

THIRD WALNUT CREEK MUTUAL

REGULAR SESSION MEETING MINUTES OF THE BOARD
MONDAY, MARCH 11, 2019 AT 9:00AM
BOARD ROOM, GATEWAY COMPLEX
1001 GOLDEN RAIN RD., WALNUT CREEK, CA 94595

Call to Order

President Bank called the Regular Meeting of the Board of Directors of Third Walnut Creek Mutual (TWCM) to order at 9:00 a.m.

Roll Call

Directors Present:

Judy Bank, President XV (2019)

Arylss Rothman, Secretary District IX (2019)

Hillery Trippe, Treasurer District VII (2021)

James McFarland, Director District III (2021)

Chuck Decker, Director District X (2021)

Matt Kaplan, Director District V (2019)

Kay Barthold, Director District XIII (2020)

Toby Dicker, Director District VIII (2020)

Christine Mosen, Director District XIV (2019)

*Ron Mucovich, Director District IV (2020)

*Ron arrived late to the meeting at 10:25am

Directors Absent:

Gery Yearout, Vice President District XI (2021)

Also Present: Mutual Operations staff was represented by Paul Donner, Director of Mutual Operations; Rick Chakoff, Chief Financial Officer; Clayton Clark, Building Maintenance Manager; Melissa Ward Esq. with Hughes Gill Cochrane & Tinetti was also present.

Members' Forum

Residents were afforded the opportunity to express their general concerns and make comments. No comments were made.

Minutes – 2/11 Regular and Executive sessions, 2/20 Ballot count meetings p51-1, p51-2, and 3/4 Ballot Count meeting P35

Motion to Accept all – Mosen, Rothman second. Approved, Unanimous.

President's report

Recycling rollout including compost – Mandatory due to law – some entries cannot have it due to space. Some Mutuals are not wanting it but, it will be mandatory. In order for this to work, there will need to be a person in each entry or area to monitor what is deposited into bins. Educational efforts will be occurring in April and May. Caregivers must also be educated. Contamination will be costly for Projects.

Rapid Recycle will recycle anything with a cord. Discussed in RN. Working on setting up a contract with Bees for other recycling.

Rick Chakoff gave an overview of Financials.

Guest list is supposed to be cleared when a resident sells their unit, or a tenant moves out. Owners

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need to be sure that their guest lists are current.

Treasurer's report

The January 31, 2019 adjusted Bank Balance for the TWCM corporate account was \$16,088. Payments made during the month included \$9,685 for legal services and \$1,137 paid for ballot printing services. The latter will be allocated to the projects that conducted elections.

The Bank Balance incorporated the payment by TWCM of premium for the Association Liability Policy, commonly referred to as the D&O Policy. This policy covers only TWCM operations and activities; it is not a policy shared with other mutuals. A summary of this policy prepared by the insurance broker, Gallagher, is attached for review by Directors. Changes from last year's policy are highlighted in the summary. This policy is intended to cover corporate liability and any individual liability of Directors and should be reviewed by Directors. The premium for this policy is \$16,649.00. This represents an increase of approximately 10% over the premium from last year. According to MOD, this increase was equivalent to the increase assessed by the insurer (CNA) to other mutuals.

Owner billable reimbursements are currently being updated by MOD accounting and a schedule was not available. A report will be made at the next board meeting.

John Tastor from Gallagher will be at Board meeting 4/8/19 to present insurance information.

Committee Reports

Building Maintenance

Third Walnut Creek Mutual
Building Maintenance Committee
February 22, 2019

The Committee discussed the following items:

BBQ Policy – Joe Tracy will try to get a representative from the Walnut Creek Fire Department or County Fire Marshal to write an article for the Rossmoor News regarding how to safely use BBQs, or to come to the next meeting of the Committee. In particular we would like to hear how other retirement communities address BBQs.

Tree Roots – There have been a number of sewers blocked by tree roots. The cost to clear or replace the blockage is quite high and is typically not budgeted. The Committee discussed annual treatments to reduce roots in sewer lines. We will discuss this further with Clayton.

Asphalt Maintenance – Directors need to make sure that they are addressing maintenance of their asphalt entries. In particular, there are three levels of pavement issues:

- If gravel and weeds are visible, then budget for seal cost to fill cracks every few years.
- If the pavement looks like an alligator's back, then the pavement is failing, and that area needs to be cut out and replaced.

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- If enough of the entry/are is in disrepair, and since many areas are reaching their useful life, the entire entry/are may need to be reconstructed. This will be like a new roadway and will reduce maintenance costs for several years.

