

**DRAFT MINUTES OF  
THE BOARD MEETING OF THE  
555 ESPLANADE CONDOMINIUM OWNERS ASSOCIATION**

**February 21, 2011**

**CALL TO ORDER**

The following are the Minutes of the Meeting of the Board of Directors of the Casa Bahia Condominium Owners Association, held on Monday, February 21, 2011, in the 535 Building Lobby, 535 Esplanade, Redondo Beach, California 90277. A quorum of Board Members was established and Joe Engle called the meeting to order at 6:37 PM.

**BOARD MEMBERS PRESENT**

Joe Engle, President; Frank Parker, Vice President, Betty Schneider, Treasurer; Dianne Merzel, Secretary; Joe Jetsyn Tache, Member-at-Large.

**MANAGEMENT COMPANY REPRESENTATIVE(S) PRESENT**

Ellona Hess and Paula Rowe of Scott Management Company (SMC)

**PRESENTATION – NICK DO OF BANK OF AMERICA RE PROPOSED CC&R AMENDMENTS/RELATION TO FHA APPROVAL**

At the request of the Board, Nick Anhtuan Do, Senior Mortgage Loan Officer, Builder Specialist, Chairman's Club of Bank of America attended the meeting, to explain to Homeowners what FHA approval means, the pros and cons of having the building FHA approved, and what would be involved in trying to get the building FHA approved. This discussion came about because the Board was recently presented with documentation by Homeowner who was attempting to sell his Unit regarding required amendments to the CC&Rs, which would specifically address "timely notification" in regards to the mortgagee, in order for the building to be FHA/FHLMC approved. At the close of the discussion, the Board agreed that they would like to pursue trying to obtain this FHA approval for the building. An approximate total cost, for document production, legal fees, and mailers, for obtaining the approval will be identified.

**HOMEOWNER FINANCIAL COMMITTEE – REPORT BY MEMBER OF COMMITTEE**

On behalf of the Financial Committee, Mr. John St. Rock, Co-Chair, reported on the progress of the Financial Committee, what actions have been taken, what projects have been initiated, and what their objectives are. The Committee intends to meet twice a month. Ms. Mary Lee Coe submitted before the Board a list of 8 action items, which they are requesting Board approval/feedback on. The relationship between the Committee and the Board was reviewed. It was agreed that the minutes from the Financial Committee Meetings should be posted on the Association's Website for everyone's notice, review and file.

The Board reviewed all of the Financial Committee's requests towards the close of New Business. All Board Members were in favor of authorizing the Committee to obtain quotes for the renewal of the general liability insurance policy. The Committee will contact the Association's current agent for a quote, as well as the agent handling the Association's earthquake insurance (Zach Miller). All Board Members were in favor of authorizing the Committee to contact the agent for the earthquake insurance with certain questions that the Committee has. The Board was in favor of having a representative from West Basin Water District attending the March Meeting, to review available programs for water conservation. A

discussion was held regarding whether or not the Board would be in favor of the Committee's request to have Offshore Maintenance vacuum and sweep the entryways, lobbies and sun deck, as opposed to washing/mopping them, for a period of two months. At the close of the two months the Committee would compare the water bills, cleanliness of the above referenced areas, the integrity of the entryway and lobby floors, and Offshore's utilization of extra time used towards maintaining and cleaning other areas. Concerns were noted in regards to this proposal, including comprising the specific instructions of the manufacturer (for the lobby and entryway flooring). The Board was unanimously in favor of providing the Committee an income and expense report. The Board was in favor of having the Committee draft a boiler plate document for proposal requests.

### **APPROVAL OF MEETING MINUTES**

Ms. Merzel made a motion to approve the January 17, 2011 minutes as presented. Dr. Parker made a second to the motion. Copies of the approved minutes will be distributed to all Homeowners.

### **TREASURERS REPORT**

Ms. Schneider reported that with one item to reclassify, the financials look okay, and show that at the close of January, the Association's expenses are slightly under budget. Delinquencies continue to run at less than \$1,000.00. Of the special assessment projects, approximately \$24,000.00 has been spent, to date, for water intrusion related repairs. Ms. Schneider stated that she spoke with the Association's CPA in regard to keeping track of special assessment monies – whether or not they should be kept in the Operating account or transferred to the Reserve account. It was the CPA's suggestion/recommendation that a third account be opened, for the sole purpose of tracking special assessment. To open this account and make software changes, there would be an administrative fee of \$375.00 from Scott Management Company. Ms. Schneider made a motion to authorize Scott Management Company to open the account and implement the necessary changes. Dr. Parker made a second to the motion. The motion carried with all in favor. Ms. Schneider mentioned that an item requested by the Financial Committee is to have the annual budget, distributed to all Homeowners before the close of the fiscal year, broken down by category, so that it is more clearly and easily understood by the Homeowners reviewing the document.

