

**MINUTES**  
**Second Walnut Creek Mutual**  
**BOARD OF DIRECTORS MEETING**  
**March 21, 2024**  
**Peacock Hall / Gateway**  
**In-Person & ZOOM**

1. **CALL TO ORDER** - President Loran Shlevin called to order the Second Walnut Creek Mutual (SWCM) Board of Directors meeting to order at 10:09 a.m.

2. **ROLL CALL**

|                |                |         |
|----------------|----------------|---------|
| President      | Loran Shlevin  | Present |
| Vice President | Jeanne Steidel | Absent  |
| Treasurer      | Marv Ryken     | Present |
| Secretary      | Susan Davis    | Present |
| Director       | Liz Bradner    | Present |

Also present: Director of Mutual Operations - Jeroen Wright  
GRF - CFO - Thomas Hand  
MOD Landscape Supervisor - Jesus Morales  
Assistant Board Secretary - Linda Schoeffner

3. **CONSENT CALENDAR**

**Treasurer Ryken made a motion to approve the March 7, 2024, Board meeting minutes and the March 7, 2024, Executive Session minutes, Director Bradner seconded the motion, and it passed without dissent. 4-0**

4. **JEROEN WRIGHT** updated the membership on Firewise monthly meetings and educational outreach with CCC Station 3 Fire Chief – date not yet scheduled. He also presented the monthly MOD report for Second Walnut Creek Building Maintenance Manager - Eric Howard who was absent.

5. **JESUS MORALES** gave an update on landscape projects. Jeroen reminds the members that the Gutter Cleaning number is 925 988-7650 should you have any clogged gutters or downspouts. There is an upcoming meeting with Terra Landscape to discuss revising the contract. Jeroen says he will walk us through projects. SWCM voted to table this until the April 18, 2024, Board meeting.

6. **TREASURER’S REPORT** – Marv Ryken.

| 2/29/2024 Report    | Operating   | Prop Tax  | Reserve     | Total       |
|---------------------|-------------|-----------|-------------|-------------|
| February Income     | \$1,354,000 | \$518,000 | \$277,000   | \$2,149,000 |
| Budget income       | \$1,331,000 |           | \$277,000   |             |
| February Expense    | \$1,223,000 | \$518     | \$337,000   | \$2,078,000 |
| Budget Expense      | \$1,296,000 |           | \$321,000   |             |
| February Difference | \$130,000   | \$0       | -\$60,000   | \$70,000    |
| Beginning Balance   | \$2,450,000 | \$0       | \$5,282,000 | \$4,900,000 |
| Ending Balance      | \$2,783,000 | \$0       | \$5,358,000 | \$8,141,000 |

PROBLEM: JAN ENDING AND FEB BEGINNING NOT THE SAME?

|                    |             |             |              |
|--------------------|-------------|-------------|--------------|
| January ending     | \$2,681,000 | \$5,418,000 | \$16,128,000 |
| February beginning | \$2,450,000 | \$5,282,000 | \$16,168,000 |

|       |        |          |
|-------|--------|----------|
|       | total  | >90 days |
| AGING | \$165k | \$87k    |

The second column in the financial report on page 1 should be changed from Property-to-Property Tax. Currently the column does not make any sense because it mixes property tax with estimated property worth and depreciation. The above table has been corrected to show property tax.

The Budget Committee recommends having property tax in a separate account and not part of the operating fund. The property tax should also be in the budget since there should be a carryover from the previous year to accommodate paying the property tax on April 10 and December 10.

Charges in February financial report:

|                                 |            |
|---------------------------------|------------|
| Fire alarm battery replacement  | \$1,130.59 |
| Fire alarm replacement          | \$196.34   |
| Light bulb replacement & Repair | \$3,544.22 |

Marv says that Eric told him that half of the Smoke Detectors have already been changed. Marv noted that we paid \$1033 last month to change batteries.

***Treasurer Ryken made a motion to replace the entire unit with the 10 yr. type batteries, instead of the shorter life batteries from now on. Loran seconded the emotion, and it passed without dissent. 4/0.***

***Treasurer Ryken made a motion to approve the February 29, 2024, financials and certify that the Civil Code 5500 is being followed. President Shlevin seconded the motion, and it passed without dissent. 4-0***

The Second Walnut Creek President joined with Treasurer Ryken to report that the Board, MOD, GRF and the GRF accounting department are working with SWCM's assessment collection agency and attorneys to confirm and resolve delinquent and aged receivable accounts.

## 7. **MOTION TO CHANGE BANK**

Loran observed that our finances have been in absolute chaos for years. Twenty-four thousand in collections annually. Among other issues involving our bank, Citi National Bank, which we did not choose, cannot speak directly to the financial managers, and we have no online access. An HOA has the right to select its bank. This Board has gone out to talk to banks, CPAs, and financial advisors. Heritage is local, on Danville Blvd. It is an HOA specialty bank.

The Second Walnut Creek Mutual introduced Chris Lucas of Heritage Bank to make a presentation to the Board, Members and Management. Here are highlights:

- **HOA Interest Checking**  
Enjoy unlimited check writing and deposit processing with HOA Checking, the most effective way to manage operating expenses. All at no cost to us except where a check is cashed with insufficient funds – fee \$12.00.
- **HOA Reserve**  
Manage your liquid reserve effectively, maintaining ready access while earning interest on otherwise idle funds. HOA Reserve accounts feature tiered interest rates.
- **ICS Deposit Placement**  
An account that allows your funds to remain liquid at money market rates, while ensuring they are FDIC insured.
- **Information Reporting**  
View and/or print current or prior-day balance and transaction information on all accounts for up to 24 months.
- **Checks & Statements**  
View and/or print images of your checks (front and back), as well as your monthly bank statements for all accounts, for up to 24 months. Statements are available for download in bulk.
- **Stop Payments**  
Place stop payments online with ease.
- **Remote Deposit Capture**  
A convenient and secure way to process your check deposits directly from your business to the bank. Deposits are available via mobile, tablet, laptop, or desktop computer.

