



THIRD WALNUT CREEK MUTUAL
BOARD MEETING MINUTES
MONDAY, OCTOBER 9th, 2023, AT 9:30AM
ZOOM MEETING AND IN-PERSON
BOARD ROOM – GATEWAY
1001 GOLDEN RAIN RD
WALNUT CREEK, CA 94595

Call to Order

President Lauck called the Regular Meeting of the Board of Directors of Third Walnut Creek Mutual (TWCM) to order at 9:30 a.m.

Roll Call

Directors Present:

- Tom Lauck, President Dist. IV, (2026)
- Mike Abell, Treasurer Dist. IX, (2025) (zoom) Nan Warren, Director Dist. XIV, (2025)
- John Swearingen, Secretary Dist. VII, (2024) James McFarland, Director Dist. III, (2024)
- Florence McConnell, Director Dist. XIII, (2026), Marty Schwager, VP Dist. X, (2024)

Directors Absent: LauraLee Barbaria, Director Dist. XV (2025), Bill Leary, Director Dist. V, (2026)

Staff Present:

- Clayton Clark Building Maintenance Manager
- John Tawaststjerna, Landscape Manager
- Lucy Limon, Board Services Coordinator

Members’ Forum

Members were afforded the opportunity to express their general concerns and make comments. Topics discussed included: CC&R and insurance and insurance changes.

Approval of Meeting Minutes

President Lauck for any corrections and/or additions to the following sets of minutes:

- a) Regular Board Meeting Minutes September 11th, 2023
- b) Executive Meeting Minutes..... September 11th, 2023

Tom Lauck made a motion and Jim McFarland seconded to approve the minutes to the aforementioned Board meetings.

Moved, Seconded, Carried 7-0

President’s Report

President Lauck gave the following report:

Nan Warren attended in my absence. Her notes are below:

Jeff Matheson reported that Gallagher will be going to insurance market soon. We are looking at three possibilities:



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1. Buy 1.47 B in insurance with gaps in coverage
2. Continue with our present coverage but eliminate the gaps we currently have.
3. Lower the amount to 700 Million with no gaps.

Herma Lichenstein reminded us that the task force advises, but does not recommend (a legal distinction). She noted that the level of insurance has implications. 700 million covers only 30% of our valuation. 1 billion is about 50%.

The issue of mortgages is a problem, and the task force is trying to be mindful of that as well as the cost. We probably cannot do any better (in terms of how much we might be able to buy) than 1.47 Billion. But we probably won't be able to afford that much. As things appear now, it is best to plan on a 50% raise. The directions for Gallagher are to get the best coverage you can up to 1 billion, but don't go over a 50% raise in the cost.

Jeff Cheung noted that this is a global issue, which we are trying our best to mitigate. Fannie Mae and Freddie Mac want 100% coverage, and Jeff estimates that it will be between 3-5 years before this issue is legislatively solved. In the meantime, it may not be possible to get mortgages, reverse mortgages, or lines of credit without 100% coverage. He noted that it is also possible that mortgagors may call in home loans if they don't get 100% coverage in insurance, if that is required in the mortgage documents, but thought that this would be unlikely, given the chaos in the marketplace that would ensue.

The attorney for M70, Melissa Ward, is working on CC&R language for us to change our CC&R's. It should be ready soon, after which we will need to send it to our own attorney for a look-see. The goal would be to have this all in place by January 1st, something which Jeff Matheson acknowledged may not be realistic.

GRF is meeting with our elected representatives, Mark de Saunier, Senator Feinstein's office, and other elected officials to discuss this issue.

Gallagher wants to keep more of the commission they earn. This year they earned 275K, and this year they want 300K, and next year (2024) they want 400K. Of course, since the premiums are going up, so are the commissions.

In answer to a question, we do self insure. The "retained risk" of \$1m is self insurance.

Herma is going to write an article for the Rossmoor News about stupid things residents do and please to stop doing them: Examples: residents leaf blowing by climbing on the roof, residents overcrowding balconies with plants, and leaving fire doors propped open. If you have more examples, please send



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them to Herma.

