

THIRD WALNUT CREEK MUTUAL
ANNUAL MEETING MINUTES OF THE MEMBERS
MONDAY, JULY 13, 2020 AT 10:00AM
ZOOM VIDEO AND CONFERENCE CALL MEETING

Call to Order

President Rothman called the Annual Meeting of Third Walnut Creek Mutual (TWCM) to order at 10:00 a.m.

Roll Call

Directors Present:

	Arlyss Rothman, President Dist. IX, (2022)
Gery Yearout, VP Dist. XI, (2021)	Nan Warren, Director Dist. XIV, (2022)
Matt Kaplan, Treasurer Dist. V, (2022)	John Swearingen, Director Dist. VII, (2021)
Marilyn Mason, Secretary Dist. XV (2022)	Donna Landeros, Director Dist. VIII, (2020)
Kay Barthold, Director Dist. XIII, (2020)	James McFarland, Director Dist. III, (2021)
Chuck Decker, Director Dist. X, (2021)	Poppy Tanner, Director Dist. IV, (2020)

Also Present: Mutual Operations staff was represented by Paul Donner, Mutual Operations Director; Clayton Clark, Building Maintenance Manager; Kelly Maki, Board Services Coordinator; Rick Chakoff, Chief Financial Officer; and Tess Haskett, Assistant Controller.

Approval of Annual Meeting Minutes from last year: June 11, 2019

The annual meeting minutes from June 11, 2019 were approved with a motion.

Moved, Seconded, Carried 10-0-1, Director Landeros Abstained

Introduction of Board of Directors

The 11 directors were introduced.

Announce Ballot Results for District VIII Director Election (Projects 50 and 55) and District XIII Director Election (Projects 34, 38, and 64) – 3 Year Term (2020-2023)

Results for District VIII Director Election (Projects 50 and 55):

A secret ballot in the matter of a Director Election was mailed on June 1, 2020 for a vote of the membership in District VIII (Projects 50 & 55). Ballots were opened during an Open Ballot Count Meeting on Tuesday, July 7, 2020 at 10:00 a.m. via Zoom meeting.

The following is a report prepared by the Inspector of Elections:

TOTAL BALLOTS RECEIVED: 109

TOTAL INVALID BALLOTS: 9

TOTAL VALID BALLOTS: 100

EACH DIRECTOR RECEIVED THE FOLLOWING NUMBER OF VOTES:

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DONNA LANDEROS: 100

Third Mutual's Bylaws Section 5.8.2 states, "With respect to the election of Directors, the number of valid secret written ballots received by the deadline set forth in the ballot and/or the voting instructions shall constitute the quorum for such election, notwithstanding any other quorum requirements set forth in these Bylaws or the Declaration."

Donna Landeros received the greatest number of votes and therefore is elected to a three-year term ending in 2023 for the open seat in District VIII (Projects 50 and 55) on the Third Walnut Creek Mutual Board of Directors.

The Inspector of Elections was Evan Spinrod and he has certified the election.

Results for District XIII Director Election (Projects 34, 38, and 64):

A secret ballot in the matter of a Director Election was mailed on June 1, 2020 for a vote of the membership in District XIII (Projects 34, 38, & 64). Ballots were opened during an Open Ballot Count Meeting on Friday, July 10, 2020 at 11:00 a.m. via Zoom meeting.

The following is a report prepared by the Inspector of Elections:

On July 10, 2020, Third Walnut Creek Mutual District XIII's meeting to count and tabulate the ballots was convened. The number of members who submitted ballots totaled 60, however, 5 ballots did not meet Civil Code Requirements.

There was 1 position available and 1 candidate submitted his name for the available position. The majority of votes were cast for Walt Braun (49). There was one write-in vote each for Kay Barthold and Karl Livengood. Four ballots were not marked with any candidate. Based upon the vote of the Third Walnut Creek Mutual District XIII membership, Walt Braun was elected for a three-year term as a 2020-2023 Board member for Third Walnut Creek Mutual District XIII.

The Inspector of Elections was Richard Fong, III from Election Inspector Services, LLC and he has certified the election.

Discuss Vacancy for District IV (Projects 26 and 35):

President Rothman announced that no members of District IV came forth before the nomination deadline of April 2, 2020 and therefore the Board followed the steps outlined in the Bylaws section 6.10 and 6.11 to fill the vacancy that would occur when Poppy Tanner's

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term expires. The Board will be appointing a member of District IV, Tom Lauck, the only candidate, to the vacancy in the organizational meeting that follows this annual meeting.

President's Report:

President Rothman gave the following report:

The 2019-2020 year has been a very unusual year for many reasons, and we have experienced many changes in the Third Mutual. Our last Annual Meeting was a "normal" in-person meeting in the Fireside room, with refreshments... imagine that! We welcomed one new board member at the June meeting, Marilyn Mason representing District XV, P-27, 31 and 32, and Officers and Committee chairpersons were appointed. In July, we welcomed another new Board member in John Swearingen for District VII, P51-1 and 51-2. We were able to populate all committees with Directors and Owners who stepped up to volunteer their time to work for the Mutual. I would like to thank each and every one of you who gave so generously of your time.

Gery Yearout – VP and Landscape chair

Marilyn Mason - Secretary and Communications

Matt Kaplan – Treasurer

Alterations – Jim MacFarland

Building Maintenance – Kay Barthold

Governing Docs – Kay Barthold

Chuck Decker

Nan Warren

Dale Harrington, Roxanne Stallings, Joe Tracy, Floyd Yearout, Marie Kahn, Paula Erickson, Harris Greenberg, Fran Gibson, and Ron Mucovich and Toby Dicker as former Directors

The Board also welcomed Marianne "Poppy" Tanner to the Board in August to complete Ron Mucovich's term of one year representing District IV, P26 and 35.