Ms. Schneider made a motion to accept the January 2011 financial report as submitted. All Board Members were in favor of accepting the report.

### **HOMEOWNERS FORUM**

- Unit #303 – Lynne Santini: Ms. Santini requested that monthly meetings not take place on holidays.
- Unit #517 – John Tache: Mr. Tache suggested that a sign be installed over the recycle bins, identifying which items should be placed in which bin. It was stated that this was already implemented, but it was later discovered that the City picks up everything/anything in the recycle bin, and sorts it out at a separate location. Mr. Tache requested that the Board consider eliminating the Jacuzzi, with the main objective of saving the Association money. Mr. Tache will work with the Financial Committee on this idea.
- Unit #304 – John St. Rock: Mr. St. Rock stated that he needs to replace a broken window, and questioned if there was any replacement criteria in place for a new window. Mr. St. Rock was advised that the Policy and Procedure in regards to installing a new window is posted on the Association's website.
- Unit #302 – Dot Lee: Ms. Lee stated that Homeowners/Tenants/Contractors/Guests,

etc. are still using dollies for move ins and outs, deliveries, construction work, etc. on the entryway and lobby floors. Ms. Lee questioned whether or not Rancho covers a certain service under their existing landscape service agreement, specifically, removal of a big palm tree branch, leaning against the building. Ms. Lee stated her concern for the inspection to take place tomorrow by The Gas Company, specifically regarding the potential for a lot of missed inspections, because some people will not be home all day – but will be there either in the morning or afternoon. This concern was further discussed and it was decided that Residents who signed up for the inspection should place a note on their door if they would like to let the inspector know when they will be at home, and can provide access for the inspection.

## **OLD BUSINESS**

- 2011 Annual Budget – Special Assessment Ballot: Confirm Quorum, Final Opportunity to Submit Ballots, Ballot Tabulation, and Ballot Results: Mr. Engle confirmed that a quorum of ballots was received (39 total). The final opportunity to submit ballots was announced. Ms. Santini, of Unit #303, was appointed to be the “Inspector of Secret Ballot Voting.” Ms. Santini tabulated the ballots and announced the results as 29 voted FOR the special assessment and 10 voted AGAINST the special assessment. Therefore, the measure has passed.
- Garage Driveway Entrance/Exit Repairs – Review Information/Quotes/Recommendation by Committee: Mr. Schneider reviewed Committee’s written “Proposal Cost Summary” for the Driveway Project, which included cost information, from two different bidding companies, for doing the complete project all at once or the complete project, ½ of the driveway at a time, doing the drain replacement work only, and for only doing the driveway work. When asked if the Committee had any preference between the two bidding contractors, the Committee stated that they had confidence in both and would not specifically chose one over the other. Ms. Merzel made a motion to proceed with the complete project, doing ½ of the driveway at a time. Ms Schneider made a second to the motion. The motion carried with all in favor. Ms. Merzel made a motion to approve the proposal submitted by Simich Construction. Dr. Parker made a second to the motion. The motion carried with all in favor. It was confirmed that the Financial Committee was in agreement with the approval of this project. It was decided that to communicate details about this project to the residents and Homeowners, notices would be placed under each door, and a copy of that notice would be mailed to off-site Owners. The notice will be distributed at least two weeks prior to the project start date. At the request of the Board, the Committee agreed to help direct this project.
- Handrail Replacements – Review Information/Quotes: Mr. St. Rock and Ms. Schneider, members of the Committee handling this project, reported that they will need to find out if the City will require drawings for the replacement work. If so, the drawings will first need to be done, and then the contractors will bid based on the approved drawings. Mr. St. Rock will contact the City to find out if this is necessary.
- Inspection of Gas Connectors – Status Update: As discussed previously during the Homeowners Forum, the inspection of the gas connectors, for those who signed up to participate, will take place on Wednesday, February 23<sup>rd</sup>, between 9 AM and 4 PM.
- Proposed CC&R Amendment – Review Information: It was decided that the proposed CC&R amendments, for the purpose of trying to obtain FHA approval for the building, would be pursued – see above for further information.
- Sump Pump for Water Intrusion into G2 – Review Information/Quotes/Recommendation by Committee: Mr. Schneider reviewed once

again that during the month of December (the last two weeks) there was about seven inches of rain water. Unexpectedly, the east wall of G2 was hardly wet. Therefore, at this time, the Committee is recommending that the G4 problem be addressed before the G2 problem.