There is a committee led by Mary England to look at our documents and legislative requirements and see where we are not within compliance.

The Mutuals will begin over again with chairman duties for the Presidents' meetings. Mary England (Mutual 1) will chair in October, Mutual 2 in November, and Mutual 3 (you) in December.

Secretary's Report

No report was given.

Treasurer's Report

No report was presented.

- a. Motion that the Mutual Funds Report has been reviewed by the Treasurer and a summary provided to all Directors:
Moved, Seconded, Carried 7-0

- b. Motion that all Directors have reviewed their Project Specific Financials.
Moved, Seconded, Carried 7-0

Managers' Report – Jeroen Wright

No report was presented.

Finance Committee Meeting

No report was presented.

Building and Maintenance Committee

Nan Warren submitted the following report:

Chairman Nan Warren called the meeting to order at 4 pm, and the committee discussed the issue of hard surface flooring in second and third stories.

Members of the committee who attended were:

- Ken Baker
- Haleh Pandajoo
- Tom Lauck



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- Phil Prasek
- Nan Warren
- Roxanne Stallings
- Duncan Carter
- Suzanne Wong did not attend.

Nan explained that while she had a list and contact information for five residents in Mutual 70 who had installed hardwood floors in the second floor units. She did not have the names and contact information for the people who lived below, but suggested that the interviewers of the committee could ascertain that information. She said she would assign a M70 resident to each of five committee members along with the list of questions to answer. The questions are below:

For upstairs neighbors:

1. What year did you install your floor
2. What kind of underlayment did you use?
3. What kind of flooring did you install on top of the underlayment?
4. Was the flooring installed as a floating floor (no mechanical connection to the floor construction and isolation from the walls)
5. Who was the installer?
6. Are you satisfied with the job?
7. Have your neighbors complained about the noise? If so, were you able to do something about their complaints?
8. Do you have rugs or runners in high traffic areas?
9. Do you have protective covers on the chair and table legs to alleviate scraping noises?

For downstairs Neighbors:

1. When you purchased your unit, did the upstairs neighbor already have hard surface flooring?
2. Has the amount of sound downstairs increased since the installation of hard surface flooring?
3. If you are bothered by the sounds, have you asked your neighbor to take steps to mitigate the noise?
4. If so, what came of your request?

Interviews will be conducted over the next month.



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In addition, the committee decided to contact Salter Acoustics and ask them how much it would cost to do acoustical studies, and what would be the best path for us to follow. Nan will follow up.

The committee also discussed pot feet or saucers under pots on second and third floor units, and decided that the CC&R's were clear enough to not warrant further action. Nan will mention to directors at the next meeting that they should keep an eye out for pots on those upper units that have no drainage, because they can be harmful to the balcony surface.

Clayton Clark presented the following report:

For the month of October 2023

Project 23

- ❖ AMS selected to perform work and contract signed. Waiting schedule.
- ❖ Looking into transfer pump replacement at elevator.

Project 26

- ❖ **1501 Pt rehab:**
 - **Near completion except.**
 - Newly discovered landing area by stairs with City permit.
 - Painting near completion.
- ❖ **Patch paving in front of 1617 Pt carport.**
- ❖ **Chimney issue -.** Hiring another chimney contractor for another prospective to reduce smoke entering non-burning fireplace unit. **Continuing follow up with resale chimney sweep.**

Project 27

- ❖ **A roof section will be repaired next year along with a roof in Project 31.**
- ❖ **Flat roof maintenance under review. Contractor solicited due to staffing needs.**
- ❖ **Gutter guard estimate for 2400 Pt obtained.**

Project 31

- ❖ **2709 Pt armigan:**
 - **Tree planned to be removed due to proximity to building.**
- ❖ SB 326 report received, and MOD carpenters are providing repair costs. **Pending in winter.**
- ❖ Fencing work at 2621 and 2617 being scheduled.