We could not have accomplished any of our goals this year without the dedication and commitment of all of you.

All thanks for the operations of the Mutual must include gratitude to all the staff of Mutual Operations who do their best to make our volunteer jobs as easy as possible. And special thanks go to Lucy Limon who filled in for Kelly while she was welcoming Mason into the world!! We thank you all!!

We have had a few overarching goals set out for this last year, and some additional challenges that we did not anticipate. It has been our goal to try to make the workings of the Board as transparent as possible and accomplished some of that by providing non-confidential packets to all meeting attendees to help them follow our proceedings, and to begin publishing a summary of our meetings in the Rossmoor News after each meeting. Hopefully, that is helping.

Another goal for this year was to complete the adoption of the new, revised CC&Rs for all Districts. As many of you are aware, only 5 projects achieved a 75% super-majority acceptance of the CC&Rs (This is common in retirement communities). Eleven projects have achieved a majority acceptance and one project (P23) voted against adoption. Beginning soon after the CC&R and By-law votes were completed in July 2018, the Board received a written request for Alternative Dispute Resolution (ADR)

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from four Owners that the Board agreed to proceed with, that included a private trial held before a retired Judge from JAMS. This process was completed by the end of August 2019 after 5 full days of hearings. A final award was made by Judge James in December 2019 in favor of TWCM on all eight areas of complaint. This delay of over one year further stalled any positive movement that could have been made to adopt the CC&Rs. As of today, we have petitioned the Superior Court of California to rule on lowering the requirement from a 75% affirmative vote to a majority affirmative vote for 11 projects within the Mutual. You all received a huge packet with copies of the court petition for your project and a corrected copy of the CC&Rs that we were required by law to mail to every household. There has been one “pro per brief” (filed without legal counsel) submitted in opposition to the petition in Project 51-B. There is a hearing scheduled for July 16th at 9:00 in Superior Court for the petitions to be reviewed by the Judge. All costs of the ADR litigation were covered by our Directors and Officers insurance. As a result, our insurance was cancelled and we needed to accept a more expensive policy from a different carrier, with 20X higher deductibles. So- we are getting there, but not without cost and strife.

Our other major goals were to try to contain our legal costs, our insurance costs and water costs. Regrettably, due to the aforementioned issues, our legal costs have not yet leveled off. And, like the entire nation, insurance costs have soared, not helped by additional fires in Rossmoor. Water costs have also proved difficult to manage as EBMUD costs have again increased by approximately 10% this year alone.

Some new policies: A new regulation became effective in July requiring that all new garage door openers have battery back-up in case of electrical outage, just in time for our first experiences with Public Safety Power Shutoffs (PSPSs). A new policy regarding BBQs was adopted as well as a process for assessing the quality of the Landscaping done by Terra. New rules have been adopted as State Law based on SB 323, requiring that all election rules be modified. The effect of this legislation will be most evident in increasing election costs as it requires a full ballot election even if there is only one candidate. This law came into effect on January 1, 2020. We also adopted policies regarding exterior paint color selection, front door color selection and a code of conduct and ethics was adopted for all Directors and Committee members.

A decision was made by the Board in mid-December to consider changing legal counsel for various reasons including an insurance claims mitigation strategy. Four candidates were interviewed by the Board and Mr. Richard Fong was selected to represent TWCM going forward for general matters. We are also using the services of Ann Rankin as a specialist in filing the petitions with the Superior Court. The services of Hughes, Gill, Cochrane and Tinetti and Melissa Ward in particular are only to be used as necessary for transition in the CC&R process.

The Board continues to struggle with concerns about allowing hard surface flooring in upper units as people are asking for medical variances to the no hard surface flooring in upper units’ policy. The sound engineering studies done to date have shown that the sound transmission rates are much higher with hard surface flooring as compared to carpet, even if the industry ratings of IIC are over 75. We are currently having our legal counsel investigate what our options are in these situations, as we have

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some level of obligation to provide accommodation for medical issues and must also protect the comfort and value of lower unit owners.

Again, I want to thank you all for your interest and your assistance in helping to manage our Mutual governance. As in many things today “We are all in this together”!!

Presentation by Paul Donner and Rick Chakoff regarding Finances, Landscaping, and Client Services:

Paul Donner presented on Landscaping, explaining MOD contracted services, lawn maintenance, entry maintenance, landscape rehabilitation, and pest control. Paul then went over client services and how difficult it has been since COVID-19. Paul also discussed that budgets for each Project are in the beginning draft phases and reviews of the drafts will be done via zoom this year.

Rick Chakoff presented on the separate project accounting and discussed the discontinuation of CDARS with City National Bank that will now be replaced by broker CD's.

Reports of Committees

- a. Alterations
- b. Building Maintenance
- c. Communications
- d. Emergency Preparedness
- e. Governing Documents
- f. Landscape
- g. Dispute Resolution

President Rothman announced that a report for each of the above committees can be found in the Members Packet for today's meeting online at www.rossmoor.com.

Members' Forum

Members were afforded the opportunity to express their general concerns and make comments.

Next Board Meeting

The next regular Board Meeting will be on Monday, August 10, 2020 at 10am via Zoom.

Adjournment to Organizational Meeting

There being no further business, the Annual Meeting was adjourned at 11:12 a.m. and the Board moved into an Organizational Meeting.

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the minutes of the Annual Meeting.

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Kelly Maki

Assistant Secretary
Third Walnut Creek Mutual

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