

MINUTES

FIRST WALNUT CREEK MUTUAL REGULAR MEETING OF THE BOARD OF DIRECTORS FRIDAY, MAY 28, 2021 AT 10:00 A.M. ZOOM MEETING

President John Moe called to order the regular meeting of the Board of Directors of First Walnut Creek Mutual on Friday, May 28, 2021 at 10:00 a.m. (Zoom Meeting)

PRESENT: John Moe, President, District 3
 Tom Hansen, 1st Vice President, District 1
 Gerald Priebat, 2nd Vice President, District 2
 Pat Donahue, Treasurer, District 4
 Peggy Kaiser, Secretary, District 5

EXCUSED: None

Staff was represented by Paul Donner, Mutual Operations Director; Joel Lesser, Chief Financial Officer; Doug Hughs, Building Maintenance Manager; and Anne Paone, Administrative Secretary.

Rebecca Pollon, Landscape Manager – Excused

Mr. Moe welcomed 27 residents in attendance.

APPROVAL OF THE CONSENT CALENDAR

The consent calendar consisted of:

April 23, 2021 Regular Session Board Meeting
April 23, 2021 Executive Session Meeting

Certify compliance with Civil Code #5500.

Ms. Donahue moved to approve the consent calendar as presented. Mr. Hanson seconded and the motion carried without dissent.

RESIDENTS' FORUM

Resident asked some questions regarding the solar project. Was concerned there is no money in the budget for this and felt more study should be done.

Resident worked for engineering firm and wants the Mutual to move ahead with solar project.

Some Residents support signing the engagement letter for solar.

Resident, who is a real estate agent, is trying to get reverse mortgages for cooperatives.

LANDSCAPE REPORT

No report.

LANDSCAPE COMMITTEE REPORT

No report.

TREASURER'S REPORT

Ms. Donahue reported the Year-End reports have been audited and finalized. The April financials show the Mutual is overall on budget. Some overage in Building Maintenance which is mostly due to plumbing issues.

Mr. Hughs reported there are old pipes, some slab leaks, and rotted waste lines, but April was better.

Mr. Lesser reported the April Operating Fund had a balance of \$766,520 and the Reserve Fund balance was \$6,620,889. April was under budget by \$84,729. The YTD amount was under budget by \$205,636. When asked, Mr. Lesser also confirmed that the mutual operation account still has a 'debt' of \$1,125,038 - 1.1M from borrowed from Reserves via motion in January and \$25,038 transferred from property tax account.

Mr. Lesser recommended placing \$250,00 in the Sweeps account.

The Liberty Mutual Program is a first come, first serve program. It can accommodate \$10 mil for all of Rossmoor. The Bank Sweeps Program can insure up to \$5 mil.

Funds should be insured and some funds should remain liquid based on the Mutual needs.

The operating fund has \$1.1 mil in T-Bills and the reserve fund has \$4 mil in T-Bills.

Tess Haskett suggested that FWCM open a new account with City National Bank, which handles the Liberty Mutual Program and would include a Sweeps account.

Ms. Kaiser moved to open a new account with City National Bank, which handles the Liberty Mutual Program and would include a Sweeps account. Ms. Donahue seconded and the motion carried without dissent.

BUDGET & FINANCE COMMITTEE

Ms. Autry reported the following:

1. We briefly reviewed the April financials. As has been reported, Insurance will continue to be underbudget for the year. Water is also running underbudget and although the majority of the water expense is from landscaping, we encourage residents to save whenever possible.
2. We received a brief report on past-due accounts receivable. The board is taking action on some of the past-due items.
3. Sandra Crinnion offered to compare the 12/31/20 estimated final cost against the actual 12/31/20 final cost to see if there are any categories that may become a concern. We should have the results of her research next month.
4. We are still missing a budget & finance committee representative from District 1. If anyone is interested, please contact Tom Hansen.
5. Doug Hughs briefly discussed the Helsing report worksheet and explained his process. Items with a useful life of 30 plus years are not included. In response to questions, Doug pointed out that the aluminum breaker boxes are not an issue at this point as they are not a fire hazard and repairs can still be done. Slab leaks, which used to happen once or twice a year, currently seem to be occurring monthly. The cost for those repairs can run between \$3,000 - \$6,200 depending on what is involved. Plumbing is currently overbudget by \$30,172.
6. There was a brief discussion of the proposed solar project. While many on the committee are in favor of solar there is concern about the current process since it

seems rushed. A number of questions were raised but as we have not seen the Agreement that is being proposed, no action could be taken by the committee. It was pointed out that the legal costs currently being incurred along with the potential of either a \$37,500 or \$60,000 cost if we don't proceed with the project are not in the budget.

