PREPAREDNESS

Ms. Lichtenstein reminded everyone that this is fire season and to be safe.

#### PRESIDENT'S REPORT

Ms. Lichtenstein reported that they got a preview of the Gallagher database and think it may solve some of the problems that Jenark cannot handle.

#### OLD BUSINESS

None

#### NEW BUSINESS

None

#### ANNOUNCEMENTS

The next meeting – Board Meeting: Thursday, October 20, 2022 at 2:00 p.m. – Zoom

#### ADJOURNMENT

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



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Anne Paone, Assistant Secretary  
Walnut Creek Mutual Seventy