- **Download Transactions**  
Pull critical transaction activity for all your accounts to streamline your monthly reconciliation process, using a variety of formats.
- **Automated Clearing House (ACH)**  
Collect homeowner assessments or management fees and make vendor payments, all electronically.
- **Information Reporting**  
View and/or print current or prior-day balance and transaction information on all accounts for up to 24 months.
- **Checks & Statements**  
View and/or print images of your checks (front and back), as well as your monthly bank statements for all accounts, for up to 24 months. Statements are available for download in bulk.
- **Stop Payments**  
Place stop payments online with ease.
- **Positive Pay**  
one of the strongest defenses available to prevent check fraud. It enables you to monitor and control checks presented against your account so that only authorized items are paid. Any presented items that do not match the issued checks contained in the file you provide will be considered exception items. Exception items are available for review each morning through the Heritage Direct Online Banking system. Once reviewed, you will provide us with your pay/return decisions via Online Banking.
- **Integration Services**  
Full banking capabilities inside your management & accounting software. Three levels of integration are available to receive transactional information directly uploaded to your accounting software.  
*President Shlevin made a motion to change our bank from Citi National Bank to Heritage Bank. Secretary Davis seconded the motion, and it passed without dissent. 4.0*

#### 8. **RESIDENTS' FORUM (COMMENTS RE: BANKING CHANGE)**

Members had questions about the Board's proposal to change banks. Members questioned whether the decision to change banks was being rushed. Comments were both pro and con. Whether the Board was rushing its decision, how thoroughly they had vetted other banks. Why payment of the collected bi-annual property taxes was again on the agenda. Why SWCM does not have access to its account through online banking? Asked why the proposed 30-day allowance would not resolve its banking issues. Asked questions regarding bank and investment rates.

**9. BOARD VOTE ON PROPOSED MOTION TO POSTPONE THE MOTION FOR 30 DAYS.**

Director Liz Bradner proposed an amendment to the motion before the Board to change banks. She proposed that the Board hold off on changing banks for 30 days to give GRF a chance to make good on its promises. President Loran Shlevin asked that the Board all give reasons for their votes.

President Loran Shlevin – NO - have given my reasons repeatedly. Not hearing anything substantive, not confident that one month would give a change and that SWCM would be on its own.

Treasurer Marv Ryken - No - lack of confidence.

Secretary Susan Davis - No - lack of confidence.

Director Liz Bradner - Yes – Wanted to give 30-days a 30-day allowance for GRF to provide the documents the board has been requesting will cause increased workload and delays in the accounting dept.

*President Shlevin made a motion to provide GRF with 30-days to provide documents. The Board took a voice vote, and the motion did not pass. 3-1*

**10. TO MOVE BANKING FROM CITY NATIONAL BANK TO HERITAGE COMMERCE BANK:**

President Loran Shlevin Yes

Treasurer Marv Ryken Yes likes the “personal touch.”

Director Liz Bradner No

Secretary Susan Davis Yes

Vice President Jeanne Steidel Absent

*Director Bradner made a motion to move mutuals banking to Heritage Bank in Danville, CA. Treasurer Ryken seconded the motion, and it passed. 3-1.*

**11. NEW BUSINESS:**

Reserve Fund Transfer / Property Tax Payment – The SWCM was informed that as of today we have enough money not to have to borrow from the Reserve Fund to pay the mutual’s property taxes. The Board will set up a property tax impound account to segregate the mutual’s tax money from any other funds. Director of Mutual Operations, Jeroen Wright stated that the property tax due in the amount of \$2,895,000, will be paid on April 10, 2024. As of March 20, 2024, the SWCM has \$4.5 million in its operating fund. After monthly expenses and the taxes are paid, we will have \$412,000 in the operating fund. Enough to keep mutual afloat till the next coupon. No need to borrow from reserve.

**12. PRESIDENT’S REPORT – NONE**

Landscape and Water Conservation reports and update on Website Design have been tables until a later meeting.

### 13. RESIDENTS' FORUM

Member read a part of the Davis Stirling act regarding agenda amendment. Another member requested more information about repairs at Canyonwood Court #3. A third member told us about recent ECHO educational opportunities coming up.

Adjourn: There being no further business, the Executive Session adjourned at 12:50 p.m.

Susan Davis, Board Secretary

These minutes were approved by the SWCM Board of Directors.

*Linda Schoeffner*  
*Assistant Secretary*  
*Second Walnut Creek Mutual*

Date:

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➤ Executive Session, March 18, 2024

At Board Member Steidel's Home

Call to Order: 10am

Full Board President

- Contract Formation
- Legal Matters
  - A. Legal Matters (Privileged and Confidential)
  - B. Legal Matters
  - C. Delinquencies – Financial Matters
  - D. Legal – Reviewed and Discussed Governing Docs

Adjourned at 12:30 pm

➤ Executive Session

President Shlevin called ES to order at 12:15 pm

Shlevin, Ryken, Davis (present) / Bradner, Steidel (absent)

- Legal
  - Member Matters

Adjourned at 1:45 pm