Next meeting is Friday, June 18th at 1:00 via Zoom. All residents are welcome to attend.

MUTUAL OPERATIONS REPORT

Mr. Donner reported that we are heading towards opening the buildings on June 15. Contra Costa County has to decide. The GRF Board will follow the county guidelines. The doors will be open differently that pre-COVID. We will use appointments and scheduled walk-ins. Appointments will be noon-4:00 Pm. Walk ins will be from 8-Noon. Appointments with manager will be needed. We will go paperless with field personnel using iPads. Some staff may occasionally work form home.

Mr. Hughs reported as follows:

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CARPENTRY AND PAINT- Carpenters have been working on 1724 Oakmont Drive, entry 15 and 2433 Golden Rain Road, entry 17. They will then be moving onto 1732 and 1748 Oakmont Drive and 2549 Golden Rain Road, entry 18. Painters are currently at 2409 Pine Knoll Drive and 1700 Oakmont Drive, entry 15.

ROOFING- Frank Fiala Roofing has completed four of the eight roofs for this year. They will be starting 1541 Rockledge Lane, entry 9 next Tuesday.

ACCUSTRUCT-Our foundation contractor has started the repair work on the foundation of 1608 Golden Rain Road that was damaged by a large redwood tree root. They will also be doing the stabilization work on the back corner of 2224 Pine Knoll Drive. They should be completed by the end of next week.

PG & E- PG & E has been running the new electrical feeds in the new conduits up on Pine Knoll Drive entries 2 and 5 as well as Golden Rain Road entry 2-5. They should be wrapped up with most of it today,

MAIN ELECTRICAL PANELS- Here are the facts: We have not had any fires or “near fires” in the Valley as a result of these Zinsco breakers and panels. However, they are 55 years old and they do not last forever. Nobody can predict an exact end of life on these panels and breakers since some last longer than others. But due to the age and the ever increasing number of electrical appliances in manors, as well as an interest in electrical vehicles, it seems prudent at this time for the Mutual to possibly look into replacement of these panels. In replacing the panels, the Mutual can then address the issue of adding electrical vehicle charging plugs in carports. There above mentioned panels I refer too are the main panels on the outside of the building. There are also still many original Zinsco sup-panels and breakers in many of the units of FWCM as well. My previous statements apply to these as well.

RECYCLE/COMPOSTING

Mr. Moe reported everything remains unchanged. He checks the enclosures and responds to calls. It is not easy to find a solution. Some people are not following rules. We need a different model.

PRESIDENT'S REPORT

Mr. Moe reported the next meeting will be on Monday. Mr. Lesser reported there will be an insurance refund of \$479,000 to the Mutuals. It will be distributed among all of the Mutuals. If a realtor has an open house, 25 people will be allowed in at one time. The Establishing Agreement of part of the CC&Rs. They are reviewed each year. The Mutuals will no longer pay for the review of the Establishing Agreements. Mr. Donner stated that these go back to when the Mutuals were first established. Certain language no longer applies. The review is triggered when the CC&Rs are redone.

Mr. Moe reported they are working on the management agreement with MOD>

ORIENTATION – Gerald Priebat

Mr. Priebat reported that the next orientation meeting will be held via Zoom on June 15 at 10:00 a.m.

SOLAR TECH COMMITTEE

Mr. Moderacki thanked everyone for their interest and input. They are not just looking at EVC, but backup batteries, and electrical panels.

Brad Waite, President of Sustainable Rossmoor, gave a short report on the advantages and disadvantages of installing solar. He believes the advantages outweigh the disadvantages.

