

MINUTES

SECOND WALNUT CREEK MUTUAL REGULAR MEETING OF THE BOARD OF DIRECTORS THURSDAY, SEPTEMBER 18, 2014 AT 9:00 A.M. PEACOCK HALL – GATEWAY COMPLEX

President Barbara El-Baroudi called to order the regular meeting of the Board of Directors of Second Walnut Creek Mutual at 9:00 a.m. on Thursday, September 18, 2014 in Peacock Hall, Gateway Complex, 1001 Golden Rain Road, Walnut Creek, California.

ROLL CALL: Present: Barbara El-Baroudi, President
Sandy Skaggs, Vice President
Clay Dunning, Treasurer
Pat Dulmage, Director
Richard Unitan, Secretary

Excused: None

Mutual Operations staff was represented by Paul Donner, Director of Mutual Operations; Mark Marlatte, Building Maintenance Manager; Rick Chakoff, Chief Financial Officer; Rich Perona, Landscape Manager; and Anne Paone, Administrative Secretary.

There were 8 residents in attendance.

APPROVAL OF THE MINUTES

The minutes of the regular Board meeting of August 21, 2014 were approved without dissent as written and reviewed.

The minutes of the executive session Board meeting of August 14, 2014 were approved without dissent as written and reviewed.

RESIDENTS' FORUM

Janna Hunter, Leisure Lane, Entry 7 – Ms. Hunter reported that the crew doing leaf blowing are not consistently cleaning the stairs. Mr. Perona stated that they are only contracted to blow the stairs once each month. However, if she notices a problem, she should call the work order desk and it will be addressed. She was also concerned about seeing water by the trash enclosure. Mr. Perona advised her that it is most likely coming from the air conditioners, but he and Mr. Marlatte will check the area.

Diana Gilbertson, Canyonwood Dr., Entry 9 – Ms. Gilbertson reported that she is the entry coordinator and is reporting issues that some residents have brought to her attention. The shrubs have not been trimmed for 2-3 months. Mr. Donner suggested that she call the work order desk to report any issues. She was also reporting about air conditioners running late into the night. Ms. El-Baroudi responded that when there are extremely hot days, people must be allowed to leave their air conditioners on, especially

those living upstairs. Additionally, Ms. Gilbertson reported that a neighbor has a large cooler on the deck that should not be stored there. Ms. El-Baroudi advised her to report those types of problems to the Board office. Ms. Gilbertson also discussed golf carts and the possibility of the Mutual charging for the electricity. Ms. El-Baroudi commented that the Board will be discussing this at the Annual Meeting.

LANDSCAPING REPORT – Rich Perona, Landscape Manager

Mr. Perona reported that watering has been reduced to two days per week, per EBMUD's mandate. He reminded the membership to call the work order desk if they see anything that they think is dying and needs attention.

LAWN MAINTENANCE: Lawns were fertilized in mid-August with sulfur coated Urea. Irrigation to lawns has been reduced to two days a week, per EBMUD mandate.

ENTRY MAINTENANCE: Crews are concentrating on monthly schedules, pruning shrubs and groundcovers and spot spraying weeds.

TREE MAINTENANCE: Waraner Brothers Tree Service handles all work orders.

LANDSCAPE REHAB: The crew is currently working in Singingwood Court entry 6. This involves removing all of the old landscape, installing block walls, new irrigation, new shrubs and trees and the installation of shredded bark and lodi rock. Drain issues will also be resolved during this time.

BUILDINGS AND FACILITIES REPORT – Mark Marlatte, Bldg. Maintenance Mgr.

Mr. Marlatte reported that carpentry and painting maintenance has moved to Canyonwood Court – Entries 4, 5 and 6; The Roofing Program is 85% complete and they are finishing some carports and laundry rooms; The Bridge and Stair replacement inspections are done; Deck coating is scheduled as required in P.M. area and as needed; Appliance replacements for August cost \$30,106.00; Roof and gutter cleaning is finished; Manor Lube 2014 is 85% complete; Paving and seal coat is completed for the year.

