

**THIRD WALNUT CREEK MUTUAL
MEETING OF THE BOARD OF DIRECTORS
TUESDAY, JUNE 13, 2017 AT 9:00 A.M.
GATEWAY FIRESIDE ROOM
1001 GOLDEN RAIN RD.
WALNUT CREEK, CA 94595**

ANNUAL MEETING AGENDA

1. Call to Order
2. Roll Call
3. Proof of Notice of Meeting
4. Approval of Annual & Organizational Meeting Minutes
5. Introduction of Board of Directors
6. TWCM 2017-2018
7. Reports of Committees
 - a. Alterations
 - b. Audit
 - c. Building Maintenance
 - d. Communications
 - e. Emergency Preparedness
 - f. Governing Documents
 - g. Landscape
8. Members Forum
9. Adjournment

ORGANIZATIONAL SESSION AGENDA

1. Call to Order
2. Appointment of Chairperson Pro Tem
3. Election of Officers
4. Appointment of Assistant Treasurer & Secretary
5. Establish Committees for 2017 – 2018
 - a. Alterations Permit Review
 - b. Audit
 - c. Budget and Finance
 - d. Building Maintenance
 - e. Communications
 - f. Emergency Preparedness
 - g. Governing Documents
 - h. Landscape
6. Adjournment



CERTIFICATION OF NOTICE OF MEMBERS' MEETING

I, Kathy Poling, Secretary of Third Walnut Creek Mutual, hereby certify that notice of the Annual Membership meeting was published in the *Rossmoor News* on March 8th, 15th, and 22nd. A copy of the notice was sent to all members of record on the 8th of May, in accordance with the Bylaws of said corporation.

DATED:

Kathy Poling, Secretary

THIRD WALNUT CREEK MUTUAL
FORTY-SECOND ANNUAL MEETING OF MEMBERS
TUESDAY, JUNE 14, 2016, AT 9:00 A.M.
FIRESIDE ROOM, GATEWAY COMPLEX
1001 GOLDEN RAIN RD., WALNUT CREEK, CA 94595

President Gery Yearout called to order the Forty-Second Annual Meeting of Members of Third Walnut Creek Mutual at 9:00 a.m. on June 14, 2016 in the Fireside Room/Gateway Complex, 1001 Golden Rain Rd., Walnut Creek, CA 94595.

Kathy Poling took the roll.

Present:

Gery Yearout, President (XI)
John McDonnell, Treasurer (X)
Kathy Poling, Secretary (III)
Jane Norbeck, Director, District IV
Jack Case, Director, District V

Victor McPhun, Director, District VII
Toby Dicker, Director, District VIII
Carol Keating, Director, District IX
Jean Faszholz, Director, District XII
Christine Monsen, Director, District XIV

Excused:

Judy Bank, Vice President (XV)
Walt Braun, Director, District XIII

Staff present were Director of Mutual and Trust Operations Paul Donner, GRF CFO Rick Chakoff, and Board Services Coordinator Sharon Fees

Approximately 200 additional Mutual members were also present.

PROOF OF NOTICE OF MEETING

Secretary Kathy Poling read the Proof of Notice of Meeting to the assembly. Poling certified that notice of the Annual Membership meeting was published in the Rossmoor News on May 18, May 25, and June 1, 2016, and that a copy of the notice was sent to all members of record on May 6, 2016, in accordance with Article 5, Section 3, of the Third Walnut Creek Mutual Bylaws.

APPROVAL OF MINUTES

A motion was made, seconded and unanimously approved to accept the minutes to the Annual Meeting and Organizational Meeting of June 2015.

INTRODUCTION OF BOARD DIRECTORS

President Gery Yearout introduced each of the Board Directors. She noted those Board Directors who were newly elected this year. They are Judy Bank, Jack Case, Carol Keating, Christine Monsen, and herself, Gery Yearout. All incumbents submitted their nomination by the deadline and no other nominations were put in place. Therefore, each was elected by acclamation for their respective Districts.

TWCM 2015 - 2016 PRESIDENT'S REPORT

Gery Yearout explained governance within common interest developments to the assembly and stated that the Board will be revising the CCRs for all of the 24 Projects within Third Mutual. This process will take a minimum of 18 months and any and all revisions will be sent to the membership for a vote to approve.

She explained that one of the primary responsibilities of the Board is to manage the money that all homeowners pay to the Mutual to cover the obligations to GRF, Project Reserve Fund, and Project Operating Fund.

Policies are regularly reviewed by the Governing Documents Committee and recommendations for revisions are made to the Board of Directors in open session for approval. Once approved, not adopted, by the Board, revisions are then sent to the membership for a 30-day comment period. Only after comments are reviewed and considered and possible changes made does the Board adopt policy revisions.

