

THIRD WALNUT CREEK MUTUAL

REGULAR SESSION MEETING MINUTES OF THE BOARD
MONDAY, FEBRUARY 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)

Gery Yearout, Vice President District XI (2021)

Arlyss 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)

Also Present: Mutual Operations staff was represented by Paul Donner, Director of Mutual Operations; Rick Chakoff, Chief Financial Officer; Clayton Clark, Building Maintenance Manager; Kelly Mattison, Board Services Coordinator. 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. The topics discussed in members' forum included: organic landscaping and fiduciary responsibility of the Board.

Approval of Meeting Minutes

President Bank asked for any corrections and/or additions to the following minutes:

Regular Meeting.....January 14, 2019

Executive Session Meeting.....January 14, 2019

The aforementioned meeting minutes were approved with one addition to Regular Meeting minutes on December 10, 2018.

Moved, Seconded, Carried 9-0-2, Directors Dicker and Trippe abstained.

President's Report

President Bank gave the following report:

President's report from Jan. 28, 2019 Mutual Presidents meeting with GRF and Staff

1. At Your Door universal waste pick up service cancelled, and staff is attempting to find either an alternative recycler or a hauling service that will pick up and haul to recycling centers.

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First Mutual is using Vets Haul Junk. Mutuals can discuss using this group and its service.

2. Resale and alterations fees have increased as of February 1, 2019. Paul Donner said they have not increased since 2008 and fees need to cover the costs to departments. A 6 month permit expiration will result in an additional 50% fee to be charged for every 6 month increment incurred. Paul explained this is to encourage contractors to complete alteration work as stated in alteration contract.

3. Chris Preminger reported there are 710 legal co-occupants registered with member records. There is an ongoing attempt to register co-occupants. Chris explained the process being used to hopefully make sure owners fully understand the legal ramifications of registering someone as a co-occupant.

In the Presidents Only meeting preceding the joint meeting, Rick Saillard told about and later distributed a report he made after walking with someone from the Fire Marshall's department. I forwarded his informal report to the chair of Landscaping Committee, but the most important recommendation was to remove juniper, especially any near buildings.

Secretary's Report

No report was presented.

Finance Committee Report and Treasurer's Report

Treasurer Trippe gave the following Report:

Finance Committee Report:

The Finance Committee met on 2/4. The Committee discussed and finalized a draft policy that expands upon existing TWCM Policy 16. The Committee will now forward the draft policy to the Governing Documents Committee. The policy states that the self-insured retention/deductible under the Association Liability insurance policy will be shared by Projects. Details regarding the purpose of this insurance and the rationale are contained in the draft policy and explanatory materials that accompany the draft.

The Committee also responded to a request from the President for a recommendation on whether the 10% annual interest for delinquent payments as described in policy 45 should be applied to the 5% one-time late penalty charged on all delinquent assessments. After discussion, the committee recommends that interest not be charged on the one-time 5% penalty as described in Policy 45.

Tess Haskett and Rick Chakoff from MOD attended the meeting and provided an overview of the process for collection of owner billables or reimbursement assessments. These are amounts owed by a single owner, as opposed to the monthly dues assessments or special assessments that may apply to a project. Typically, the amount owed relates to a repair to the common area that is the responsibility of owner. MOD bills owners at the time that all the costs have been aggregated for the repair in order to facilitate the owner obtaining insurance recovery when the incident is covered by owner insurance. Each director receives a monthly report of owner billables, and it is the responsibility of the director to follow up on the amounts owed.

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Treasurer's Report:

Project Based Accounting and Financial Information: Third Walnut Creek Mutual has project-based accounting and each project has individual budgets and bank accounts. Every month each Director receives detailed information regarding budget status and a listing of all deposits and payments made from the project bank accounts. It is the responsibility of the director to review this information in detail and follow up with MOD with regard to any questions. The TWCM Treasurer has not historically reviewed project reports and bank statements on a monthly basis. The Treasurer receives on a monthly basis from MOD information on delinquent assessments as well as bank balance and payment information regarding the bank account maintained for the TWCM corporation and corporate payments. New California Civil Code provisions have added requirements regarding the review of financial information. The TWCM board will need to determine how to document that individual directors are reviewing project financial reports and project bank account information and take whatever other steps may be required to comply with the new legal requirements.

Corporate Bank Balances: As of December 31, 2018, the bank balance was \$16,088.86. Payments during the month totaled \$21,933. Payments included a total of \$15,602.00 paid the two law firms retained by TWCM for corporate legal advice and legal advice required for filing the CC&R's. Legal bills are reviewed by the President, VP Legal and Treasurer.

Transfers from Building Reserves for Insurance: Directors are reminded that many projects "borrowed" funds from replacement reserves in order to make the large insurance payments required 1/1/19. These amounts were documented at a prior board meeting. Directors must request that MOD transfer amounts being collected for insurance as part of the monthly dues back to replacement reserves on a quarterly or other periodic basis. This is not done automatically, and directors need to follow up with Tess Haskett, Assistant Controller at MOD.

