

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

January 17, 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, January 17, 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 6:32 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 of Scott Management Company (SMC)

HOMEOWNERS FORUM

- Unit #503 – Patty Cutten: Ms. Cutten stated that she read in the September minutes that something had been done to improve the time it takes to receive hot water in one of the stacks, and questioned whether or not that would be an improvement preformed for all stacks. Ms. Cutten asked if there was a specific vendor that the Association had to recommend to paint her Unit's deck. Ms. Cutten requested a status update on the interior repairs to her Unit, caused by a roof leak.
- Unit #302 – Dot Lee: Ms. Lee stated on behalf of Ms. Marinella that it is taking quite a long time for the Unit to receive hot water, once again. Ms. Lee asked if there could be one Board Member assigned to the lobby bulletin boards, so that all documentation posted on the board is kept current and updated. Ms. Lee advised that the siding over the balcony of her Unit is warped.
- Unit #620 – Edna Marinella: Ms. Marinella questioned whether or not Sam Rotenberg still worked at Scott Management, and if not, who should she contact for a maintenance repair item?
- Unit #304 – John St. Rock: Mr. St. Rock stated that the Homeowner Financial Committee would like to give a report to all Board Members and Homeowners present regarding committee activity that took place between the December Board Meeting and today, and requested that they be allowed to do so towards the beginning of this meeting, and every following Board Meeting.
- Unit #517 – John Tache and Nelson Zager: Mr. Tache and Mr. Zager expressed their concern regarding the signing of all Association expenditure checks, specifically the amount of Board Member signatures on the check. Mr. Tache advised that per by the governing documents, there should be two Board Member signatures on every operating account check, and every reserve account check.
- Unit #103 – Sherry Bowman: Ms. Bowman requested that the Board re-consider modifying the Rules and Regulations, to allow for vinyl sliding glass door and window installation, instead of solely aluminum. Mr. Tache will look into the two different

options and report back to the Board at the next meeting with his findings.

HOMEOWNER FINANCIAL COMMITTEE

John St. Rock, Chair of the Committee, stated that there are currently five members of the committee, with one alternate. Four of the committee members were present at the meeting: Janet Johnson, Lynn Santini, Mary Lee Coe, and John St. Rock. Larry Carpenter, the fifth member, was absent. The Committee met for the first time before the Board Meeting. The members reviewed and discussed the Policies and Procedures pertaining to the Committee. They also discussed the operating procedure of the Committee. The Committee intends to meet often (every other week), wants to get their job done, and on time. They are still considering different ideas and objectives of the Committee. Mr. Engle stated that he would like see to the Committee work on coming up with ideas and recommendations as to how the Association can cut costs.

OFFICER APPOINTMENT

Ms. Merzel proposed appointing the Board Members to the following positions: Joe Engle, President; Frank Parker, Vice President; Betty Schneider, Treasurer; Dianne Merzel, Secretary; Joe Jetsyn Tache, Member-at-Large. Ms. Schneider made a second to the motion. During the discussion period, Mr. Tache stated that he would like to see Ms. Merzel appointed as Treasurer, Mr. Engle as Member-at-Large, and himself as President. Ms. Merzel's motion carried with four in favor and one opposed (Mr. Tache).

APPROVAL OF MEETING MINUTES

Ms. Merzel made a motion to approve the November 15, 2010 minutes as presented. Ms. Schneider made a second to the motion. The motion carried and the minutes were approved. Ms. Schneider made a motion to approve the December 20, 2010 minutes. Mr. Parker made a second to the motion. The motion carried with all in favor. Copies of the approved minutes will be distributed to all Homeowners.

TREASURERS REPORT

Ms. Schneider stated that she received the December financials and reviewed the general ledger. Ms. Schneider reported that she spoke with the controller at Scott Management Company in regards to the allocation of the special assessment funds. The controller contacted the Association's CPA to review the request(s) made. The controller and/or the Association's CPA, Mr. Mike Klein, will contact Ms. Schneider to confirm that the requested allocations can be made. Aside from this, there was incorrect documentation in the financial report. Therefore, Ms. Schneider made a motion to postpone the acceptance of the December '10 financial report. Mr. Tache made a second to the motion. The motion carried with all in favor.

