

MINUTES  
FOURTH WALNUT CREEK MUTUAL  
FRIDAY, DECEMBER 2, 2016 AT 11:00 A.M.  
FIRESIDE ROOM – GATEWAY

President Cardinal called to order a regular meeting of the Board of Directors of Fourth Walnut Creek Mutual at 11:00 a.m. on Friday, December 2, 2016 in the Fireside Room at Gateway complex, 1001 Golden Rain Road, Walnut Creek, California.

ROLL CALL: PRESENT:	Donald Cardinal	President
	Sara Seltzer	Vice President
	Mike Leinbach	Treasurer
	Nancy Partovi	Secretary
	Diane Buonaccorsi	Director

EXCUSED: None

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

Guest Speaker – Paul Brown of Ned Clyde Construction

Mr. Cardinal welcomed 100 residents in attendance.

INSPECTOR OF ELECTIONS

*Mr. Leinbach moved to appoint Anne Paone as Inspector of Elections for the Board recall. Ms. Partovi seconded and the motion carried without dissent.*

PRESENTATION:

Mr. Donner began the presentation by reviewing what comprises the Helsing Report. He explained the reason that the reserve fund has dropped is because the reserve contribution was kept low to keep the coupon flat.

Mr. Donner reviewed the budget for 2017 and the coupon. He reviewed an assessment vs. a coupon increase. The Board may do a special assessment without the membership's vote up to 5% of the budgeted gross expenses for the fiscal year. An emergency assessment where there is a threat to personal safety on the property may be imposed without prior member approval.

The reserve fund balance at the end of 2016 will be \$889,000. The reserve fund balance at the end of 2017 will be \$654,000. The loss in the reserve fund will be \$235,000.

Mr. Donner reported that the increase for the Tice Creek building project will be \$43.71 on the coupon. It will be on the coupon for 2017 and 2018 to pay the estimated \$300,000 allocated for the repairs. No one can predict what new costs may need to be added to the coupon in the future.

Mr. West finished the presentation by reporting that GEC was hired as the consultants. They took measurements and then did them again 6 months later to compare. The building did not move any further at that time. They did a core sampling by boring down to the bedrock for samples. Geotechnical Engineering Consulting (GEC) reported to the Mutual. They checked for any faults or seismic activity. It came back negative.

Bertolami Engineering did the structural report. They made some recommendations for underground drainage. They will do a scope later to check for interior damage to sheetrock, floors, etc. A pier system will be used to shore up the foundation. There will be a moisture barrier under the building.

Paul Brown of Ned Clyde Construction gave a presentation following Mr. West. They specialize in construction repairs. Mr. Brown stated that foundation underpinnings are a great fix for settlement issues. Floor surveys are good to check for leveling. Most homes go through some settlement of maybe  $\frac{3}{4}$ " to 1". Weight causes the settlement. The soil under the foundation can be bad causing additional settlement.

Mr. Brown explained how they do underpinnings. The short version is as follows: They dig out areas called pits around a portion of the building. They push a 3" hollow pipe down. They go down about 30 feet. The pipes are spaced every 6 feet. They cut the pipe off about 6" from the bottom of the pit. They fill the inside of the pipes with concrete. Then they fill the pit with concrete. They lift the entire foundation off the ground to make it level.

### RESIDENTS' FORUM

Throughout Mr. Brown's presentation and after, the residents had many questions.

How long does it take? *P.B.- About two to two and a half months to complete.*

Do you work all year round? *P.B.-Yes.*

Do you inspect all buildings? *P.D.-When a problem arises they look into it.*

If more buildings fail will residents have to pay? Will GRF pay? *P.D.-Each Mutual is responsible, not GRF. This is a good reason to build up reserves.*

What is the root cause of problem? *P.B.-The Bay Area has soil that expands and contracts, so it pushes up on foundations. Moisture causes soil to expand. Foundations resist being pushed. This causes gaps. Soil doesn't fill back in. Over years you get settlement.*

Have you talked to insurance company? *P.D.-This is not an insurable event. Did not talk to Gallagher, but he can do so. P.B.-We have done about 950 of these and the insurance companies don't cover them.*

Did we pay for the studies that were done? *R.W.-Yes, GEC and Bertolami were paid.*

Can't people with larger units pay more money on the coupon? *P.D.-Governing Docs don't allow that.*

What kind of drainage work will be done? *P.B.-Putting in French drains.*

Does Ned Clyde provide guarantees? *P.B.-10-year state required guarantee.*

Best month to start work? *R.W.-Can start anytime.*

Why not assessment instead of on the coupon? *P.D.-Assessment was discussed. The Board has a fiduciary duty and decided at this time the coupon is the best method.*

Addressed costs for other issues? *P.D.- Too early to address that, but trying to build up the reserves.*

Are owners responsible for damage to interiors? *P.D.-This is included in the budget for repairs. Residents are responsible for personal property.*

Drainage? *P.B.-the front of the structure will have French drains that will capture most of the water.*

Can the Board raise the coupon 5%? *P.D.-The board may raise the coupon up to 20%. Special assessment up to 5% of annual budget. No vote required for either.*

Average reserves for other Mutuals? *P.D.-It depends. They are all different.*

Will the current drainage be removed and replaced? *P.B.-We are putting in all new piping.*

Will this affect resale values? *P.D.-I am not a real estate person so I don't have an answer.*

Real Estate Agent-Desirability is high in our Mutual. FHA loans should come back. We can then have reverse mortgages. Special Assessments impact lending. Some lenders won't fund a loan.

A resident reported that she pays \$140 now for Comcast. In January, she will only pay \$36. A resident stated that there needs to be better communication between residents and the Board. He would like to attend the budget meetings.

A resident stated that she would have liked a choice between the coupon or assessment.

A resident stated that members shouldn't interrupt the Board. There should be more respect on both sides.

A resident stated that communication is essential. He would like the PowerPoint presentation to be placed on the website.

#### ANNOUNCEMENT

The next regular board meeting is scheduled for January 16, 2016 at 1:30 p.m. in the Board Room at Gateway.

#### ADJOURNMENT

Having no further business, the meeting adjourned at 12:55 p.m.

/s/ \_\_\_\_\_  
Nancy Partovi, Secretary  
Fourth Walnut Creek Mutual