The Committee will work with Clayton to develop a recommendation for a schedule for repair and replacement, given the status of the pavement. It will include photos so that Directors can evaluate their entries.

- Cost for seal coat, and frequency recommendation
- Cost for Cut and Replace, and typical time for replacement
- Cost for reconstruction, and estimated life cycle

Condensate Lines – Clayton is working with Directors to locate and clear condensate lines. Winter is a good time, because staff are available to do it. Contact Clayton.

Reserve Study – Last year Jo Ann set up a meeting to brief Board members about the study, and how to update and review it. Few Directors attended. This is part of your responsibility as a Director. The Committee suggested having the briefing at the Board meeting.

Directors need to budget for additional infrastructure issues: Sewer Lines, Tree Root damage, Asphalt repair or replacement, Condensate line clearance, Termite inspections every 5 years. Our major issue going forward will be aging infrastructure.

Landscape

Organic option does not include any “round-up” like chemicals. Projects may change to or away from Organics can do that with about 2-3 weeks’ notice.

Best contact for Terra is Kevin Jackson if any questions regarding landscape.

There are grants available from Diablo Fire Safe ([www. Diablobfiresafe.org](http://www.Diablofiresafe.org)) up to \$5000 per project to remove flammable shrubs (Junipers, Pfizers) especially if close to buildings. District by district or HOA? Judy will investigate.

Governing Docs

Alteration Permit review- No report

Communication- No report

Emergency Preparedness

The committee met on Tuesday, March 4 in Securitas Conference room.

All current committee members were present. This includes Harris Greenberg, Doug Hipley, Fran Gibson and Director, Ron Mucovich and Chair, Arlyss Rothman.

The main agenda items were;

1. Discussion of inclusion in EPO Safety Fair, September 28, 9-1,
2. Goals for 2019 – EPO EC list updating for TWCM,

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3. Other goals for 2019?

Discussion regarding the Safety fair was strongly in favor of participating as we had been asked to do, and possibly increasing the number of subjects to be covered. Currently we have talks on water usage in an emergency; FEMA's financial first aid kit; How to develop a neighborhood cache; and Oxygen use in an emergency or a power outage. We are considering adding a few more short, 15 minute talks (what simple life-saving treatment can you provide to someone who is down while waiting for assistance; How to detect a possible stroke or heart attack; How to help someone who has fallen.

The main goal for 2019 that we had been asked to take on by the EPO leadership team is to update the Entry Coordinator lists in all Districts of TWCM. We have cross-referenced all Districts with the EPO EC list and are in the process of assigning each member to work with TWCM Directors to identify who is and who is not currently active. Directors email and telephone numbers will be shared with committee members if there is no objection by Directors. Directors should expect to be contacted for this information within the next month. We would appreciate it if you could check on any ECs you are not familiar with to be sure they are active or have someone who is taking their place. Any assistants are also encouraged to be identified.

Other goals were discussed. One goal was to develop an event to thank all ECs in TWCM for their service and to have a picnic this Spring/Summer. This would be advertised as a training picnic with food, beverages and socialization. The goal, as is the goal of EPO this year, is to increase the trainings and drills that encourage residents to prepare themselves for a disaster (Primarily earthquake, but also considering other possibilities). Busting the myth that "They will help me... I don't need to prepare myself." "They" is not in the phone book. You are on your own (YO-YO).

We would like to see if we could have some financial help to cover food costs of the picnic (From TWCM, Securitas, GRF?). Depending on funding, we will begin planning in earnest at our next meeting on April 1.

Directors will be contacted by TWCM EP committee members for EC information.

Old business

Governing Docs

Total votes for CC&Rs so far are: 1022/1546, 268-270 No votes.

Clarification of Policy 50 – Who pays for what?

50.2.2 – paying if insurable; 10K deductible is shared among projects in mutual, 90K shared by all Mutuels (except Waterford and Horseman's canyon).

Less than 10K non-insurable – project is responsible

>100K no causation

Updating/Clarification of Policy 16 due to civil code 5500 Changes

Civil code 5500 Changes-Now monthly review of check register, general ledger, delinquent assessment receivable.

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**Ron Mucovich arrived 10:25am*

Ratification of review should be done at each meeting

Motion: Each Board Director will ratify at each meeting that they have reviewed their financials. Part of the Treasurer's report will be that the mutual funds have been reviewed by the Treasurer and one other Board member (included in the Board Packet) and ratified at each meeting.

