



THIRD WALNUT CREEK MUTUAL
ANNUAL MEETING MINUTES OF THE MEMBERS
TUESDAY, JUNE 13th, 2023, AT 9:00AM

ZOOM & IN-PERSON

FIRESIDE ROOM – GATEWAY CLUBHOUSE
1001 GOLDEN RAIN RD – WALNUT CREEK, CA 94595

Call to Order

President Warren called the Annual Meeting of Third Walnut Creek Mutual (TWCM) to order at 9:01 a.m.

Roll Call

Directors Present:

Nan Warren, President Dist. XIV, (2025)
Mike Abell, Treasurer Dist. IX, (2025) Marty Schwager, VP Dist. X, (2024)
Les Birdsall, Director Dist. XIII, (2023) Lauralee Barbaria, Director Dist. XV (2025)
John Swearingen, Secretary Dist. VII, (2024) Tom Lauck, Director Dist. IV, (2023)
James McFarland, Director Dist. III, (2024) Bill Leary, Director Dist. V, (2023)

Staff Present:

Paul Donner, Mutual Operations Director
Jeroen Wright, Mutual Operations Director
Tom Hand, Chief Financial Officer
Clayton Clark, Building Maintenance Manager
John Tawastjerna, Landscape Manager
Lucy Limon, Board Services Coordinator

Certification of Meeting

Assistant Secretary, Lucy Limon, certified that in accordance with DS, a call for candidates was mailed to members of Districts IV, V, and XIII on December 13th, 2022. It announced that, if at the close of the time period for making nominations, there are the same number or fewer qualified candidates as there are board positions to be filled, then the board of directors may, after voting to do so, seat the qualified candidate by acclamation without balloting.

A Call for Candidates was published in the February 1st, 2023, February 8th, 2023, February 15th and January 22nd, 2023, editions of the Rossmoor News.

The Mutuals' Board Office received:

One board nomination from the membership from district IV, Tom Lauck.
One board nomination from the membership from district V, Bill Leary.
Two Board nominations from the membership from district XIII, Les Birdsall and Florence McConnell.

A second notice of nomination was mailed to all three districts on February 28th, 2023.



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Bill Leary and Tom Lauck will be appointed to the Board via acclamation.

A secret ballot was mailed to all District XIII members on April 26th, 2023. The ballots were tabulated at an open meeting on Friday, June 9th, 2023, at 4pm in the Multipurpose room 3.

In accordance with Corporations Code § 7511(b), a notice of the Annual Meeting was mailed to the membership on May 31st, 2023.

Announce Ballot Results for District XIII Director Election (Projects 34, 38, & 64)

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

A secret ballot in the matter of a Director Election was mailed on April 26th, 2023, for a vote of the membership in District XIII (Project 34, 38 & 64). Ballots were opened during an Open Ballot Count Meeting on Friday, June 9th, 2023, at 4:00 p.m. in the Multi-Purpose Rooms #1 & #2 at Gateway.

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

The Inspector of Elections was David Jennings.

TOTAL BALLOTS RECEIVED: 85

TOTAL INVALID BALLOTS: 1

TOTAL VALID BALLOTS: 84

Each Candidate Received the Following Number of Votes:

LES BIRDSALL: 27

FLORENCE MCCONNELL: 57

The elected director was FLORENCE MCCONNELL.

President's Report:

President Warren expressed her thanks to the Board and to MOD staff for all their help during the year.



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Presentation by Paul Donner and Tom Hand Regarding the Financial State of the Mutual

Paul Donner reported that TWCM has separate budgets for all the Projects. All Projects are in good financial health and working toward being fully funded on their reserve study. MOD will begin working on next year’s budget as soon as accounting closes for the June financials. There will be a few budget hurdles that will be present in the planning of the 2024 budget, the biggest one will most likely be insurance. The insurance market has gotten worse in California and Rossmoor is not an exception.

Tom reported that he has been working with the accounting team so that Mutuals can have timely monthly financials. He has also been working with the auditors to have the 2022 audits complete.

