

SECOND WALNUT CREEK MUTUAL**BOARD OF DIRECTORS REGULAR MEETING**

Thursday, August 21, 2025, at 10:00 a.m.

In-Person and Virtually

Peacock Hall / Gateway Plaza

1001 Golden Rain Road, Walnut Creek, CA 94595

MINUTES**Call to Order**

President Bruce called the meeting to order at 10:00 a.m.

Roll Call of Directors

Lon Bruce – President
Michele Colucci – Vice President
Vona Scott – Treasurer
Bob Kelso – Secretary
Marv Ryken – Director

Mutual Operations Staff

Jeroen Wright – Director of Mutual Operations
Todd Arterburn – Chief Financial Officer
Eric Howard – Building Maintenance Manager
John Tawaststjerna – Landscape Manager via zoom
Lucy Limon – Board Services Coordinator

Approval of Minutes

a. Approve Board of Directors Executive Session Meeting Minutes – June 12, 2025
Lon Bruce made a motion, Michele Colucci seconded to approve the June 12, 2025, Executive Session Minutes.

Moved, Seconded, Carried 5-0

b. Approve Board of Directors Executive Session Meeting Minutes – July 11, 2025
Lon Bruce made a motion, Michele Colucci seconded to approve the July 11, 2025, Executive Session Minutes.

Moved, Seconded, Carried 5-0

c. Approve Board of Directors Regular Meeting Minutes – July 17, 2025
Lon Bruce made a motion, Michele Colucci seconded to approve the July 17, 2025, Regular Meeting Minutes.

Moved, Seconded, Carried 5-0

d. Approve Board of Directors Executive Session Minutes – August 5, 2025
Lon Bruce made a motion, Michele Colucci seconded to approve the August 5, 2025, Executive Session Minutes.

Moved, Seconded, Carried 5-0

President's Report – Lon Bruce

President Bruce reported that SWCM is currently in the middle of an election cycle. He addressed a recent rumor regarding an upcoming large assessment, clarifying that there are no current plans for

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an assessment and that SWCM is in good financial standing. He emphasized that official communications will come only from Bob Kelso or himself, and that any other messages should be considered suspicious. He encouraged residents to review information on the SWCM website.

Operations Manager's Report – Jeroen Wright

Jeroen Wright reported that the approval of the Management Agreement has been his primary focus and is on track for completion and signature by the Mutual Presidents. After several revisions, the final draft will be presented to the Presidents on Monday, August 25. The Presidents will then review and discuss the document with their Boards and attorneys, with a target completion date of September 22. Ratification of the agreement is scheduled for October 31.

He further noted that the annual 4041 form will be mailed by the end of the month according to each member's preferred contact method, emphasizing that this is a mandated annual requirement.

Jeroen also announced that a new Board Coordinator has been hired and will begin in September.

Chief Financial Officer – Todd Arterburn

Todd Arterburn reported that good progress is being made on the financial reports. He noted that the budgeting program in NetSuite is now fully operational and positions the organization to produce budgets more effectively than in prior years. Todd added that NetSuite tools continue to improve, and his team will further refine the financial reports.

He also announced that Jason Lopez has been hired to replace Daniel Margolis. Jason brings valuable experience with both NetSuite and Workday, which will be especially beneficial as budget season approaches.

Treasurer's Reports – Vona Scott

Vona gave the following report:

To assist the SWCM Board, Finance Committee and Members in their review of the Financial Statements of the Mutual this memo provides an explanation of items with significant variances in budget. To keep this report focused, only significant \$25,000 under and over realizations are described, which is about .1% of the 2025 annual budgets for operating and reserves.

Overall:

This report is based on the June 2025 year-to-date total income report. Overall, we are in good shape: • \$680k under budget for operating expenses • \$927k under budget for reserve expenses • \$1.61MM under budget in total

Some of these under budget items are due to timing issues between budget and actual. You may recall from some of Todd's earlier discussions, that the old Jenark system did not have the capacity to create a budget that had seasonality built in. It could only take a yearly budget and spread it into 12 equal portions. Which as we all know is not how the real-world works. The new Workday and NetSuite systems will support seasonal budget reporting for 2026.

