

## MINUTES

### SECOND WALNUT CREEK MUTUAL REGULAR MEETING OF THE BOARD OF DIRECTORS THURSDAY, NOVEMBER 18, 2021 AT 10:00 A.M. PEACOCK HALL and ZOOM

President Clay Dunning called to order the regular meeting of the Board of Directors of Second Walnut Creek Mutual at 10:00 a.m. on Thursday, November 18, 2021 in Peacock Hall and via Zoom.

ROLL CALL: Present: Clay Dunning, President  
Michael Stotter, Vice President  
Liz Bradner, Treasurer  
Barbara El-Baroudi, Secretary  
Loran Shlevin, Director

Absent: None

Mutual Operations staff was represented by: Paul Donner, Director of Mutual Operations; Joel Lesser, Chief Financial Officer; Rebecca Pollon, Landscape Manager; and Anne Paone, Administrative Secretary.  
Melissa Ward of Hughes, Gill, Cochrane, Tinetti PC

Mark Marlatte, Building Maintenance Manager was excused.

There were 20 residents in attendance and 28 residents on Zoom.

The consent calendar consisted of:

- a. Approval of Minutes: Regular Meeting: September 14, 2021  
Executive Meeting: October 11 and October 28, 2021  
Annual and Organizational Meetings: October 19, 2021

*Ms. Bradner moved to approve the consent calendar as presented. Mr. Stotter seconded and the motion carried. (4-1 Shlevin-Abstained)*

### RESIDENTS' FORUM

Residents commented on the proposed rental policy.

Resident asked if the forum can be held at the end of the meeting.

Resident asked about the source of the Leisure Land fire. Mr. Donner reported that the report came back as inconclusive. They did rule out electric wiring.

Resident reported golf cart in guest parking.

Resident thanked Ms. El-Baroudi for her years of service on the Board.

Resident asked about the cost for fire walls. Mr. Doner said he would get rough estimates.

Resident asked about the cost for gutter guards. Mr. Donner reported that currently there is no reliable system.

Resident reported a backup in atrium. It was cleaned and she was told it would be reconfigured. Mr. Donner reported that type of building has problems with the atrium.

Resident mentioned landscaping.

Resident would like shared solar. She has emergency supplies in her carport.

## MOD REPORTS

Mr. Donner read Mr. Marlatte's report as follows:

### **2021 PREVENTITIVE MAINTENANCE AND RESERVE PROJECTS**

#### **1. Carpentry and Painting Maintenance**

- Carpentry PM and Painting is on Leisure Lane entries 7.

#### **2. Roofing Program**

- Ten buildings are complete. Preparing 2022 bid list.

#### **3. Bridge and stair Replacements**

- None at this time.

#### **4. Deck Coating**

- Scheduling as required in P.M. area and as needed.

#### **5. Appliance Replacements**

- Appliance replacements for the month of October (Not posted yet), but September was \$70,176.00

#### **6. Roof and Gutter Cleaning**

- Please call the order desk for roofs or downspouts that need to be cleaned.

#### **7. Manor Lube**

- Manor Lube program is ongoing throughout the Mutual.

## LANDSCAPE

Ms. Pollon reported it is the height of leaves falling. They clear the sidewalk, but leave the leaves on the grass to decompose. They are using electric blowers, except when they are blowing leaves and water at the same time. Then they use the gas blowers for more power. If a resident has a plugged drain, they should call the workorder desk at 925.988.7650 or email [workorder@rossmoor.com](mailto:workorder@rossmoor.com).

Ms. Shlevin asked about the cost of all the calls with rain issues. Mr. Donner reported that it happened on a Sunday, so Securitas handled them. A majority of the calls were for clogged ground drains. These were covered in whatever line item is already in the budget. 5-Star was called as a backup.

Ms. Pollon reported that she made a list of problem drains during the storm. They will look for larger solutions such as enlarging the drains.

Ms. Shlevin asked if the Mutual has looked at updating appliances for residents that have the original ones. Mr. Donner reported that resident upgrades for appliances is not a Mutual responsibility.

Mr. Stotter reported that Bob Hass is not on the landscape committee anymore. He thanked Mr. Hass for his work. Marilyn Schuyler is the co-chair.

