



Walnut Creek Mutual Forty

MEETING MINUTES OF THE BOARD

Thursday, October 24, 2024 at 1:00 p.m.

In Person and Virtually

Board Room – Gateway Clubhouse

1001 Golden Rain Road, Walnut Creek, CA 94595

Call to Order

President White called the meeting to order at 1:02 p.m.

Directors Present

Susie White – President
Greg Gould – Vice President
Pam Jester -Treasurer
Nancy Herney – Secretary
Kathy Parish – Director

Staff Present

Jeroen Wright, Director of Mutual Operations
Todd Arterburn, Chief Financial Officer – Virtually
Bud Baxter, Financial Planning Analysis Manager
Daniel Margulis, Financial Analyst
Clayton Clark, Building Maintenance Manager
John Tawaststjerna, Landscape Manager – Virtually
Victoria Thomas, Board Services Coordinator

Approval of Minutes

1. Special Board Meeting Minutes of September 26, 2024
2. Regular Board Meeting Minutes of September 26, 2024

Ms. Parish made a motion and Mr. Gould seconded, to approve the minutes of the aforementioned Board Meetings. **Approved 5-0.**

President's Report

Today is the day we will present our 2025 budget to you and let you know what your 2025 coupon will be. We spent a lot of time in 2023 grappling with how to increase our reserves responsibly, and this upcoming budget reflects that. In August we held an open budget planning session, which some of you attended. At that time, the budget was not complete because we had not fully considered all the budget elements, but we were able to identify many contributing factors, and some of you made suggestions. Since this was not a formal Board meeting, there were no minutes, but a draft budget was the result. Furthermore, Golden Rain Foundation had not finished their budget process to be included, although we had an idea of their portion of the coupon.



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This past year we have seen infrastructure failures in sprinkler systems and homes and have taken these into consideration in preparing this and future budgets. In addition, we have improved our rehab process for your homes to include exterior lighting, building address numbers, and garage and carport numbers, which are legible to the owner and visitors alike. We discovered that the CC&Rs did not contain complete carport and garage numbers and are in the process of identifying them and revising the chart that is at the back of the CC&Rs. Fortunately, we do not have to ask for a vote to change a chart in the CC&Rs, we just add an amendment.

The budget booklets will be sent to members in November. We hope to be able to send it electronically as an attachment, which you can save to your computer for reference. For those members who do not have email, you will receive the booklet by mail. I hope that you will accept the budget we will approve today. The Board will be happy to answer questions during the Members' Forum.

In addition, we will soon be considering nominations for three board positions. Many of you are eminently qualified to serve as Directors, and I hope you will consider running for a Director position on the Board. Please consider volunteering for a committee or making a suggestion for a new committee!

Treasurer's Report.

Ms. Jester reported the following:

Financial Snapshot October 18, 2024

- The operating fund balance: \$334,819
- Reserve fund balance: \$1,923,715
- Reserve fund investments: \$1.02M in U.S. Treasuries (4.8% interest), \$644,557 in interest bearing checking account (4.63% interest), repaid \$200,000 temporary loan to operating from reserve account.

2024 Initiatives:

- Develop prudent reserve funding plans for future reserve expenses
- Update 5-year overall financial and coupon forecast
- Look for more ways to reduce controllable expenses (e.g., utilities, building and landscape maintenance, administrative and professional services)
- Continue to maximize investment returns on reserve fund
- Continue to improve communications with members on financial matters

The Board has received and reviewed the monthly financial reports for September. Ms. Jester made a motion to certify compliance with Civil Code section 5500, Mr. Gould seconded. **Approved 5-0.**



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Finance Committee Report:

Nothing to report.

Committee Reports

Landscape Committee:

Ms. Parish reported the following

The Committee met on October 2nd. Attendees were: Shari Carroll, Susie Manners, Karyl Toms, Rod Williams, and Marilyn Reigelhuth. Nancy Herney and Kathy Tetalman attended as guests.

The Fall MOD days were completed last week and again, the crew was able to complete all the items on the list.

An update on the resident requests that were presented at the last meeting was provided. One was brought to the Mutual Board and was denied and the other two are still in process.

A plant and tree booklet from Orinda was handed out. It is a great additional resource to us in terms of adding fire resistant plants, soil stabilizers, etc. to the drought tolerant selections on the Rossmoor website. Some issues that need to be addressed in 2025 are the grass removal and rehabbing of the hillside between Saklan Indian Entries 6 and 8, the repair of at least 5 drains, and the potential removal of more grassy areas in the Mutual.