Yearout pointed out that many common area encroachments took place over the years. Some of these have been properly documented and some have not. The Board is addressing this long-standing matter and is working to resolve issues. No decisions or actions have yet to take place. Legal Counsel is assisting the Board in the process. The Mutual must adhere to its governing documents and to Civil Code.

TREASURER'S REPORT

Treasurer John McDonnell presented the Treasurer's Report.

The 24 Third Walnut Creek Mutual Projects keep money in three accounts. The accounts are: Operating Checking, Reserve Checking, and Investments. The total of all funds in all Projects through June 7 2016 is \$13,272,000. The amount in Reserve accounts and Investments total \$11,793,000. The primary goal is the safe keeping of the money. To this end, amounts in Reserve accounts are either kept under the FDIC protection limit of \$250,000 or invested in Certificate of Deposits through the Certificate of Deposit Account Registry Service (CDARS).

Each month, the Treasurer receives the TWCM bank statement and two aging report for all of the Projects in TWCM. One is simple called "aging report" and refers only to the coupon

payment and any late fees or short-pay items. The second is called "Owner Billable Aging Report" and lists monies owed for owner-billable work done for an owner, late fees, fines for violations, and interest. Each Project receives and aging report with their bank statements each month. If there are no overdue coupon or owner-billable amounts for a Project then a report is not produced.

Third Mutual has focused much attention on reducing the amounts owed to TWCM. Steps were taken to improve the notification to residents to fate costs of repair work that would be billed to their manor. The invoices for work done were bundled for clarity and submitted after all the work was completed. The amount of owner-billables outstanding was reduced from \$118,000 last year to \$60,000 through April of this year. Progress in continually monitored.

COMMITTEE REPORTS

Alterations Committee

Jack Case reported that from June 1, 2015 - June 1, 2016, 204 alteration applications were processed for Third Mutual and that 132 permits were issued. 299 alterations were completed over this time period.

The time lapse for approval of alteration applications has been greatly shortened because homeowners are including the necessary information which results in more efficient processing.

Architectural Standards can be found on rossmoor.com.

Alteration/ReSales meeting take place before a buyer closed escrow. At this meeting a representative of the ReSales Department reviews the documented alteration history of the property with the new owner. The new owner is then required to sign off on these alterations; accepting responsibility for particular ones where applicable.

Homeowners are advised that a final inspection by MOD for all alterations is required. Case encouraged homeowners to follow up on this obligation if a final inspection has yet to be performed after an alteration is complete.

Audit Committee

Each year the audit committee meets with the authors to validate the scope of the audit and the work schedule in time to mail the audit results to Third Mutual members by April 30. In accordance with California state law, the audit is a sampling of GRF's procedures and some financial transactions. The results of the 2015 audits were very satisfactory with no significant findings. Some flags were raised with respect to the financial status of reserves of some Projects but these were already known to the Director and MOD.

Building Maintenance Committee

Several Committee members are registered professional engineers or have extensive maintenance experience. The Committee completed a review of maintenance-oriented policies with no significant recommended changes. The committee did provide input to proposed TWCM polices relating to solar installations and electric vehicle charging stations.

Clayton Clark successfully completed an ambitious building rehab program in 2015 and is working on an even more aggressive rehab program for 2016.

Communications Committee

Kathy Poling reported that her goal is to maintain a good communications program for the Mutual to the membership.

Poling submits regular articles to the Rossmoor News informing residents of Board Meeting highlights and other going-ons relating to the governance of the Mutual.

Emergency Preparedness

Jane Norbeck reported that since 2013, the TWCM Emergency Preparedness Committee sponsors semi-annual seminars for all residents. The topics covered at these seminars are safety hazards throughout the home, fire safety, pet safety in event of an emergency, earthquake preparedness. The Committee is always looking for additional Entry Coordinators to help in the emergency preparedness effort.

Governing Documents Committee

The Committee accepted two major tasks this past year: the effort to deal with encroachments and to take on the CCR re-write. This are both projects that Third Mutual's legal counsel highly recommended that the Mutual address.

The Committee has also been spending time on revising policies. All proposed policy revisions will be presented to the membership for a comment period once they are ready for review by the membership.

It is worth noting that review and revision tasks taken on by the Committee take much attention to detail. The process is long, but necessary.

The Committee anticipates that some very significant work will be accomplished for members in the year to come.

Landscape Committee

Jean Faszholz reported that as Landscape Chairperson she does not dictate what the landscaping will be throughout Third Mutual. Rather, this is the responsibility of each District Director.