*Mr. Stotter moved to appoint Neva Flaherty as co-chairperson to the landscape committee. Mr. Dunning seconded and the motion carried without dissent.*

### TREASURER'S REPORT – Joel Lesser/Liz Bradner

Ms. Bradner reported that she does not have current information. She just received the September financials this morning. The September operating deficit was \$13,441. The operating fund YTD was \$752,000 and the reserve fund was \$4,997,185 YTD. There was \$460,000 in working capital.

Ms. Shlevin asked what the Mutuals has paid in attorney fees. Ms. Bradner will bring that to the next Board meeting.

Ms. Brader reported there were 15 resales in October for a median price of \$456,000. YTD, there were 120 resales for a median price of \$381,750.

### COMMITTEE REPORTS

#### Landscape – Marilyn Schuyler

Ms. Schuyler reported that each committee member is assigned a zone. They interface with residents in their zone. The committee reviewed Terra Landscape's contract. They are addressing future juniper removals and installing plant replacements. They will reallocate money toward small and moderate size projects. Residents can volunteer. Simply contact someone on the committee.

#### Trash – Kathleen Epperson, Chair

Report by Loretta Morris.

We have two requests:

1. Approve Loretta Morris as our new co-chair.
2. Change "Ad Hoc Committee" in the Trash Committee charter to "Standing Committee."

*Mr. Dunning moved to approve Loretta Morris as cochair and to change to committee to a standing committee. Ms. El-Baroudi seconded and the motion carried without dissent.*

So far, we have saved Second Mutual over \$12,000. We attribute this success to wonderful work by our 58 trash volunteers in 50 of Second Mutual's 82 enclosures. On Republic's invoice for August 31, Second Mutual received an additional credit of \$2927.88 for the final billing mistake which Second Mutual Trash Committee found, plus the August 31<sup>st</sup> invoice is \$553.50 less than the previous month. We saved the mutual a total of \$11,967 between April 30 and August 31.

Moving forward we continue to save money because Republic's monthly invoices continue to be less than when we started. It is harder to measure the savings because we don't have a total to measure against. We were charged the highest rates in February, March, and April, but that includes a rate increase this year and charges for Tice Creek Entry 1 which First Mutual had been paying previously.

In closing, we thank Barbara El-Baroudi for her 22 years of service to Second Mutual. We are grateful for the tremendous support she gave the Trash Committee as our liaison.

#### Water – Nathan Roundy, Chair

Mr. Roundy reported that the committee submitted a proposal to replace toilets to low-flow. Mr. Roundy recommended that the Mutual pay for the toilet changes. It is a Board decision.

Water-cooled A/C - Mr. Roundy reported that it would cost \$1.8 million to change them.

He will present a report at a later meeting. SWCM has 20 meters to cover all the water. Ms. Shlevin asked Mr. Roundy if the water committee can begin an education process. Ms. Bradner reported that some articles were already in the Rossmoor News.

**Solar** – Eric Cox

Mr. Cox recognized the other hard-working members of the Solar Committee, Dan Davis, Brendan Schmidt, Carole Nacone, and Marv Rhyken. They've all contributed countless hours to the committee.

Everyone on this board volunteers their time because they believe that solar power is a primary and necessary alternative energy for the future. I don't think anyone in this room would argue that. It's time is definitely now, and when this Solar Committee formed, its focal point was the "How" of it. Quoting words from the Solar Committee's Statement of Purpose, it is to "identify, research, report, advise and make recommendations to the board for the use of Solar Energy as a mutual-wide service."

We know that solar power can benefit our Mutual 2 community, and be a mutual wide service, not only because we're doing our part for a cleaner, more sustainable future, but also because we see a way to save residents money on their PG&E bills and provide some measured protection against the escalating rates of PG&E.

How does that happen? Two basic ways; The first method, in the simplest terms is that we invite a savvy technology company in to put up solar panels free of charge. Those panels create energy that reduces our bills by as much as 30%, while protecting us from exorbitant rate increases, AND the system is maintenance free. This is called a Power Purchase agreement, or PPA. That is why we invited Johnson Controls, a reputable, international corporation to look at the feasibility of providing us just such a system. You might ask, how do they stay in business putting this up for free? They make their profit from the percentage difference in the price of electrical production and the price they sell it back to us at.