Mr. Moderacki asked Adrian Byram to say a few words. He gave the background as to why the project was started. He has solar himself. He stated that it is difficult to do individually. People on fixed incomes might find this hard to do. The infrastructure is 50-55 years old. It needs to be refreshed. The Mutual can save 20% if they use solar. This would be a savings of \$200 per year for each resident. They do not know if it is feasible to do yet. The Mutual has a lot of trees, etc. Table Rock will put up to 50% of the cost and they will work with FWCM. If this is not feasible, the Mutual will still pay a small fee.

Mr. Moderacki gave the following report:

First Mutual's Committee members met three times in May. We met with residents from other Rossmoor Mutuals on May 4 and 18 to discuss the work of the committee and once, on May 11, we gave a special presentation about the Solar + Microgrid Initiative to 1st Mutual's Board of Directors.

The Solar Committee's membership now includes representatives of 2nd Mutual, 3rd Mutual, Mutual 50, Mutual 70 and the Waterford, as well as our own. In addition to our informational meeting, similar presentations were given to 3rd Mutual and Mutual 50. Third Mutual has scheduled a special meeting next Wednesday, June 3 to consider moving forward and joining us to authorize the Engagement Letter.

In between meetings, and in addition to the presentations, the Committee members developed a general introduction to the *Rossmoor Solar Initiative*, created an informational brochure to be distributed to residents as Covid restrictions are eased and have been

developing a website www.RSI-now.org to host information about the initiative as it moves forward from a solar project to include microgrids and other future efforts.

The Board knows the parameters of what it is being asked to approve: a limited term engagement letter authorizing two stage process: 1) a solar feasibility analysis and 2) a conceptual design report. The cost to complete both stages is \$75,000. The estimated cost of stage one, the feasibility analysis, is \$25,000. The results of the feasibility analysis should be known on or about July 31st.

This Initiative has generated a lot of interest in a short amount of time. Presentations and discussions in other committees and throughout the community have generated enthusiasm and plenty of questions. The Committee members have been able to address many of the questions, and many questions await the analysis and design efforts we are asking you to approve today.

As you make your decision, I'd like you to keep three words in mind: Engagement, Partnership and Opportunity.

Engagement

Letter of Engagement. The term is apt on a number of levels: it signifies a business arrangement, yes, but more than that it is a pledge between two parties, 1st Mutual and Table Rock, to work together. Table Rock has offered its resources to help 1st Mutual determine the feasibility of providing solar power to all its manors.

Partnership

The relationship between 1st Mutual and Table Rock will be a partnership. Table Rock is offering to assist us by helping us navigate our way through a feasibility analysis, concept design, construction design, financing, and actual construction by bringing the right expertise to the task at each stage along the way. Table Rock has the contacts we need to make this vision a reality. Table Rock is offering a transparent, open book, public-private partnership. It will be on the Mutual's side of the table directing engineers and designers, acquiring financing, letting bids, and managing construction projects. Our working partnership with MOD is similar, Paul Donner, Joel Lesser, Rebecca Pollen and Doug Hughs advise the board and oversee the work by MOD employees and contractors for landscaping, tree removal and planting, main repairs, building repairs and maintenance, etc.

Opportunity

Some are saying, "slow down, you're moving too fast" or "we need more time to study this; we have questions that haven't been answered yet." Well, I admit when we started this process in late January, I didn't think we would be able to make this much progress so quickly either. Projects of this size usually require more time to develop and come together. We are here today, asking you to approve the Letter of Engagement because John Moe read Adrian's article in the *Rossmoor News* last November and took the bull by the horns, and because Adrian and Brad had a "what if" conversation with Peter Luchetti of Table Rock and because it's time to do something for 1st Mutual's residents to lower their costs, after years of steady increases. It's time to be pro-active. Nothing could be more fiscally responsible than authorizing the proposed feasibility analysis. Consider the total cost for the feasibility study is \$25,000, that's \$13.31/manor. You can't buy lunch at the Creekside for that. But 1st Mutual's share of that, would only be \$12,500, or \$6.66/manor, the cost of a latte and a coffee at Starbucks...if the feasibility analysis contains bad news and everyone walks away from the table...which none of the electrical engineers on the Committee

believes will be the case. So, this is an opportunity for a big reward for a little risk...fiduciary responsibility.