Faszholz is the liaison for the Board to the Landscape Supervisor, Steve Ormond, and the vendors that Steve hires on the Mutual's behalf.

Faszholz read an essay that she wrote entitled "In A Perfect World." This essay humorously pointed out all that which residents wish was different about the landscaping and wildlife in Third Mutual, but that residents realize is impossible to achieve. Her words were met with laughter and applause.

MEMBERS FORUM

Members were afforded an opportunity to share their concerns, comments, and praise to the Board and staff.

ADJOURNMENT

With no further business, the Forty-Second Annual Membership Meeting of Third Mutual was adjourned at 10:25 a.m.



Sharon Fees
Assistant Secretary
Third Walnut Creek Mutual

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MINUTES
THIRD WALNUT CREEK MUTUAL
ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS
TUESDAY, JUNE 14, 2016
FIRESIDE ROOM/GATEWAY COMPLEX
1001 GOLDEN RAIN RD., WALNUT CREEK, CA 94595

The Organizational Meeting of the Board of Directors of Third Walnut Creek Mutual was convened by Gery Yearout at 11:00 a.m. on Tuesday, June 14, 2016, in the Fireside Room/Gateway Complex, 1001 Golden Rain Rd., Walnut Creek, California.

Kathy Poling took the roll.

Present:

Gery Yearout, President (XI)

John McDonnell, Treasurer (X)

Kathy Poling, Secretary (III)

Jane Norbeck, Director, District IV

Jack Case, Director, District V

Victor McPhun, Director, District VII

Toby Dicker, Director, District VIII

Carol Keating, Director, District IX

Jean Faszholz, Director, District XII

Christine Monsen, Director, District XIV

Excused:

Staff was represented by Sharon Fees, Board Services Coordinator. The purpose of the meeting was to elect the Officers of the Corporation for the ensuing year.

An invitation to this open meeting was reiterated at the Annual Meeting. Two TWCM members elected to attend this meeting.

A motion was made, seconded and carried unanimously to appoint Sharon Fees as Chairperson Pro Tem to conduct the election of officers.

Jack Case nominated Gery Yearout for President. Hearing no other nominations, Yearout was declared President for the ensuing year.

Jack Case nominated Judy Bank for Vice President. Hearing no other nominations, Bank was declared Vice President for the ensuing year.

Jane Norbeck nominated Kathy Poling for Secretary. Hearing no other nominations, Poling was declared Secretary for the ensuing year.

Gery Yearout nominated John McDonnell for Treasurer. Hearing no other nominations, McDonnell was declared Treasurer for the ensuing year.

It was moved, seconded, and carried to appoint Rick Chakoff, CFO as Assistant Treasurer, and Sharon Fees, Board Services Coordinator, as Assistant Secretary for the ensuing year.

The following committees were established for the following year:

Alteration Permit Application Review

Audit

Budget and Finance

Building Maintenance

Communications

Emergency Preparedness

Governing Documents

Landscape

ADJOURNMENT

Having no further business, the meeting adjourned at 11:20 a.m.

Sharon Fees

Sharon Fees, Assistant Secretary

Annual Treasurer's Report
June 13, 2017

The Independent Auditor's Report for Years Ended December 31, 2016 and 2015 was sent to the membership in April of 2017. The results of the audit were exceptionally good. Some notable results of the audit include:

- Over the last three years Total Assets have increased and the Total Fund Balance has increased.
- Over the last three years Total Revenue has exceeded Total Expenses
- Over the last three years Total Replacement Fund Cash and Certificates of Deposit have increased.
- The Replacement Fund Reserves are for future planned expenses. The Replacement Fund Reserves are adequate to meet future planned expenses.

The Totals mentioned above represent the combined financials of the TWCM.

There are 24 projects in 12 Districts, which constitutes the TWCM. Each project has its own budget. Each project has its own financials audited and the results are included in the report sent to the membership. Each member can see the financial health of the TWCM and their individual project.

The TWCM policy 89.0.0 Minimum Threshold Levels of Operating Funds and Reserve Funds to be maintained by projects (5/11/2015) provides guidance to the board of directors when formulating project budgets.

The Board as a whole reviews and approves each of the project budgets for consistency with the policy. The Mutual Operations Division provides individual directors with proposed budgets each year based on the current and projected financial needs.

The Treasurer monitors and recommends actions to be taken on amounts overdue for coupon payments and owner billable assessments. Each Director receives a report on the financial condition of their project including bank balances each month.

The financial condition of the TWCM in the aggregate is sound. Individual projects make ongoing budget adjustments as needed to maintain this healthy financial condition.