The second method to get solar on power is to simply buy your own panels from a provider by paying cash or financing the purchase. Several residents in Rossmoor have already done that over the last 5 years. The cost can be between 8 and \$15,000 after the 26% tax rebate.

But that doesn't even sound like a reasonable choice, does it? Pay nothing for your power, or pay 8 – \$15,000?? But if you consider that as soon as you buy your own panels, you'll realize an immediate drop in your electric bill from \$60 to 0, or from \$120 to \$0, plus a 3¢ a day service charge! After approximately 5 – 9 investment years you'll own the panels outright. And you won't pay for electricity for the rest of your lives

There are pros and cons to both systems. Johnson Controls doesn't charge us anything to set up a mutual wide system and they maintain it for the life of the system. Cons - though we see a substantial reduction in our electrical rates, they will not be as large as the profit gained from individuals buying their own system.

But, if you decide to buy your own system, that's a big chunk of change upfront, and at our age, there is not guarantee how much profit you'll get to realize.

Are efforts in the solar committee have been to ascertain the truth and feasibility of both approaches.

How is our working relationship going with Johnson Controls? Honestly, slowly. There are many layers of complexity in developing a large integrated system like this that serves almost 1387 people. There are many details to be untangled with the permitting process with PG&E. Though they've built large solar complexes on the Honolulu Airport and Universities campuses across the country, this is the first time they have worked with a large multi-unit HOA like ours.

Another factor complicating the possibility of a large mutual wide installation has to do with the older Zinsco electrical panels. It's estimated that they're installed in 3/4s of our buildings. Three solar companies have said they don't want to hook up through these

panels due to safety concerns. We're investigating this reality right now, and obviously this is a possible safety issue that the Board and MOD will need to address together.

As a matter of fact, because of the slow progress in developing this mutual-wide system, Johnson Controls is now focusing on the possibility of just providing solar power to our common areas, i.e., lighting for the shared walkways and carports, and power for the laundry rooms. It's estimated that our Mutual spends almost \$95,000 a year on that bill, and solar could substantially reduce that bill and pay for itself over time.

If Johnson Controls just focuses on powering Mutual 2's common areas, they can avoid the Zinsco panel issues because they would just be putting solar panels on the carports. That only requires trenching for electrical connections and avoids the Zinsco panels. Our count is that there are 115 carport roofs in Mutual 2. And though all may not be ideally situated, Johnson Controls feels there are more than enough available for the common areas project. Another important player in Rossmoor's search for solar solutions is a group called *Shared Solar* that formed in late summer. Presently nearly 300 residents in Rossmoor have been engaged in researching and negotiating to purchase their own solar arrays in groups, rather than individually, to save costs. They live in various mutuals. We have 23 residents in Mutual 2 who are looking at contracts to purchase their own panels as we speak. Full disclosure, two of our solar committee members are a part of the group too. We are seeking to purchase our own home systems, but we don't see a conflict in interest here. Our solar committee is non-partisan; we don't owe allegiance to Johnson Controls OR to Shared Solar. We are trying to find the best way forward for Mutual Two residents.

Part of what is motivating this big push right now is that at the end of the year, and possibly by mid-January the CPUC will determine if a new electric tariff on solar power will go into effect. This would be called NEM3. If residents can have applications turned in before January 1<sup>st</sup>, they may be grandfathered in under the far-more favorable rate of NEM2. After that, the benefit of solar *may* be greatly reduced.

Our residents who'd like to buy shared solar arrays ideally would have them installed on carport roofs. In discussions with Johnson Controls, they've initially said there are plenty of carport rooftops to share with residents who want to put up their own systems. They've also said they see no problems in integrating residents' solar installations with their larger overall plan.

But right now, our solar policy don't allow for this common sharing on rooftops. Because of this, many of the other mutual boards in Rossmoor are being asked to review and revise their solar policies to accommodate this expanded request. Mutual 3 has completed a detailed rewrite of their solar policy that is fully vetted by their lawyer and that is beneficial to their residents and that covers all legal aspects for the Mutual.