There were four water main breaks. Notices were sent out and they were repaired.

TREASURER'S REPORT – Rick Chakoff

Mr. Chakoff reported that the Mutual is over budget by \$210,000 in the expense areas. \$109,000 is due to building maintenance and public works. Some of these expenses may be charged to reserves, which will reduce the deficit. The utilities are over budget by \$21,000. This is due to water usage, but by the end of the year, this should be back on track. The Mutual is over by \$51,000 in insurance. This is due to the shared deductibles.

Mr. Dunning reported there were 13 resales in July with a median price of \$325,000. Year-to-date, there were 91 resales with a median price of \$275,000.

PRESIDENT'S REPORT

No Report

WATER CONSERVATION COMMITTEE - Dick Unitan

Mr. Unitan reported that the committee will continue to place articles in the Rossmoor News. They will probably only submit one article, instead of the usual two. They will submit articles as information arises that needs to be passed on to the community.

Mr. Marlatt advised the membership to talk with their neighbors and remind them that hand wipes are not to be flushed down the toilet. They can clog up the system because they don't break down.

Ms. El-Baroudi reported that the Board is looking into the possibility of mandating low-flow items such as shower heads and faucets. The Board is considering having this done as part of the manor lube program.

Mr. Skaggs suggested that the topic of "what owners may do to keep costs down and how to control water usage" be an item on the Annual meeting agenda. Mr. Donner said he can incorporate this topic into his report for that meeting.

EMERGENCY PREPAREDNESS REPORT – Rose Kasmai

Mr. Unitan reported that they are still looking for entry coordinators. If you are interested, please call him. During an emergency, CERT does the initial assessment. They are prepared to do triage and if necessary, they can transport injured to medical facilities.

OLD BUSINESS

Ms. El-Baroudi reported that the Board will discuss golf carts in more detail at the Annual Meeting. The Board will most likely vote on any increases involving the golf carts at the November Board meeting. She commented that FWSM and Mutual Eight had doubled their golf port rental fees and are charging for the electricity. Electric golf carts also park in carports. Ms. El-Baroudi would like to see a system in place for registering golf carts.

NEW BUSINESS

Mr. Dunning made the following motion:

I move to retain the Certified Public Accounting firm of Walters and Kondrasheff to conduct an audit of SWCM's financial statements for the year ending December 31, 2014 and to prepare SWCM's 2014 tax returns per the terms of the firm's engagement letter dated August 19, 2014 for an estimated fee of \$12,337 which shall not be exceeded except with prior approval of the Board of SWCM. Tax returns shall be completed for filing not later than March 15, 2015 and audited financial statements issued not later than April 30, 2015. Mr. Unitan seconded and the motion carried without dissent.

Mr. Dunning wants to review copies of documents that set forth internal controls

utilized by the property manager (MOD) in the proper processing and accounting for the financial transactions of SWCM. Additionally, he would like to review copies of documents that set forth the design and implementation of programs and controls utilized by the property manager (MOD) to prevent and detect fraud, and for informing the Board and its auditors about all known or suspected fraud affecting SWCM.

Mr. Dunning's interest in looking at these documents is in connection to the allegations by the insurance carrier for the settlement of the Running Springs building fire that the contractor overcharged on invoices in an amount of as much as \$1,000,000. The insurance carrier is holding \$500,000 of the claim.

ANNOUNCEMENTS

Ms. El-Baroudi announced the following meetings:

Second Mutual Annual Meeting – Thursday, October 21, 2014
9:30 a.m. Diablo Room – Hillside

Second Mutual Regular Monthly Meeting – Thursday, November 20, 2014
9:00 a.m. Peacock Hall – Gateway Complex

GRF Regular Board Meeting – Wednesday, September 24, 2014 at 9:00 a.m.
Peacock Hall – Gateway complex

Trust Agreement Review/Revision – Friday, October 9, 2014
9:30 a.m. Board Room (Gateway)

ADJOURNMENT

Having no further business, the meeting adjourned at 9:40 a.m.

/s/

Dick Unitan, Secretary
Second Walnut Creek Mutual