Paul Donner introduced his replacement, Jeroen Wright. Paul will be retiring on July 21st, 2023.

Reports of Officers and Committees

a. Treasurer’s:

Mike Abell provided the following report:

Third Walnut Creek Mutual Annual Financial Report Highlights

During the year your board addressed significant delinquencies in both owner billable accounts and HOA / Coupon balances due. We filed approximately 10 liens and 2 foreclosures. We worked with insurance companies and our attorney to mitigate losses. We have 1 open foreclosure action at this time, and 3 -4 liens in process. We have tried hard to treat each resident fairly and with dignity.

We also established processes to review outstanding balances and reach out and contact owners who had delinquent accounts – noting that sometimes the resident did not even know they had delinquent accounts.

June 2022 – Delinquent HOA Coupon balances - \$144.2k

May 2023 – Delinquent HOA Coupon balances - \$92.2k

June 2022 – Delinquent Owner Billable balance - \$252.8k

May 2023 – Delinquent Owner Billable balance - \$22.8k



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Over the 12-month period your board invested about \$3m in high earning CD's or T bills and started a process of reviewing cash surpluses on a quarterly basis. On an annual basis earnings are just under \$180k. We moved cash balances from CNB cash accounts that did not have adequate FDIC coverage to accounts where our cash accounts are protected / insured.

During the year we worked closely with the accounting department to eliminate errors that had occurred in the recording of resident transactions in prior periods.

As your treasurer I believe our reports for each Project are fairly stated. We have worked hard to weed out errors.

We look forward to the rollout of the new accounting system which will continue to increase the accuracy of our reporting.

b. Alterations: Jim McFarland reported that there were 309 alteration applications processed for TWCM in the past year.

c. Building Maintenance:

Tom Lauck presented the following report:

In the past 12 months the Building Maintenance Committee has met a total of seven times.

In the last half of 2022 the committee reviewed proposals for a Survey of Structural Integrity and Performance of Occupied Buildings in a seismic event. IDA Structural Engineers were engaged for this study and provided their final report in December of 2022, which has been posted to the TWCM webpage on Rossmoor.com. Members of the committee felt there are other costly structural issues with our buildings, such as building settlement, that may be a higher priority than voluntary seismic upgrades.

As one of the options to quantify the cost of voluntary seismic upgrades Clayton Clark received cost information from a seismic retrofit of a single-story unit in Project 39 that required an upgrade based on a lateral system rebuild after a fire. The cost for seismic hardware and its installation was \$28,000 and did not include plywood sheathing for seismic shear walls. It is estimated that materials and installation for the shear walls added \$15,000 to the cost, for a total cost of \$43,000 for one single-story unit. The committee considered that this amount is a likely estimate of the cost per unit for a voluntary seismic upgrade, and that it is a cost that the Mutual cannot afford. Given this estimate the committee did not consider that the option of requesting IDA to perform additional engineering to develop a set of structural documents for pricing of a



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seismic retrofit to be a reasonable expense for the Mutual to incur.

At the end of 2022 and into the first quarter of 2023 the Bay Area was subjected to a series of “atmospheric river” storms that created numerous maintenance issues for both our buildings and our landscaping. Although our gutters are cleaned on an annual basis between Thanksgiving and Christmas there were numerous requests for additional cleanings for our overflowing gutters. MOD redirected workorder calls for gutter cleanings to the Project Directors for authorization. One impact from these requests is that they identified more gutter areas in need of gutter guards. The storms also generated numerous roof leaks that were followed up by roof repairs and dry out managed through MOD.

Lastly, the Building Maintenance Committee reviewed and recommended changes to the following policies of the Third Walnut Creek Mutual:

Policy 60.0.0, Restrictions on Uses of Decks, Patios, and Roofs, with respect to deck overloading.

Policy 57.0.0, Owner-Initiated Alterations – Spas, with respect to deck overloading and engineering review.