The date for the MOD end of year "Thank you" lunch will be Friday, October 18th at 11:30 a.m. Committee members are providing some of the food and will be there to help show our appreciation. Shari provided an update on the joint meetings with some Landscape Committee Chairs from other Mutuals. She also attended a Tree Planting and Preservation Meeting. We are hoping to find a home for a few future Oak trees in our Mutual.

During Members' Forum, two residents from Terra California Entry 12 presented a proposal to develop a gathering area where Junipers have been removed. The Committee Members were asked to look at this area. Also, it was noted that resident feedback was important to proceed with this request. Nancy Herney and Kathy Tetalman said they would develop a format to get more input and distribute it to the neighbors. It was also noted that this process takes time, and we try to minimize our expenses by using our MOD workdays. Also, tree removals and privacy concerns may affect this project.

The next Landscape meeting will be November 6th at 3:30 p.m. in the Mulligan Room at Creekside.

Governing Documents Committee:

Ms. Herney reported the following regarding attendance at a recent Legal Update seminar:



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Kathy Parish and I participated in a webinar presented by Adams/Stirling law firm. Adams/Stirling represents Mutual 40.

The Governing Documents Committee met on October 15th to discuss the new Assembly and State Bills and included their recommendations for action:

AB 2114: Balcony Inspections

This bill was to clarify AB 326 requiring balcony inspections every 10 years to include that the inspections must be performed by a structural or civil engineer. Thanks to the diligence of Joe Tracy and the building Maintenance committee, this has been completed and will not be required for another 7 years.

AB 2159: Electronic Secret Ballots

This bill authorizes HOAs to implement a process for Director Elections and CC&R amendments to be voted on using an electric secret ballot. We are not required to do this but now have the option to in the future. To do so will require a major change to our CC&Rs, Voting and Election Rules and Policies in addition to establishing a procedure for the members to opt in or out as well as to modify the Inspector of Elections process to include a system to tabulate and retain ballots.

There is considerable ambiguity in this bill and the Governing Documents Committee will continue to follow, research, and provide updates. We will not be looking to implement this for our upcoming Director Elections in 2025.

AB 2460 Quorum/Reduction

This was a clean-up bill.... there appears to be a significant number of clean up bills because so many are passed are confusing and contradictory dealing with reducing the quorum for Election of Directors. We do not have a quorum requirement for the Election of Directors so this will not impact us.

SB 477: ADU's

This will not apply to Mutual 40.

SB 428: Adds Harassment to Temporary Restraining Orders

Beginning January 1, 2025, HOA's can seek a Temporary Restraining Order (TRO) and injunction on behalf of any employee (including Directors, volunteer or Contractors working for the HOA) who are a target of harassment. Previously, TROs were limited to threats and acts of violence. No impact to Governing Docs, this is procedural.

SB 900: Duty to Repair Utilities

Beginning January 1, 2025, unless governing docs specify otherwise, HOAs are responsible for the repair and replacement necessary to restore interruptions in gas, heat, water or electrical services that begin in the common area. The law stipulates that work must start within 14 days of the interruption of services. This law is ambiguous and is currently being reviewed relative to who owns the utility services. Our current governing documents do not currently address this kind of



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situation. The Governing Documents Committee has reviewed this and will talk with legal counsel about how to move forward.

Corporate Transparency Act

Addressed in the last meeting and we are in compliance with our submissions to MOD who will be doing the filings with the State.

There have been no comments on the recommended update to the proposed amendment to Rules and Policies 2.1.1 (Candidate for Director Qualifications). Ms. Herney made a motion to adopt the additional Director qualification, Mr. Gould seconded the motion. **Approved 5-0**. The new verbiage for Director Qualifications Rules and Policies Section 2.1.1 are:

2.1.1 Candidate and Director Qualifications. Members must meet the qualifications in the subsections hereafter to be eligible for nomination as a candidate for, or to serve as a Director on, the Board.

