

Date: February 21, 2024

To: Members of Hickory Cluster Association

From: Board of Directors of Hickory Cluster Association

Re: RELAC

Dear Members:

As the Reston Association is seeking your vote for the pending referendum to remove Article VI.2(b)(15) of the Reston Deed, the Board of Directors wants to share some history of the RELAC system with the membership and our recommendation to vote for the referendum to remove the covenant.

The Reston Lake Anne Air Conditioning (RELAC) chilled water system was installed in the mid-1960s to provide air conditioning to homes without the need for individual noisy pumps and handlers, which was novel at the time.

However, what people may not realize is that the plant and related equipment are located on land that RELAC leases from a third party. The equipment is not located on Reston Association or Cluster Common Area, nor is it operated by Reston Association. This is an important fact as the current lease between RELAC and the landowner expires in 2031, unless terminated earlier as provided in the lease. The terms of the lease provide that if RELAC stops operating, then RELAC can terminate the lease. So, as part of the Steering Committee's efforts to create a Cooperative to continue running the equipment, it is important to know whether the Steering Committee has been in any discussions with the landowner and tenant about its plans and continuation of the lease or sale of the property to continue operations.

The RELAC equipment is also antiquated, over 60 years old. The 4 giant water chillers are not as energy efficient as their modern equivalents. The Steering Committee's website includes financial information that estimates replacement of the chillers, performance of needed maintenance, and start-up funds to update the equipment and services will cost over \$900,000. Given this estimate, it appears RELAC did not have the resources needed to replace those chillers and perform necessary maintenance.

The RELAC plant has about a dozen powerful pumps - four large lake water intake pumps, originals with motors we believe were rebuilt around 10 years ago. Then there are more large distribution pumps, also originals, to move water through miles of underground pipes to dwellings in six clusters and two condominium associations. Even though RELAC has performed some restoration work on the motors of the old pumps, those pumps do not operate anywhere near modern efficiency standards, and they waste a lot of energy.

RELAC uses a chemical coolant to chill the thousands of gallons of water that the system uses. That coolant is freon, an environmental-damaging pollutant banned by international treaty more than twenty years ago. Long-term exposure to freon can cause difficulty breathing, headaches, nausea, vomiting, skin rashes, eye irritation, and lung problems. As of 2020, the EPA banned the production and import of freon due to its harmful impact when released into the air. RELAC's use of freon is grandfathered until they replace the equipment handling it, which will be costly. And, because of the

bans, it may be more and more difficult to find the freon needed to run the existing system unless the system is upgraded.

There are also miles of deteriorating original underground pipes owned by RELAC all around the Lake Anne area, including Hickory Cluster. To our knowledge, the pipes serving Hickory Cluster have never been replaced despite their age. Under a proactive approach, RELAC would have replaced all those underground pipes as part of on-going maintenance and repair. But that has not been the case, likely due to cost and expense.

It is our understanding that many commercial unit owners at Lake Anne have switched to reliable standard A/C, and many residential users have received health exemptions from Reston Association to switch as well; however, the downside is that Reston Association requires those owners to disconnect those HVAC systems when they sell. The exemption does not transfer to the new owner.

For some, the RELAC equipment delivers adequate cooling most of the time, especially for homes getting less direct sunlight or having high power pumps in multi-unit buildings. Others are not so lucky, and simply cannot get reliable cooling on warm days. After more than 60 years of operation and a failure to maintain and update outmoded equipment and technology, some in Reston argue it's time for some fairness and time to allow all residents the basic right to obtain comfort in their own homes—be it with RELAC or standard A/C that better meets their needs.

This is what the referendum vote is about. The effected Lake Anne area owners must vote by more than 2/3rds to remove the covenant in the Reston Deed that mandates the use of the lake-water cooled system. Referenda on that topic failed in 2008 and 2015 to pass. While we appreciate their efforts, the Board is unsure whether the Steering Committee's ambitions will work. Utility cooperatives need to be approved by the Virginia SCC as a regulated utility. The Board has not received details on the corporate formation and regulation of the Cooperative from the Steering Committee. Also, the Board has not received details on the Cooperative's funding, other than through draft modeling scenarios found on the Steering Committee's website. RELAC was unable to sufficiently fund its operations and perform critical infrastructure upgrades and Reston Association has taken the position that they will not provide any funding or financial assistance to the owners served by RELAC. With these challenges, it's unclear how the Cooperative will fare better. The Board of Directors is therefore in favor of removal of the restrictive covenant so that owners have a *choice* - the option to install their own individual cooling equipment or use the chilled water service should the Cooperative succeed. We appreciate that this position is contrary to the position that the Steering Committee wants homeowners to take in voting against the referendum, but the Board is basing its recommendation on these facts and the lack of certainty on the future success of the Cooperative.

We encourage you to attend the Reston Association Board meeting scheduled for February 22, 2024.

Sincerely,

Hickory Cluster Association Board of Directors