Policy 61.0.0, Owner-Initiated Alterations – Solar Energy Systems, with respect to solar panel installation on roofs adjacent to the golf courses.

The committee also proposed a new Policy 97.0.0, regarding Solar Battery Systems.

These policies revisions have been sent to the Governing Documents Committee for review. The policy changes and additions will be sent to the TWCM residents for a 30-day review and comment period later this year.

The Building Maintenance Committee has also proposed a review Policy 59.0.0, Owner-Initiated Alterations – Hard Surface Flooring, by a subcommittee including board members, and other resident volunteers, for a survey of building material advances and possible policy changes to hard surface flooring requirements in upper-level units.

The Building Maintenance Committee thanks the volunteer members of the Board, Nan Warren, Mike Abell, and Lauralee Barbaria, the other resident volunteers, Roxanne Stallings and Phil Prasek, as well as Clayton Clark, GRF building maintenance manager for the Third Walnut Creek Mutual, for their participation in the committee meetings. We would also appreciate the assistance of other resident volunteers on the committee and encourage you to contact the chair of the committee to volunteer.

d. Communications: John Swearingen advised that the article will be in the Rossmoor News 2-3



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weeks after the Board meeting.

e. **Emergency Preparedness:** No report was presented.

f. **Governing Documents:**

Les Birdsall presented the following report:

The Director of District XIII resigned in the early spring of 2022. Les Birdsall in June 2022 was appointed as the Director of District XIII to complete the term of office, which ends June 13, 2023.

On July 7, 2022, Duncan Carter, who resides at 4521 Terra Granada Drive, a Mutual 3 resident filed an Internal Dispute Resolution (IDR), requesting to meet and confer regarding several Bylaws and Policies. At the August Mutual 3 Board meeting the Board of Directors made it official that Les Birdsall would respond to the resident on behalf of the Board.

Duncan Carter's IDR consisted of 8 points and was concerned with; what Projects make up the Districts. This is covered in **CC&R 1.21 and Bylaw 6.2**. The IDR also included Quorum Requirements **Bylaw 5.8**, Elections **Bylaw 6.5**, Term of Office **Bylaw 6.7**, Vacancies **Bylaw 6.10**. The IDR also included Ballot Mailing **Policy 22.2.1**, Custody of Ballots **Policy 22.2.2**, Counting and Tabulation **Policy 22.2.3**, and Notice/Timing Requirement **Policy 22.6.0**.

Hours were spent by Duncan Carter and Les Birdsall writing and re-writing the Bylaws and CC&Rs that were part of the IDR. Through that process, it was determined that not only was it necessary to redo the Bylaws and CC&Rs listed in the IDR, but there were a few other Bylaws, CC&Rs and Policies that needed revision.

The Resolution of Internal Dispute (IDR) was approved by Duncan Carter and Les Birdsall on **August 23, 2022**, and accepted by the Mutual 3 Board at the **September 2022** Board meeting.

Other changes were necessitated because of the change in the law regarding "Member in Good Standing". That is; Member in Good Standing **CC&R 1.37**, Voting **CC&R 2.3**. Also, Member in Good Standing **Bylaw 3.18**, Total Voting Power **Bylaw 3.25**, Voting **Bylaw 5.6**, Record Date for Voting **Bylaw 5.7**, and Qualifications of Directors and Candidates **Bylaw 6.3**.

In addition, because several Projects have left Mutual 3 and have become separate Mutuals, the size of Mutual 3 has been reduced from 11 Districts to 9 Districts. That necessitated changing **CC&R 1.21 and Bylaw 6.2**. Since Districts are made up of Projects, it's important to know



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which Projects are in each District.

It also became necessary to clarify how District Directors are selected. That involved the Quorum Requirements **Bylaw 5.8**; Elections **Bylaw 6.5**; Term of Office **Bylaw 6.7**; and what constitutes a vacancy is in Vacancies **Bylaw 6.10**.

