

WALNUT CREEK MUTUAL EIGHT
REGULAR MEETING OF THE BOARD OF DIRECTORS
TUESDAY, JULY 19, 2016 1:00 P.M.
GATEWAY BOARD ROOM
1001 GOLDEN RAIN RD., WALNUT CREEK, CA 94595

President Cindy Ware convened the Regular Meeting of the Board of Directors of Walnut Creek Mutual Eight at 1:00 p.m. on Tuesday, July 19, 2016 in the Gateway Board Room, 1001 Golden Rain Rd., Walnut Creek, California 94595.

<u>ROLL CALL</u>	PRESENT:	Cindy Ware Craig Miller Bob Eisner Joanne Bosley	President Vice President Secretary Director
	EXCUSED:	Denise Lester	Treasurer

Mutual Operations staff was represented by Paul Donner, Mutual Operations Director; Rick West, Building Maintenance Manager; and Sharon Fees, Board Services Coordinator.

Fourteen additional Mutual members were present.

Cindy Ware asked staff, volunteers, and additional mutual members to introduce themselves. Ware welcomed the Board Directors, staff, and other Mutual members. She thanked everyone for their attendance. Ware also welcomed especially our new GRF representative, Carl Brown. This is the first board meeting in memory which our GRF board member has attended.

INSTALLATION OF NEW BOARD DIRECTOR

Joanne Bosley was installed as a new director and took the oath to be on the Mutual Eight Board. Bosley was welcomed and congratulated by a round of applause from the assembled group.

APPROVAL OF MINUTES

Craig Miller moved and Bob Eisner seconded to approve the minutes of the Annual and Organizational Meetings held on May 3, 2016. The motion passed unanimously.

STAFF REPORTS

Landscape Report – Paul Donner for Rebecca Pollon

All turf areas are being mowed weekly. Irrigation is set to 80 percent, although here in Mutual 8 water is being monitored by individual stations. Residents are encouraged to report dry spots as soon as possible should they appear.

Crews continue small shrub pruning and spot spraying of weeds.

There is currently no tree work scheduled. Waraner handles all work orders for tree pruning requests.

State and EBMUD water-use restrictions have been lifted and the 25 percent surcharge has been dropped. However, a regular annual rate increase of seven percent has been implemented.

The MOD landscape crew completed the spring project days. The next scheduled days are in mid – late September. Eight days are available for work projects.

FINANCIAL REPORT -- Paul Donner

As of June 30, 2016, there is \$63,643 in the Operating Account and \$357,000 in the Reserve Account. MOD distributed a dividend from 2015 surplus revenue to the Mutuals. Mutual Eight's portion was slightly over \$3,000. Year to date the Mutual is running close to budget. Paul has asked Rick West to look into a higher than expected lighting expense of \$2800 to date this year. 2017 budget meetings with MOD will begin in mid-August.

BUILDING MAINTENANCE -- Rick West

2016 Roofing Project: The DuraLast Flat Roof installation is to take place on buildings 1110, 1108, 1154, and 1256. New gutters and downspouts are to be installed on buildings 1108, 1154, and 1256. The budget for this work is \$117,500. Sorenson Roofing was unanimously approved by the Board to perform the work for \$88,916. 1100 Skycrest is complete and 1108 Skycrest was expected to be completed by July 15. The crew from Sorenson will then return on August 8 to begin work on 1154 and 1256 Skycrest and they are estimated be finished by the end of August. Delays have developed at the factory. DuraLast and the metal manufacturers (gutters, flashing and downspouts) have not been able to keep up with the unusually high demand for product that has developed this summer.

1232 Skycrest Pipe Replacement: Davis Plumbing completed replacement of the main line under the building from galvanized metal to copper as well as the work at units #1 and #2. Thus far, the total cost for the plumbing has come to \$18,000. The plumbing cost per unit will be approximately \$4000 - \$4700 per unit plus approximately \$10,000 each for the main lines in 1232 and 1208.

Five Star is completing the drywall replacement. The Board approved the current portion of the project to cost an amount not to exceed \$20,000. West will inform the Board if the cost goes beyond the approved amount.

Carport Light Fixture Replacement: Sang Electric will be performing this work to change out the old fixtures with more cost effective LED lighting for the amount of \$6,500. This work is scheduled to begin the week of July 18.

Inspection and Cleaning of Lateral Sewer Lines: Mark Stoddard was approved to perform this job for an amount not to exceed \$5,000. He will video pipes where there are blockages and then get a separate bid for replacement, if necessary. This is currently a work in progress.

West fielded Director questions and comments.

PRESIDENT'S REPORT -- Cindy Ware

Denise Lester is looking for a replacement for her current position on the Board, due to the time-consuming medical challenges that both she and her daughter face.

Cindy Ware announced that she will no longer serve as President after the next Annual Meeting slated for May 2, 2017. She will have served three years as president and one additional year on the board. More importantly, her energy level continues to be at about 40% of normal, due to the stroke that has restricted her right side since January, 2016. Ware will remain on the Board to finish her term and has offered to be the Landscape Committee chair.

The board and all residents are asked to think about future board and committee members. In particular, Ware asked for more volunteers for the Emergency Preparedness Committee and for a replacement for chair Cheryl Gray, who has resigned due to the extended time she and Bob spend in Mexico.

COMMITTEE REPORTS

FINANCE -- David Bosley

Bosley noted that while year to date Mutual Eight is running slightly over the operating budget, the Mutual is doing very well, pending any surprises. Many of the operating expenses are fixed; a small proportion of them are variable, depending on needs that arise from year to year. Year to date, the Mutual is under budget in its reserves spending.