We plan to submit a revision to this Board that would support the broadening of the policy so that our residents can fully benefit financially from solar power. We hope you will fully consider this request.

Another advantage of power brought to carports is that the electrical system could be upgraded to provide power for electric vehicles. That would bring us into the 21<sup>st</sup> century. By 2035, only electric cars will be sold in California. Already people are looking to power their new electric vehicles and find that options are severely limited in Rossmoor. There are rumors that some people haven't purchased here because of lack of adequate charging capabilities.

We believe that our solar committee and the Board can work together with Johnson Controls and our residents to provide an exciting, productive, and cleaner electrical future for Rossmoor.

## PRESIDENT'S REPORT

No report.

## UNFINISHED BUSINESS

### a. Rental Policy

Ms. Ward reported that SWCM governing documents had rental restrictions such as a one-year rental for the life of the ownership. This is unlawful because of the new language in the civil code. It became unenforceable. There was no rental cap in place. The rental policy must be amended by January 2022. The rental cap by legislative is 25%. The lease term can not be less than 31 days and is considered reasonable. The legacy date is prior to the adoption of the new rental policy. There will be a clean-up bill, but January 1, 2022 is still the effective date. The policy should have some formatting changes, and deletion of revised document such as Exhibit A. member Records has leasing documents that they use.

*Ms. Bradner moved to adopt the rental policy with the change to 30 days from 31 days. Mr. Stotter seconded and the motion carried 4-1 (Shlevin)*

## NEW BUSINESS

### a. Contract for Towing Service

Mr. Dunning reported Walnut Creek will only address if the vehicle is on a public street. He is in touch with a towing company.

*Mr. Dunning moved to contract with a local towing service to be responsible at the Board's direction to tow a vehicle off property, subject to a towing policy change.*

*Ms. Bradner seconded and the motion carried 4-1 (Shlevin)*

Ms. Ward advised the Board to have towing authorization in the docs. They need to do a towing policy.

### b. Addressed earlier in meeting.

### c. Addressed earlier in meeting.

### d. Technology and Communications Committee

Mr. Dunning explained that he spoke to Ms. Shlevin regarding this committee. A form needs to be signed to allow the Mutual to send emails to the membership. Ms. Shlevin stated that SWCM should be responsible to 2021 demands electronically. SWCM needs a protected website. There are a lot of legal restrictions. This committee is essential.

*Ms. Shlevin moved to form a Technology and Communications Committee. Mr. Dunning seconded. The motion failed 2-3 (Stotter, El-Baroudi-Bradner)*

### e. Review of Fine policies and Fine Schedule

Mr. Dunning stated there needs to be a review and discussion regarding the fine policies.

*Ms. Shlevin moved to form a subcommittee to review fines, etc. The motion died for lack of a second.*

### f. Appointment to Vacancy

Mr. Dunning reported that Barbara El-Baroudi is stepping down from the Board.

*Mr. Dunning moved to appoint Brendan Schmidt to fill the vacancy and fill the office of secretary. Mr. Stotter seconded and the motion carried 4-1 (Shlevin)*

### g. Appointment of Director Liaison to Solar Committee

*Mr. Dunning moved to appoint Brendan Schmidt as liaison to the Solar Committee once he sits as a director on the Board. Mr. Stotter seconded and the motion carried 4-1 (Shlevin)*

ANNOUNCEMENTS

Mr. Dunning read the announcements as listed on the agenda.

ADJOURNMENT

Having no further business, the Board adjourned the meeting at 12:39 p.m.



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Anne Paone, Assistant Secretary  
Second Walnut Creek Mutual

\*\*The Board of Directors met in executive session on August 12, 2021 at 10:00 a.m. in MPR #1 to discuss the following:

Member Matters – Fine imposed

Having no further business, the executive session adjourned at 11:15 a.m.

\*\*The Board of Directors met in executive session on September 1, 2021 at 2:15 p.m. via ZOOM to discuss the following:

Delinquencies – Memberships terminated.

Having no further business, the executive session adjourned at 2:54 p.m.