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Coupon delinquencies remain high ~\$493k. Having now received reliable NetSuite data, I have begun collection activities on behalf of the mutual. (No collection efforts were done by the Board after Liz Bradner left the Board in April 2024.) I selected twelve (12) accounts to start with:

- Eight (8) large balance delinquent accounts (\$143k):
 - 2 of the delinquent accounts (\$29k) will be paid in full by the end of August.
 - 2 of the delinquent accounts have begun making the regular monthly payments plus a bit more to slowly bring the prior due balance current SECOND WALNUT CREEK MUTUAL (\$28k). As long as they continue to perform, no further collection activities will be initiated by the Board.
 - On 4 accounts, I am still awaiting contact with the Member. Assuming they do not respond, the Board will call them to an executive meeting to work on repayment with them, if it can.
 - Four (4) large balance credit accounts (-\$31k):
 - o 3 Members are paying ahead, as much as a year in advance.
 - o 1 Member had a mix-up; she had authorized RPM to pull a payment and then sent in a monthly payment. I am trying to connect with her about how she'd like to proceed.
 - It should be noted that one seriously delinquent account (5 years and ~\$100k) is finally reaching completion. We are awaiting a date from the Sheriff to remove the non-Member occupant and subsequently sell the property. We expect to have the non-Member removed by mid-September 2025. The sale will proceed after removal.
 - Finally, I have asked Todd to create a report that I hope would streamline the collection process and allow myself and potentially Finance Committee Members to call on lower balance Members in order to reduce both our Member coupon receivables and payables.

Subsequent Events:

- The 2024 financial review report is in progress. Expect that they will be completed and mailed out to Members by the end of September.
- It is expected that at the end of September that mutual Treasurers will be granted access to their individual mutual's financial data.
- Todd is working on the new WorkDay budgeting tool. He demonstrated it to me in early August, I am impressed with his progress in getting the tool up and running (basically by himself). He and the RPM (formerly MOD) team will be using it to generate our budgets for 2026. The 2026 budget calendar will be announced when available. I expect it to kick off in late September 2025.
- Yes, implementation is taking a bit longer than anyone would like, but significant progress has and will continue to be made. And like all implementations, the next milestone gets completed faster. Please thank all the RPM staff for their continued hard work. It takes a village to get a system conversion done and they are doing a wonderful job!

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- Interest Income, over budget by \$31k. Given the recent and continuing economic uncertainty, interest rates are generally expected to decrease, although the pace and extent of the decrease remain uncertain. Stay tuned...
- Fire Safety, over budget by \$29k. Both our safety and replacement cost and Contra Costa fire inspection cost are over budget.
- Rehabilitation, is under budget by \$38k. However, the Landscape Committee tells me they have plans to spend their entire 2025 budget, so look for this to reduce over time.
- Professional Fees, is under budget by \$28k, mostly driven by lower legal fees.
- Insurance, under budget by \$525k. We got lucky with our 2025 renewal rates and we going to do our darndest to save that money to reduce the 2026 coupon increase. Stay tuned...
- Utilities, is under budget by \$143k. Folks, our volunteer committees and RPM folks work hard for us every single day and we all reap the rewards.

Reserves, under budget by \$927k:

- Interest Income, is over budget by \$104k.
- Facilities Maintenance, while building stabilization is over budget by \$38k, the total category is under budget by \$589k. Again, a prime example of timing differences between budget and actual. This category encompasses things like roofing, painting, plumbing, etc. Expect this to reduce over time.
- Appliance and Mechanical Repairs & Replacements, is under budget by \$74k.
- Public Works, is under budget by \$166k. This category encompasses things like concrete and drainage repairs, etc. Again, typically only emergency repairs happen until the rain stops. Expect this to reduce over time.

Building Maintenance Manager's Report – Eric Howard

Eric Howard gave the following report:

2025 PREVENTITIVE MAINTENANCE AND RESERVE PROJECTS

Building Rehab Work-Our SWCM Carpentry crew and the painters are currently rehabbing buildings on Entry 7 Singingwood Ct.