Project 32



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- ❖ **SB 326 inspection report received, and MOD carpenters are providing repair scope as time permits.**

Project 33

- ❖ **No action to report.**

Project 34

- ❖ **No action to report.**

Project 35

- ❖ **Temporary electrical fix by 3112 TGR requires a more permanent solution.**
- ❖ **Minor patch paving near 3133 TGR scheduled this month.**

Project 36

- ❖ **MOD roofing division looking into repairs at 2105 CC.**
- ❖ **Gutter guards estimate at 2185 CC.**
- ❖ **Electrical issue between 2085 and 2105 CC under review.**

Project 37

- ❖ **Hot water heater line repaired.**

Project 38

- ❖ **Area near 941 TCal parking seal coat completed.**

Project 42

- ❖ **Concrete work planned for 622 TCal walkway.**
- ❖ **Contract for Fleece Construction to install french drain at 626 Tcal.**

Project 44

- ❖ **SB 326 inspection completed.**
- ❖ **Paving work scheduled for October 13th.**

Project 45

- ❖ **Fiala will be doing roof at 3612 RP rear balcony due to past leaks. Waiting schedule coordinated with M39 to save costs.**

Project 49



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- ❖ **SB 326 inspection completed Aug 7th and 8th, but further inspections not set due to other inspections on schedule.**
- ❖ **Looking into additional sewer cleanouts. 1606 SD bid pending to avoid backing up inside unit. No action to report**
- ❖ **1752 SD slider settlement issue resolved. Awaiting schedule**
- ❖ **Waiting price for pump house maintenance and reserve replacement. No action to report but continuing to followup.**
- ❖ **Elevator at 1812 SD hydraulic pump replacement cost under review.**

Project 51 A:

- ❖ **4243 TGR-rotten roof beam under review. No action to report.**
- ❖ **MOD carpentry rehab costs within budget for rehab.**
- ❖ **Roofing progressing on 4329 TGR. MOD sealing the draft stop areas, and fascia board replacements will reduce MOD costs above.**

Project 51 B:

- ❖ **Roofing contract for last 2 roofs waiting on 51-A completion.**

Project 54:

- ❖ **1404 SD painting will be started this month due to delays to confirm color choice.**
- ❖ **Have obtained gutter guard quotes for the remaining buildings in the Project.**

Project 64

- ❖ **No action to report.**

General:

1. **Hiring another carpenter to support operations as currently have 2 of 4. Unable to find carpenters in the union salary range.**
2. **Looking into additional support staff for building and landscape maintenance coordinators.**
3. **New roofing contractor interviewed.**
4. **Staff reviewing liquid roof system for flat roofs to extend life cycles. 2 manufacturers are being considered. Dark color will be needed on visible roofs.**
5. **Accounting will be hiring budget analyst/Assistant Controller to assist with budgets and work projections to assist with the cash flow management of the Mutual.**

Landscape Committee

Jerri McNair reported that the committee has been working on addressing the complaints they hear from residents. Once the committee has finished organizing the complaints from residents, they plan to meet with Terra Landscape and John Tawastsjerna to arrange how the resident issues will be addressed.



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Governing Documents Committee

Nan Warren gave the following report:

The committee met by Zoom on September 26, chaired by Nan Warren in the absence of Bill Leary. We were joined by Roxanne Stallings, who said she wanted to help work on the revision of all the CC&R's that need to be to be changed. To do that, she needs to be voted onto the committee by the Board, and then she can be covered under the Directors and Officers liability policy. Nan said that she would ask the board at the next meeting to add Roxanne to the committee.

We discussed the language proposed by Richard Fong for the changes to the policies and/or CC&Rs in light of the fact that 100% insurance coverage on all the properties in Third Mutual is not affordable or even possible to buy. Richard said that rather than make a change in the CC&R's, which would cause us to have a vote from the members, we could change Policy 10.5 and would only have to notify 3rd Mutual members with a 28-day comment period. Richard will revise the language for Policy 24.2.3 and Tom will bring it to the Board for a vote on the next meeting, 9 October. Tom will ask Richard whether we can share this language with other mutuals, some of whom, led by Mutual 50, are changing their CC&R's rather than revising their policies.