Rothman moved/Decker seconded. Unanimous vote.

This resolution can be a standing resolution: the same for each meeting.

If director absent, contact should be by email or other communication.

Monthly general ledger will be available for January and February financials.

There is concern that some legal costs are not being correctly allocated to projects on a "per unit" basis and need to be carefully scrutinized and MOD directed to correct as needed.

Motion: To accept changes in Policy 16

Policy 16.1 needs to be rewritten to reflect these decisions. Gov Docs will rewrite.

16.2.3 "beneficiary Projects on a per unit basis"

16.2.4 "share equally on a per unit basis", "paid equally on a per unit basis"

Rothman so moved, Monsen seconded. Unanimous vote.

Separating interest from late fees

Two committees (Gov Docs and Finance) agreed with this. Late fee is 5%, and interest is 10% per annum, and should not be charged on 5% late fee. The application of this policy should be prospective from January 1, 2019.

Motion:

So moved. Monsen/2nd Rothman

Unanimous

Accounting practices & allocation of project related expenses

Some discussions took place. Hillery Trippe proposed: shared deductible, as many of these are unpredictable, if loss is controllable project should be liable, but most are unpredictable. Lack of some clarity in election ... how do we handle \$10,000 for fire, we should consider sharing all costs. Gov docs was confused, but there may be important project specific costs that should be borne. Christine – deductible is paid by project, but Director can ask for it to be shared. Board should have opportunity to consider.

This only affects claims that qualified for D&O insurance/

Counsel suggested that the benefit of having a large Mutual is the risk can be shared and losses mitigated. Continue to talk and send back o committee for another draft.

Back to Finance committee for further modifications.

Ballot Count Results P51-1 & 51-2

A secret ballot in the matter of a re-vote on whether to adopt the proposed Master CC&Rs in Project

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51-1 was mailed on January 10, 2019 for a vote of the membership. Ballots were opened during an Open Ballot Count Meeting on Wednesday, February 20, 2019 at 10:00 a.m. in the Fairway Room at Gateway. (1010 Stanley Dollar Drive, Walnut Creek, CA 94595)

The quorum requirement set in the current governing documents requires a supermajority (75%) approval of the members of Project 51-1 for adoption (i.e., at least 54 out of 72 members must vote "FOR"). A majority (more than 50% but less than 75%) approval of the members of Project 51-1 for adoption will allow the project to petition the superior court for approval of the Master CC&Rs pursuant to Civil Code section 4275 (the section of the Davis-Stirling Act which authorizes the petition process where supermajority approval is required by existing CC&Rs but only majority approval is achieved).

The following is a report of the Ballot Count Results:

Total Ballots Received: 54

Total Votes For: 42

Total Votes Against: 9

Number of Manors: 72

The re-vote for adopting the Proposed Master CC&Rs has: FAILED (to receive Supermajority)

The Inspector of Elections was Richard Fong and he has certified the election.

Ballot Count Results for P35

A secret ballot in the matter of a re-vote on whether to adopt the proposed Master CC&Rs in Project 35 was mailed on January 28, 2019 for a vote of the membership. Ballots were opened during an Open Ballot Count Meeting on Monday, March 4, 2019 at 10:00 a.m. in the Board Room at Gateway. (1001 Golden Rain Rod, Walnut Creek, CA 94595)

The quorum requirement set in the current governing documents requires a supermajority (75%) approval of the members of Project 35 for adoption (i.e., at least 27 out of 36 members must vote "FOR"). A majority (more than 50% but less than 75%) approval of the members of Project 35 for adoption will allow the project to petition the superior court for approval of the Master CC&Rs pursuant to Civil Code section 4275 (the section of the Davis-Stirling Act which authorizes the petition process where supermajority approval is required by existing CC&Rs but only majority approval is achieved).

The following is a report of the Ballot Count Results:

Total Ballots Received: 25

Total Votes For: 20

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Total Votes Against: 5

Number of Manors: 36

The re-vote for adopting the Proposed Master CC&Rs has: FAILED (to receive Supermajority)

The Inspector of Elections was Nancy Richardson and she has certified the election.

Code of Conduct and Ethics

The document is included for a “first read” by Directors. It will be discussed at the next meeting.

Meeting adjourned at 11:40 AM and the Board moved into Executive Session to discuss legal issues, a variance request, a member discipline hearing, and a late fee waiver request.

Respectfully Submitted by,

Arlyss Rothman, Secretary