- Candidates and Directors Must Be Members. The Board must disqualify: (1) the nomination of any candidate running for the Board and/or (2) any director serving on the Board, who is not a Member of the Mutual. Further the Board is not permitted to appoint any person to serve on the Board who is not a Member of the Mutual. Proof of membership must be a recorded deed. Persons holding a fee simple interest in a Unit merely as security for the performance of an obligation are not eligible to either be a candidate for or to serve on the Board.
- Member in Good Standing. To be eligible for nomination and/or to serve on the Board, the person or impersonal entity must not be delinquent by sixty (60) days or more in the payment of any regular or special Assessment, except:
 - o A person may not be disqualified from nomination for nonpayment of fines, fines characterized as assessments, collection charges, late charges or costs levied by a third party.
 - o A person may not be disqualified from nomination because the person has paid the regular or special assessment under protest.
 - o A person may not be disqualified from nomination due to delinquent assessments if the person has entered into a payment plan with the Mutual pursuant to Civil Code §5665 and is fulfilling the terms of the payment plan.
- Corporate Transparency Act (CTA) Compliance. Enacted by Congress in 2021, the CTA requires many companies formed or operating in the United States, including homeowners' associations, to report information about their beneficial owners to the U. S. Department of the Treasury. In order to be eligible for nomination and/or to serve on the Board, the person is required to cooperate in providing information to comply with CTA reporting. The required information includes the following:
 - o Full Legal Name



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- o Date of Birth
- o Residential address
- o One of the following unique identification numbers from:
 - Current passport,
 - State ID
 - Valid driver's license
- o And an image of the document.

Building Maintenance Committee:

Fred Kern informed the Board that Doug Fountain has been added to the membership of the Building Maintenance Committee.

Mr. Kern has received 2 bids for:

- Walkway between 609 & 641 Buildings: \$2580.00
- 644 sewage backup repairs: \$2165.00.

He is seeking approval from the Board to proceed with the appropriate funding and commence work. Ms. White made a motion to approve, seconded by Ms. Parish. **Approved 5-0.**

Caution painting of the steps in several entry walkways and the transitions at Yearout Park have been completed. Mr. Kern advised that the Committee will be working on the design and lighting for new entry signs and will be revising the replacement of walkway lights as the soft yellow solar lights may not be available.

Manager's Report

Mr. Arterburn announced that Bud Baxter has been promoted to a new position as Manager of Financial Planning and Analysis. He also shared the current timeline for the implementation of NetSuite. New system features will allow for the tracking of KPI's, the production of more timely and accurate finance reports, and 3-5 year business plans and cash flow reports.

Alteration/Architectural Review Committee:

Mr. Gould reported that there have been 4 Alterations Permits submitted in the past month.

Emergency Preparedness Committee:

Ms. Herney reported the following:

The EPO Committee met on Thursday, September 26th. Attendees were Judy Freed, Eileen Levin, Pat Shanahan, Nancy Herney, Kathy Parish, Christine Hagelin, and Jane Moran.



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Ms. Parish formally turned the Chair responsibilities over to Ms. Herney.

The following agenda items were discussed:

Status on the distribution of the new EP packets: Entry 9 is approximately 80% complete others are still in process.

2025 Meeting Schedule: once the 2025 events are identified the committee will decide how often to meet, monthly, quarterly or every other month.

2025 Events/Presentations: We discussed a variety of options as topics of Mutual interest to plan for next year (Best Equipment, Noell Cross Fire Prevention, Senior Scams, Go Bag Demonstration). We will consider which to sponsor at our next meeting.

Ms. Herney will research Radio Communication and prepare a new member report to ensure we are reaching all new members.

Trash, Recycle and Compost Committee:

John Moe has secured the support of Doug Fountain to be the Co-Chair of the newly named TRC (Trash, Recycle and Compost) Committee. Ms. White made a motion to approve the new name, seconded by Ms. Jester. **Approved 5-0**. Ms. Parish made a motion to appoint Mr. Fountain as the Co-Chair of the TRC Committee, Ms. White seconded. **Approved 5-0**.

Mr. Moe has been reviewing the files from the previous Committee Chair and discussed a few new initiatives for the Committee to pursue: new resident orientation, as well as orientations for care givers and household helpers. He has encouraged all residents to contact him or Mr. Fountain should they have an issue or suggestions for the effective maintenance and management of the Mutual trash enclosures.

Old Business

2025 Budget Presentation:

Jeroen Wright, Director of Mutual Operations, and Bud Baxter, presented the Mutual 40 2025 annual budget. There were minimal comments from the Board. Ms. Jester made a motion that the Board approve the 2025 Budget as presented, Ms. Parish seconded the motion. **Approved 5-0**.

New Business

None



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Members' Forum:

There were no member comments.

Executive Session

The Board met in executive session to discuss member matters including financial strategies, signage violations, collections and window frame colors.

Announcements

The next scheduled Board meeting will be on November 14, 2024 at 1:00 p.m. in the Club Room at the Creekside Clubhouse.

Adjournment

With no further business, the meeting was adjourned at 2:03 p.m.

Nancy Herney

Secretary

Walnut Creek Mutual No. Forty