Nan said that Bill had a discussion with Adena Gilbert, who was a retired administrative law judge and a potential help to the committee in terms of revising the CC&R's. They agreed to talk more after both returned from their respective vacations.

The committee also discussed dealing with the Third Mutual rental policy. Tom said he preferred to leave this up to Bill when he returned.

Correction made by Tom Lauck:

Clarification: Richard Fong's original response to my inquiry was to modify CC&R article 10.2.3 Dollar Limit. After discussion with me, Richard proposed to amend the Insurance Policy 24.0.0, Requirements for Insurance Coverage, instead and have the Board submit a policy change to the membership for a 28-day comment period. The change would be made to Policy Article 24.2.3 Dollar Limit, not Policy 10.5. Language submitted for article 10.2.3 will be modified accordingly to suit Policy article 24.2.3 and be presented to the Board for a vote at the next meeting on 9 October.

A motion was made to appoint Roxanne Stallings to the Governing Documents committee.
Moved, Seconded, Carried 7-0

Alteration Permit Application Review

No report presented.



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Communication Committee

No report presented.

Emergency Preparedness Committee

No report presented.

Old Business

- a) 4041 Form Update Mr. Lauck

President Lauck mentioned that he would be in communication with Sofia Genove and Member Records to obtain an updated status on the response from TWCM on the 4041 member contact form,

New Business:

- a) Proposed Modification of Policy 24.0.0 Requirements for Insurance Coverage, Article 24.2.3 Dollar Limit..... Mr. Lauck

Motion to approve policy modification for distribution to membership for 28-day comment period.

Moved, Seconded, Carried 7-0

A motion was made to approve the deletion of section 24.3.0 of the TWCM Policy Book.

Moved, Seconded, Carried 7-0

- b) Michael Abell P45 requests a board resolution to address the renewal of 4 CD’s maturing between 11-14-2023 and 11-23-2023. The face value at the time of the initial investment was \$800k. I would like to earn the maximum available – minimum 5% and would like the renewal period to be 1 year with the investments made into either CD’s or Treasuries depending on the best yield..... Mr. Abell

Moved, Seconded, Carried 7-0

- c) Florence McConnell P 38 requests a board resolution to address the renewal of 2 CD’s maturing 11-15 and 11-22. The face value at the time of the initial investment was \$400k. Florence would like to earn the maximum available at the time of the maturing of the investments. She would prefer splitting the investments between CD’s and Treasuries, but



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she will yield to the recommendation of the bank adviser. The term of the renewal is 1 year..... Mr. Abell

Moved, Seconded, Carried 7-0

- d) James McFarland P 49 has a Treasury bill in the amount of approx. \$305k maturing on 10-19-2023. He would like to renew this investment in another 90-day Treasury bill. A board resolution is requested to reinvest this Treasury Bill..... Mr. Abell

Moved, Seconded, Carried 7-0

- e) James McFarland P 49 also has a Treasury bill in the amount of approx. \$301k maturing on 11-16-2023. He requests a board resolution to renew this investment when it matures for another 90-day Treasury bill..... Mr. Abell

Moved, Seconded, Carried 7-0

Announcements

Next scheduled meeting will be held on Monday, November 13th, 2023, at 9:30 am, via zoom and in-person.

Adjournment to Executive Session

There being no further business, the Regular Meeting of the Board was adjourned at 10:56 am and the Board moved into executive session.

Executive Session Summary

The Board met in executive session from 11:05 am to 12:01 pm and discussed the following:

1. Delinquent Accounts:
 - Write off – Account #20886
 - Write off - Account #9878
 - Write off - Account #17224
2. Disciplinary Hearings/Member Matters:
 - A hearing was held for Account #18478 for violation of Nuisance.
3. Legal Issues:
 - IDR Updates



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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.

Lucy Limon

Assistant Secretary
Third Walnut Creek Mutual