So, there we have it: Engagement, partnership, and opportunity

Engagement with a willing, capable partner with a demonstrated successful track record of public-private partnerships....think of Table Rock's willingness to underwrite the first \$75,000 as its diamond ring.

The opportunity to take advantage of a proven technology to save 1st Mutual residents money now and years into the future and increase the value of their manors.

Even though solar is a proven technology, it is complicated for the layman to fully understand and analyze. In the interests of due diligence, the Board could consider engaging an independent consultant to review the feasibility analysis and conceptual review. GRF hired a Bill Golove, an independent consultant with a long career in the solar industry, to review its Phase One installation as the project progressed.

1st Mutual's Committee unanimously recommends the Board authorize President Moe to sign the engagement letter in concert and counsel with Melissa Bauman Ward, the Mutual's legal advisor.

Mr. Donner reported on behalf of MOD that he is not against the solar project, but he is concerned about the process and the speed in which it is moving. There will be major changes to the infrastructures and all of Rossmoor. Placing the responsibility from residents to the Mutual is a big step. The Board has a fiduciary duty to rely on independent professionals. This should go through a 3rd-party consultant. It seems the Mutual is relying on a Club and a contractor that has a financial interest in the project. Mr. Donner is concerned about the legalities of an approval. He wants to be sure it does not require a membership vote. Maintenance must be done on the solar and there are many questions. He believes this could be a breach of the Board's fiduciary duty and they need to bring in outside consultants.

Mr. Priebat comments that the Waterford is different than what FWCM is trying to do. Mr. Byram stated that Sage Energy was brought in to do what Mr. Donner is talking about. This is the opportunity to get a feasibility study done at \$.50 on the dollar. Mr. Byram made a list of consultants and chose Sage Energy.

Mr. Priebat would like this to be tabled until the June meeting and let the attorney review the questions.

Mr. Moderacki stated that the attorney, Melissa Ward, said the Board can make the decision without a vote from the membership.

Mr. Donner wondered if it was a good idea to impose an alternate source of energy of all residents. Some may not want it.

Ms. Autry stated she has the same concerns as Mr. Donner.

Ms. Donahue reported that this is moving in a direction that is good for the community, but there needs to be more questions and answers. The budget needs to be reviewed.

Mr. Moe moved that the board approve a contract with Table Rock Infrastructure Partners to provide a feasibility analysis and conceptual design for the solar project at First Walnut Creek Mutual with total cost not to exceed \$75,000 and share between Table Rock and First Walnut Creek Mutual for terms of the engagement letter and also to authorize John Moe the president with our attorney to negotiate the

red line terms of engagement letter with Table Rock and their attorney and to sign the engagement letter.

The motion was not seconded.

Mr. Priebat suggested the Mutual continue to pursue the matter.

UNFINISHED BUSINESS

Ms. Kaiser reported she is still working on getting the refunds from the charges made to FWCM for a Second Mutual entry on past Republic Services invoices. Mutual has been credited for 2021 charges and research is being done to look backwards to determine for how long FWCM has been paying Republic Services charges for a Second Mutual entry.

NEW BUSINESS

Inspector of Elections:

Mr. Moe moved to approve the proposal from Andrea O'Toole to do the director election for 2021. Mr. Priebat seconded and the motion carried without dissent.

The Board tabled the Rental Policy.

ANNOUNCEMENTS

Mr. Moe announced that we are in a drought and asked that residents conserve water. He also reminded members there is no smoking in First Walnut Creek mutual.

The next regular Board meeting: Friday, June 25, 2021 at 10:00 a.m. (ZOOM Meeting)

ADJOURNMENT

Having no further business, the meeting adjourned at 11:43 a.m.



Anne Paone, Assistant Secretary
First Walnut Creek Mutual

***The Board of Directors met in executive session on April 23, 2021 at 11:00 a.m. to discuss the following:

1. Member Matters – Clutter-to be removed; landscaping-fine imposed; vehicle washing-guidelines imposed

Having no further business, the executive session adjourned at 12:47 p.m.