For 2017, the Committee will be making spending recommendations on re-roofing of 1268, 1284 and 1300 for an estimated cost of \$75,000. We will also continue the re-piping, lighting upgrades and some painting. Total anticipated costs for the Reserve

Fund next year will be \$142,000. The Committee will recommend to the Board to increase the budget for appliance repair by \$10,000 for 2017. The costs for these items will most probably necessitate an increase in the Reserve portion of the coupon.

LANDSCAPE – Cindy Ware for Jeanette Mungiole

Ware reported that Rebecca Pollon assumed the Landscape Manager position as of May. She is doing an excellent job. With her advice, we will replace the unhappy plants in our new drip perennial garden with colorful low-water plants.

Water is one of our larger costs over which we do have some control. And as a reminder, we have one meter for both the personal water use of all residents *and* all water for landscaping.

We still need to conserve water, regardless of the removal of the EBMUD limits of 2 days/week. The rates keep going up dramatically and this precious resource is not unlimited:

<u>EBMUD bill mid-June to mid-/July:</u>	2013: 50,490 gal/day totaling: \$7872
	2016: 22,674 gal/day totaling: \$5654

Water reduction from 2013 to 2016:	55%	
Cost reduction from 2013 to 2016:		28%

IF we had “kept things the way they used to be” and had used as much water from mid-June to mid-July this year as in 2013, our one-month EBMUD bill would have been well over \$11,000. To continue the hypothetical example, that would have required an increase in the August coupon of over \$50 per manor.

We have choices. Grass is the thirstiest plant. Had we kept all the lawn areas we have converted and kept irrigation frequency the same, and had our residents not decreased their personal water use, we would have needed to make a huge increase in our monthly coupons to pay for the increase in our EBMUD bill.

EMERGENCY PREPAREDNESS – Cindy Ware

Cindy Ware reminded the assembled group to be prepared to shelter in place for at least three days and perhaps longer in the event of an emergency. *That involves having sufficient water, food and medications stored to take care of ourselves.* Ware stated that there is interest in scheduling a drill, which also will include serving food, once we are gathered in designated places.

SOCIAL -- Sally Kennedy

The annual Small Bites Social celebration will be held at Dollar Clubhouse on Friday, August 12 between 5:30 and 7:30. An invitation will be sent out to residents. Attendees are asked to bring an appetizer to share. The August Snack and Chat is cancelled.

MEMBERSHIP -- Linda Jorgenson

Cindy Ware thanked Linda for volunteering to chair Membership after the request was made at the May Annual Meeting. New members are Frank and Pauline Pacheco, 1312 #2, Aline Fredette, 1312 #4; and Josephine Moseley, 1300 #5.

OLD BUSINESS

Water quality and pressure with galvanized pipes:

David Bosley asked that the water pressure be increased for building 1232 now that this first phase of re-piping is complete.

Units must be re-piped two at a time with upstairs and downstairs units updated together. The Finance Committee of David Bosley, Rod Weimer, Bill Northlich and Bob Viator have put a lot of time and thought into making this an efficient process.

Blue Binder Distribution Update:

Every household is required to maintain a blue binder of governing documents. Updated binders are available for \$15, the cost of the printing and the binder.

Laundry Machines:

Craig Miller reported that the all of the laundry machines and coin boxes are functioning properly.

Drainage Study:

This study has just begun. Contra Costa County Sanitary District (CCCSD) is responsible for the *main* sewer lines; the Mutual is responsible for all of the *lateral* lines that connect our buildings to the main lines. Mutual Eight hired Stoddard Plumbing to provide preventive maintenance by checking the lateral lines and performing repairs and/or root mitigation, if necessary. Roots of redwood trees and other trees and shrubs in search of water penetrate junctions and cracks in the terra cotta pipes.

NEW BUSINESS

David Bosley explained that the Helsing Reserve Study, mandated by the state of California, is a 30-year study of the major components of the mutual (roof replacement, painting, asphalt, lighting, et al), their life spans and what it is going to cost to repair or replace them. The amount of funds we save in our Reserve Fund is based on these cost projections.

Two things can happen if our Reserves are underfunded:

- the need may arise for a special assessment to make up the difference between our funds in reserve and the cost of necessary repairs
- perspective buyers may anticipate the need of a future assessment and pay the present owner a lower purchase price

Our present level of Reserves is at about 40% of full-funding, i.e., we have on hand about 40% of the savings we would need. Another mutual recently had a special assessment of \$14,000 per manor to cover immediate repairs. David Bosley stated that his focus as the Chair of the Finance Committee is to ensure that we won't need a

special assessment – ever. He will recommend to the Mutual 8 Board that we initiate a modest increase in the portion of the coupon going to the Reserve Fund for the next few years in order to gradually increase the Reserves to full funding over the next decade and then maintain it. In this way, we should be able to meet our obligations to repair our aging buildings without the need of a special assessment.

Regarding the Helsing Report itself, we need to add to its coverage in two areas: the re-piping and an annual increase in the cost of replacing aging appliances and heating/air conditioning units. The budget meetings with MOD in August will determine the exact 2017 budget and coupon figures to cover all areas.

MEMBERS FORUM

Residents were afforded the opportunity to ask questions, express their concerns, and offer comments to the Board and Staff.

ANNOUNCEMENT

The next meeting will be a Quarterly Board Meeting that will take place on Tuesday, October 18, 2016, at 1 pm in the Gateway Board Room.

ADJOURNMENT

With no further business to discuss, the July 19, 2016 Mutual Eight board meeting adjourned at 2:20 p.m.



Sharon Fees, Assistant Secretary
Mutual Sixty-Eight