- a. **Certify Compliance with Civil Code 5500:** This item was tabled for more information and clarification. The item will be taken under consideration at the March meeting with a proposed resolution prepared by Melissa Ward.

Building and Maintenance Committee

Director Monsen gave the following report:

Third Walnut Creek Mutual
Building Maintenance Committee
January 25, 2019

The Committee identified a number of items for future discussion:

Water saving measures, such as the following:
Recirculating pumps, identifying leaks more quickly, mini water heaters, checking irrigation heads regularly, separate water meters for residential and landscaping.

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Measures to reduce electricity costs were also identified:

LED upgrades – these involve an outlay from the reserve funds, but significant savings in operating costs; changing the temperature control on individual hot water heaters; location of sensor for the outdoor lights;

Electric Vehicle charging stations for carports

ADA compliance for walkways and handrails

Flooring for upstairs units as new types become available for hard surfaces

Mildew and mold discovered during rehabs

BBQ follow-up

Some ideas for Directors to remember:

There are maintenance procedures, and Directors should review them.

Need to budget funds to find and clear condensate lines, once the new CC&Rs are in place.

Need for Directors to set aside funds to address leaks and blockage for sewer lines, as our facilities age.

Need to schedule adequate funds for the three major cost items: rehabs, asphalt maintenance and irrigation replacements.

All Directors received a copy of Clayton Clark's monthly report indicating the ongoing construction projects in all TWCM Projects.

Landscape Committee

Director Yearout addressed 2 comments from the member's forum: organic was recommended to each Project and each Project had that option.

Reminder: Quarterly Checklist/Review of Brightview Services, the first one is coming up and will be done in two specific areas.

Announcement: A landscape representative meeting will be held on February 28, 2018 at 3PM in the Fireside Room. All Directors are encouraged to attend with their landscape representatives.

Crew dates from Steve Ormond have been released. The crew dates are free of labor charges, but materials used are at cost. This will be discussed further at the landscape representative meeting. It is recommended to make a priority list for your Projects.

Governing Documents Committee

Director Bank gave the following report:

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Governing Documents and Policies Committee Report for Jan. 22, 2019 committee meeting:

1. The committee reviewed Policy 64 as to where to make changes in response to changes in the law regarding EVCS as well as clarify an item in the existing check list for residents applying to install an EVCS.
2. The committee reviewed Policy 45 on request from MOD staff. A question about late fees was later clarified by the Mutual's general counsel. The committee discussed late fees and interest and the chair requested that the finance committee discuss the same topic.
3. A second draft of a Code of Ethics and Conduct was presented to the committee for discussions and review by the task force of directors Arlyss Rothman, Christine Monsen and Hillery Trippe. After discussion and recommendations, the draft was returned to the task force for further revisions.

Alterations Permit Application Review Committee

No report was presented.

Communication Committee

Director Rothman report the committee will be working on an article for the Rossmoor News concerning landscaping.

Emergency Preparedness Committee

Director Rothman reported that the committee will not meet in February and will meet in March. Please check out the Rossmoor EPO new website if you have not done so yet. It is a great resource for residents. The website is www.rossmoorepo.org.

Old Business

- a. **Latest Update on Governing Documents:** Four Projects have completed re-balloting, four Projects are in the process of re-balloting, and one Project will not be re-balloting. At the recent GRF Board of Directors meeting, the Board approved terminating the establishing agreements for Project 34. The legal costs of terminating the establishing agreements will now be shared amongst six Projects. All Projects who are re-balloting will be completed by March 31st.

The \$4275 petition process is on hold due to an election challenge: Carter, Robert Duncan, et al vs. Third Walnut Creek Mutual. This challenge was brought by a total of 6 members of Third Mutual and the Mutual accepted their terms of ADR which is binding arbitration in front of retired Judge Ellen James of JAMS.

- b. **Accounting Practices & Allocation of Project Related Expenses:** This item was tabled until the March Board meeting.

New Business

- a. **Republic Services – Green Bins:** Paul Donner reported that Green Bins for food composting by Republic Services will be rolled out some time in April throughout all of

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Rossmoor. During the past year there were 4 trial areas that were mostly successful with a few setbacks. This program will be mandatory for all of Rossmoor assuming that there is room for the bin. This was mandated by law and Rossmoor must comply by 2020. There will be numerous presentations for residents in a Town Hall format. News articles will be running in the Rossmoor News for the times and locations of the meetings. Education will reiterate the need to keep the lids closed on the compost bins to minimize rodent issues. There will be no additional cost for the bins, you only pay for landfill bins. Recycle bins and compost bins are placed without a charge. It will be beneficial for all Mutuals to "right size" landfill bins and possibly decrease costs.

Next Board Meeting

The next Regular Meeting of the Board is scheduled for Monday, March 11, 2019 @ 9 a.m. in the Gateway Board Room.

Adjournment

There being no further business, the Regular Meeting of the Board was adjourned at 11:01 a.m. and the Board moved into Executive Session.

Executive Session Summary

An Executive Session was held immediately following the regular meeting where the Board held member discipline hearings and reported on the status legal items.

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the minutes of the Board of Director's meeting.



Assistant Secretary

Third Walnut Creek Mutual