In addition, there was a change in California Law regarding “**Election by Acclamation**” which necessitated making changes to **Bylaw 6.6**.

At that point the documents were presented to our attorney Richard Fong, and he responded on December 23, 2022. He stated, “Except as noted below. I approve as to legal form and endorse the draft”.

In March the Mutual 3 Board moved to present the following CC&R’s and Bylaws to the Mutual 3 members for their approval.

CC&RS

- 1.21 District
- 1.3.7 Member in Good Standing
- 2.3 Voting

BYLAWS

- 3.18 Member in Good Standing
- 3.25 Total Voting Power
- 5.6 Voting
- 5.7 Record Date for Voting
- 5.8 Quorum Requirements
- 6.2 Districts
- 6.3 Qualifications of Directors and Candidates
- 6.5 Election
- 6.6 Election by Acclamation
- 6.7 Term of Office
- 6.10 Vacancies

An election was held, and the Inspector of Elections was John M. Rice who is a member of Mutual 39. John’s managing of the election was excellent. His advice along the way was very much appreciated. Thank you, John.



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Ballots were counted on April 10, 2023.

There are 1,112 members (eligible voters) in Mutual 3. However, since Project 23 never adopted the revised CC&R's from the 2018 election, the 39 members were not eligible to vote on the CC&R revisions. Therefore, the number of eligible voters for the CC&R's was 1,073.

Membership vote on the amended CC&R's dated 1/24/2023

Total Membership:	1073
Ballots Cast/Received:	665
Invalid Ballots:	21
Valid Ballots Received:	644
Spoiled or Not Otherwise Counted:	11
Votes FOR CC&R's:	616
Votes AGAINST CC&R's:	17
PASSED/NOT PASSED	PASSED

Membership vote on the amended Bylaws dated 1/24/2023

Total Membership:	1112
Ballots Cast/Received:	685
Invalid Ballots:	21
Valid Ballots Received:	660
Spoiled or Not Otherwise Counted:	12
Votes FOR CC&R's:	630
Votes AGAINST CC&R's:	18
PASSED/NOT PASSED	PASSED

The committee thanks the residents in Mutual 3 for their exceptional support.

In addition to CC&R's and Bylaws, some Policies were distributed to members along with the ballots. The Policies were reviewed by the members for 30 days. Members then provided comments regarding the policies to the Board. The following Policies were distributed to members and on **May 8, 2023, the Board adopted the policies.**

POLICIES

22.0.1 Scope



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- 22.2.1 Ballot Mailing
- 22.2.3 Counting and Tabulation
- 22.6.0 Notice/Timing Requirements

The committee's work is not complete. They have started to review additional Policies the Maintenance Committee has determined necessary and have submitted to the committee for review before Board discussion and approval.

Respectfully submitted by Les Birdsall
Chair of the Governing Documents Committee for 2022-23

- g. Landscape:** Jerri McNair reported that over the past year she and the landscape reps developed a priorities list for several years. Fire Safety is on the top of the priority list, this includes removing flammable plants, limbing trees up to 8 feet, keeping gutters clear. Other projects that the committee is working on include, water conservation, planning and design along with maintenance, Jerri extended an invitation to residents so that can join the landscape committee.
- h. Dispute Resolution:** No report was presented.
- i. AD HOC Electric Vehicle Charging:** Lauralee Barbaria reported that the committee administered a survey to determine what people are interested in. Residents who have their garages or attached carports are happy that they can charge their cars. But there are a lot of residents who have detached carports and they find that the infrastructure in Rossmoor is either inadequate or difficult to use. The EV charging stations in Rossmoor are far away from some residents. The committee is gathering information on whether it's possible to install EV charging stations and how the Mutual will pay for that.

Members' Forum

Members were afforded the opportunity to express their general concerns and make comments. Comments included: ECHO, solar alterations and landscape.

Adjournment

The Annual Meeting was adjourned at 10 am and moved into the 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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Lucy Limon

Assistant Secretary

Third Walnut Creek Mutual