Water-Cooled Air-Conditioning Conversion- Freemans Heating and air conditioning is currently working on converting the water-cooled A/C's at 1100 Running Springs Ct. They have completed the installation of 368 units out of the 468 units scheduled to be replaced.

Entry Bridge Replacements- Gauthiers construction is currently working on installing the foundations for the 3 new entry walkway bridges. The new bridges being constructed are located at 1125 SW, 2724 TC and 2740.

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Annual Inspections- Our annual inspections are underway, technicians will be knocking on doors to do the inspections and will be checking the smoke detectors, carbon monoxide detectors, changing furnace filters, inspecting HVAC units, checking toilets for leaks, and cleaning refrigerator coils if needed.

Zinsco Panel Replacement- AMAC has been awarded the contract to replace 43 interior Zinsco panels. Work to replace the panels will be scheduled after the City of Walnut Creek permits have been approved.

PROPOSALS FOR APPROVAL

3248 Tice Creek- We have received 3 proposals from contractors to stabilize and re-level the foundation and deck on the South side of the building.

Ned Clyde Construction

\$104,755 plus Engineering

Acustruct Construction

\$105,410 plus Engineering

Winter Discount of 8% \$96,972, for doing work in the winter months, Dec/Jan/Feb

ESR, Engineered Soil Repairs

\$173,703 plus Engineering

Re-piping 1301 Ptarmigan Dr. We have received 3 proposals from contractors to replace the old, galvanized water lines.

Flowing Water, re-pipe \$34,185

Gauthier's drywall, and siding put back \$35,984

Total \$70,168

Delta Plumbing, re-pipe \$57,200

Aprox. drywall and put back \$35,984

Total \$93,184

5 Star, Re-pipe and all put back

Total \$126,680

No decisions were made on the above-mentioned proposals. A Special Board Meeting will be scheduled later for approval.

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10. Landscape Manager's Report – John Tawaststjerna / Jesus Morales
John Tawaststjerna gave the following report:

SWCM Landscape Report

Plant Replacements

- Deadline of August 15 for Plant Replacement submissions has passed
- Requests are being reviewed over the coming months
- Goal will be to begin installing plantings in November

Landscape Maintenance

- Tip prune Azalea
- Deadhead Rhododendron
- Weed removal
- Fertilization of shrubs and trees will begin in September

Tree Maintenance

- Tice Creek Entries 6-17
 - o Scheduled for August

Tree Removal Bids

- Fairlawn Entry 2 (Approved)
 - o 1 Redwood
 - Hamilton - \$16,600
 - Waraner - \$15,000
- Canyonwood Entry 8 (Approved)
 - o Canary Island Pine
 - Hamilton - \$5,600
 - o Monterey Pine
 - Hamilton - \$6,700
- Leisure Lane Entry 3 (Approved)
 - o Sequoia
 - Hamilton - \$5,600

Committee Reports

Water and Conservation Committee Report – Therese Welter

Therese provided the following report:

It's been a busy month. In July, major pipe breaks occurred on Running Springs and Canyonwood, along with a significant EBMUD water billing issue on another meter. The Canyonwood meter was already under observation, so the incident, while not totally unexpected, affected entries on July 25th and water was shut off to repair in several entries. The leak had likely been underground and was not detected by neighbors or staff. On Running Springs, increased water usage was initially linked to building repairs and AC unit replacements, creating anomalies and therefore hard to diagnose. A resident's report of water pooling in Entry 4 led to the discovery and repair of an underground leak. Water was shut off for most of the day for repairs in several entries.

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The billing issue was discovered during the July download of Second Mutual water bills. I use these monthly downloads to monitor usage for our 11 meters; this time, one meter serving 244 co-ops showed charges nearly **five times** higher usage and billing than last year (9,189,180 vs 2,080,936 gallons) (\$114,540 vs. \$24,875). Assuming a major pipe break, I contacted Eric Howard and John T, but their readings did not show excess usage. They found no break and determined there was a disconnect between the meter data and EBMUD's billing system. Rossmoor's Controller, Amanda Davis, has reached out to EBMUD's billing department, which is investigating the issue.