- Water Intrusion into G4 – Review Information/Recommendations and Proposals: Mr. Schneider reviewed the following points:
  - Per Mr. Schneider's rain gauge, during the month of December (last two weeks), there was about seven inches of rain water.
  - The worst area of water intrusion was the north wall of G4, followed by the south wall of G4. Unexpectedly, the east wall of G2 was hardly wet. Therefore, the committee is recommending that the G4 problem be addressed before the G2 problem.
  - The north side leakage problems can be solved by installing a moisture barrier directly on the north side wall. This is the same solution that was used to successfully solve the G4 west leakage problem in 2006. In order to apply the moisture barrier to the wall, a trench has to be dug along the side of the building to a depth of about 10 feet, from the northwest corner of the building, east to the short building wall, a distance of about 53 feet. Since there is only about six to seven feet between the side of the building and the east/west cinderblock wall, the trench will have to be dug by hand as it was for the west wall. Proposals to complete this project were obtained from Morales Waterproofing, who did this same work on the west side, successfully, and from Rick Hamm Construction. The Committee recommended that the Board approve Morales Waterproofing's proposal, in the amount of \$11,000.00. Ms. Schneider made a motion to accept the Morales Waterproofing proposal. Ms. Merzel made a second to the motion. The motion carried with all in favor.
  - As stated at the January 2011 meeting, the solution to the south side problem could be as simple as fixing a drain pipe. The Committee found that a bracket had broken on the building which allowed the downspout drainpipe to move off center from the area drain. A further inspection of the drain pipes on the south side of the building wall by Unit #115's patio revealed that there were several breaks and holes in the drainpipe. If the replacement of the drainpipes does not fix the seepage problem, the next step would be to either cement over the entire enclosed area, as was proposed for the north side, or seal the area with a plastic barrier, which would be buried one to two feet under the soil. The latter approach was also proposed as one of the fixes for the east side seepage problem. The plastic barrier, while not permanent, would be considerably cheaper than cementing the area.
- Unit #319 – Plumbing Incident/Repairs – Status Update: Unit #319 experienced water damage in a plumbing back-up several months ago. Remediation estimates were approved at the January 2011 Board Meeting. Before the contractors were notified of the approvals, respectively, the Homeowner of the Unit was contacted, and the Board's approved approach was presented to him, with the request that he confirm, in writing, that he is in agreement with the approved approach. The Homeowner did respond, in writing, confirming that he was okay with the work to be performed. The contractors were notified accordingly. Before ServPro could begin their part of the job, they had to test several samples of drywall, in different locations, for asbestos. The results came back with a positive reading for asbestos. A proposal for additional remediation work – for the asbestos removal – is pending.
- Unit #517 and 619 Deck/Drain/Flashing Repairs; Interior Repairs to Units – Status Update: To date, Ewell Construction has completed repairs to two out of the three

identified problem areas. Ewell Construction is waiting to obtain access from Unit #517, so that they can work on 517's deck. The Homeowners of Unit #517 would like to know how long the repair work, on their deck, will take (approximately) as well as how long/how many days will they need to provide access to their Unit to Ewell Construction in order for the work to be done.

- Special Assessment 2008 Projects - Update: The following updates were given regarding *The Entryway Project – Correction of 535 Entryway Door and Intercom System Problem Areas – Status Update:*
  - The problem with the entryway door and intercom system was reported as “fixed” at the January 2011 meeting. A couple of Homeowners, along with several Homeowners in attendance, advised that they have recently experienced trouble with the doors, both on the 535 and 555 sides. The Board requested that Ms. Hess contact the manufacturer of the intercom system (Doorking) before the warranty period expires, report to them the continued problems with the two systems, and find out what they can do to help resolve the problem.

The following report was given regarding *The Northwest Balconies Project:*

- The project is close to completion. The contractors have not yet done the decking or painting work. They can not do the decking until the railings, plus their bases, are installed. To date, four of the five Board Members approved of the cost of the cost to make the bases. The fifth Board Member, Mr. Tache, confirmed that he was in favor of the proposal as well. Once the bases are made, which will take about two weeks, the project should be finished within a period of approximately four weeks.

The following report was given regarding *The Street-Side Retaining Wall Replacement Project:*

- One bid has been submitted to date for the replacement of the street-side retaining wall. Bids, and more research/information, for the replacement of the street side retaining wall are forthcoming. The replacement of the wall will follow the Driveway and the Water Intrusion Projects (discussed earlier in the Meeting).