Now the good news, due to the cooler weather and less water required for landscaping, our July usage for all meters (excluding the one with billing issues) is down 32% for the month of July, compared to July 2024 with all meters showing reductions from 10% to 50% less usage for the month. YTD usage is down 13% for all meters YTD billing is 4% lower than last year. However, an 8% EBMUD rate increase began July 1, 2025, so future billing reductions will depend on further decreases in water use.

The Water Committee has decided to not only review monthly meter usage with residents by posting usage on the website by meter, but to also reach out to entries with above-normal water consumption, asking residents to regularly check for outdoor leaks and report them to the Work Order Desk, providing specific guidelines. An RN article on water leak awareness and reporting will also be published. **Resident awareness plays a crucial role in resolving these issues and I believe going forward must be part of our regular process for detecting leaks.**

Trash Committee – Kathleen Eperson
No report was made.

Finance & Insurance Committee – Vona Scott
No report

Landscape Committee – Tieka Romanoff
Tieka Romanoff reported that the landscape budget for 2025 is nearly depleted. The committee has already begun planning projects for 2026. She noted that there are currently two open positions on the committee and invited any interested residents to contact her directly.

Infrastructure Committee – Kevin Moore
Please see report attached at the end of these minutes.

Welcome Committee – Susan Haigh Bishop
The next social gathering will be held on September 4 at 4:00 p.m. in the Fireside Room at Gateway Plaza. Residents are asked to RSVP with Susan Haigh-Bishop at haighbishop@gmail.com to assist the committee in planning refreshments.

Architectural Review Committee – Lon Bruce
No report was given.

Contracts, Grants, and Rebates Committee – Vona Scott

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No report was given.

Neighbors for Safer Streets Committee – Lynn Carruthers

No report was given.

Old Business

a. Laundry room refurbishment schedule.

i. Laundry room junk removal

The Board discussed the possibility of adding the refurbishment of the laundry rooms to the 2026 rehabilitation schedule and budget. Bob Kelso encouraged residents to contact him by email with any questions or concerns regarding the laundry rooms.

b. Conditions requiring Zinsco panel replacements by members:

This item was tabled pending legal review.

c. Galvanized pipe replacement requirements:

This item will be referred to the Architectural Review Committee.

New Business

a. Balcony inspections:

The Board tasked Eric Howard with including this item in next month's report.

b. Election update

i. Town Hall date discussion

ii. Money for refreshments at Town Hall

A Town Hall will be held on September 9 at 4:00 p.m. in the Clubroom at Creekside.

This event will serve as a meet-and-greet with the 2025 Board candidates. All residents are welcome to attend.

Michele Colucci made a motion, seconded by Vona Scott, to increase the budget for the September 4 social gathering by \$250, for a total of \$500, to accommodate the expected crowd of volunteers and residents.

Moved, Seconded, Carried 5-0

c. Budget process update.

Jeroen reported that initial drafts have been submitted to Helsing, and RPM expects to receive feedback within the next couple of weeks. Budget meetings will be scheduled accordingly.

d. Authorization to seek bids from collection agencies:

Vona mentioned that she has contacted outside collection agencies; however, no changes will be made at this time.

e. Five Star old invoice settlement:

Vona Scott made a motion, seconded by Michele Colucci, to approve the payment of the Five Star settlement from 2018 with a 12% discount, in the amount of \$260,176, to be paid from reserves.

Moved, Seconded, Carried 5-0

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f. RPM Town Hall for members next year:

The Board discussed organizing a Town Hall with RPM in February or March 2026 to inform members about their services, cybersecurity approach, and other operational matters.

Members' Forum

Members were invited to address the Board in an open forum. No comments were made.

Announcements

The next scheduled meeting is the Board of Directors Regular Meeting held on Thursday, September 18, at 10:00 a.m. in the Peacock Hall at the Gateway Plaza.

There is a Mutual Social Gathering on September 4th at 4 p.m. in the Fireside Room. Please RSVP to haighbishop@gmail.com.

Adjournment

There being no further business, the board of Directors Regular Meeting was adjourned at 11:46 a.m.

Board Services Coordinator

I hereby certify that the foregoing is a true and correct copy of the minutes.

Lucy Limon