## **NEW BUSINESS**

- 2010 Annual Review/Approve for Send Out: Ms. Schneider made a motion to approve the 2010 annual review, prepared by the Association's CPA, as presented. Ms. Merzel made a second to the motion. The motion carried with all in favor.
- Carpet Cleaning – Third Floor, 555 Building – Review Estimate/Request: The Board of Directors reviewed a request submitted to have the third floor carpet cleaned (of the 555 building). Discussion took place regarding the “bigger project” of the carpet replacement, on the reserve study to be done in the 2011 year. It was decided that a Committee should be formed to research and obtain information/proposals for the “Hallway Renovation Project.” The first task of the Committee will be to meet with vendors, to find out if the stains on the carpets can be lifted, or otherwise. Ms. Merzel volunteered to be a member of the Committee. Ms. Merzel will contact homeowner Ms. Gifford to see if she would like to volunteer to be on the Committee as well.
- Employee Dishonesty Coverage – Review Necessity/Quote to Increase: It is Scott Management's policy to minimize as best as possible any risk factors for Associations, in regards to maintaining adequate insurance coverage. The Association's balance sheet is reflecting an annual amount of \$360,000.00. The standard rule is that the employee dishonesty coverage should always match their annual balance sheet amount. The current coverage amount is \$100,000.00, and is

built into the existing policy with State Farm. State Farm is unable to write a policy that would increase the coverage. An estimate was obtained from Timothy Cline Insurance Agency for a stand-alone policy. The increments for such policies are \$250,000.00 or \$500,000.00. It was decided that the Homeowner Financial Committee will further investigate this recommendation/requirement and will report back to the Board with their findings.

- Elevator Instructions, When Not Working – Review Request to Post in Elevator at all Times: The Board reviewed a Homeowner's request to post the elevator instructions, dictating what one should do when stuck inside the elevator, and to have it posted there permanently. The Board determined not to grant this request. As a reminder, a copy of these instructions is posted on the Association's website.
- Garage Driveway Cracks – Review Estimate(s) to Address: There are cracks on the garage floor, which were epoxied about 5-6 years ago, in order to keep moisture from going down, into the cracks and into the re-bar. Some of this epoxy was washed off during the pressure-washing project. It was decided that a couple of Board Members/Homeowners would take care of this project.
- Hallway Renovation Project – Discussion: See above, under "Carpet Cleaning."
- Jacuzzi Signs – Replacement of Missing Signs: Two of the Jacuzzi area signs are reported missing. The signs addressed certain regulations, including opening and closing times, the maximum number of people allowed, and that no glass is allowed in the area. It was noted that the new signage should also mention that spa users should dry themselves off completely before using the elevator. The Board of Directors will communicate regarding these signs and decide on the amount of signs to be made up, and what should be stated on them.
- Maintenance Responsibility Matrix – Review Ideas: The Board of Directors will further review the samples submitted by Scott Management Company and will work together on preparing a matrix catered to the Association's specific regulations/governing documents/policies and procedures.
- Roof Access Doors – Review Estimate(s) for Replacements: A proposal was submitted to replace the roof access doors, for both building. Additional proposals are pending.
- Roof Flashing Repairs – Review Estimate: Barnett Roofing will be submitting a proposal to replace roof to wall flashing where rusted, or, a proposal to coat rusted portions of the flashing, as opposed to replacing them (which would involve the additional expense of repairing the stucco).
- Sliding Glass Doors – Review Recommendation/Estimate for Flashing Installation (Owner Responsibility): The Board reviewed the proposal submitted by CMS Construction to fabricate and install an exposed traditional "L" metal at each Unit's sliding door to the deck transition. It was noted that most likely each Unit will need a different type of job, and therefore, this quote will not be presented to the Homeowners for their review and consideration.
- Unit #108 Parking Spot Change Request – Review: The Board reviewed the request submitted by the new Homeowner of Unit #108, to change her parking spot(s) (from G4 to the street level). A recommendation was made by the Board to see if the Owner of Unit #501, who has one space on G1 and another on G4, would be willing to exchange spots with Unit #108. This trade would benefit both parties – 501 would have two spots side by side, and 108 would have at least one spot on the street level.

## **NEXT MEETING**

Monday, March 21, 2011, 6:30 PM.

**ADJOURNMENT**

Meeting was adjourned at 9:23 PM.

Submitted by: Ellona Hess

**EXECUTIVE SESSION**

The Board of Directors held an executive session to discuss pending violations and a legal matter.

**PLEASE NOTE:** Any grievance or clarification on issues can be addressed by: (1) Airing the issue at the next scheduled Public Board meeting, or (2) contacting Ellona Hess at Scott Management Company (Phone: 310-370-2696 ext. 211; Email: [Ellona@scottmgmt.com](mailto:Ellona@scottmgmt.com); Mail: Scott Management Company, PO Box 3159, Torrance CA 90510-3159). Calls/correspondence should reference 555 Esplanade/Casa Bahia.