OLD BUSINESS

- Sump Pump for Water Intrusion into G2 and Water Intrusion into G4: Mr. Schneider reviewed the Committee's written "Water Intrusion Report," based on the most recent rains, with the Board and Homeowners present. The discussion points covered included:
 - 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.
- In 2004 and 2005, the Committee implemented a series of drainage improvements that solved the west wall problem (G4) and limited the rain water seepage problem on the north and south sides of the garage. The seepage on the north and south sides is now confined to two smaller areas on both walls. On the north wall, area drains were added so that the building downspouts directly flowed into the area drains. On the south side, area drains were added to the patio of Unit #115 and a new section of concrete was poured to replace a cracked and sinking section that sealed the patio area between the patio and the cinderblock wall bordering the patio.
- The committee measured the wet areas on the G4 walls and marked the areas on the outside of the building with red tape. The center of the wet spot is directly over the middle of the second sliding glass door of Unit #105. The wet area extends from the middle of the kitchen window, west, to about the middle of the corner sliding glass door. On the south side wall, the wet area is centered about three feet east of Unit #115's east patio wall. The wet area extends from the wall to about the middle of the bedroom window of Unit #115.
- On the north side, the outside of the G4 wall extends to the end of the narrow cement strip that runs parallel to the side of the building, almost to the second sliding glass door. The water is sinking into the dirt to a depth of four to 10 feet between the cement strip/building and the parallel east/west cinderblock wall and permeating the G4 wall below.
- On the south side, the area that is directly above the G4 wet area is confined to the dirt area that is bordered by the building and the cinderblock wall in the east-west direction and the cinderblock wall that forms the end of Unit #115's patio in the north-south direction.
- 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. The problem with the solution is, while it provides 100% assurance that the problem will be solved, it is expensive. 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. This solution would be between an estimated amount of \$15,000.00 and \$20,000.00, assuming that the Committee can find a contractor willing to do the job.
- A second, less expensive solution would be to pour a slightly sloped concrete slab over the entire dirt area with area drains. The slab should prevent any rainwater from sinking into the ground. While this approach has a high confidence level of success, it is not 100% like the first solution. It would be similar to the solution that was successfully used in sealing off the Unit #115 patio. It prevented water from running down the inside of the G4 wall. This

- o solution is estimated to cost between \$5,000.00 and \$10,000.00.
- o 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.
- o **COMMITTEE RECOMMENDATIONS:** On the north side the Committee recommends that the dirt area be covered with a concrete slab. They are recommending this approach as opposed to the trenching and application of a moisture barrier on the wall because it is significantly less expensive. The risk of utilizing this approach is that the Committee cannot be 100% certain that it will be 100% effective in preventing moisture from entering the wall. The Committee believes that the cost savings, however, is worth the risk. Should this solution prove to be not effective, the Committee would then recommend that the slab be broken up and the moisture barrier installed on the wall. On the south side, the Committee recommends the immediate replacement of the damaged drainpipes. The Committee then recommends reevaluation how much moisture seeps through the wall after the next significant rainstorm. If they observe that there is still significant moisture getting through the wall, they will recommend that a plastic moisture barrier be installed below the surface over the entire enclosed area. In implementing this solution, or the concrete slab solution, the tree, growing in the enclosed area, will have to be uprooted. If the plastic barrier proves to be not 100% effective, the Committee would then recommend that the entire area be covered with a cement slab.

Ms. Merzel made a motion to have the Committee obtain an estimate for the trenching solution, and an estimate for the cement with area drains solution, while also obtaining estimates for other recommendations made by bidding contractors. Finally, an estimate should be obtained for all necessary gutter repairs. All Board Members were in favor of this motion. Ms. Coe reminded the Board and Committee members that it is against state law to hire contractors that they would receive financial benefit from.

- **Garage Driveway Entrance/Exit Repairs – Review Information/Quotes:** Mr. Schneider reviewed the Committee's written "Summary of Evaluation of Proposals, New Garage Driveway" with the Board and Homeowners present. The discussion points covered included:
 - o A new driveway is required for the 535/555 building. The current driveway is 34 years old. It is cracked, has a large hump where it meets the sidewalk on the north side and has a built-in trench drain that is leaking into the G2 garage level.
 - o A work statement for the new garage driveway was prepared on October 18,

2010. The statement was taken to the engineering department at Redondo Beach City Hall and was reviewed by Javier Urista. Mr. Urista then prepared the required site plan for the project and prepared the necessary forms to issue a building permit for the work. After a contractor is selected for the job, the Redondo Beach Building Department will issue the building permit.

- Scott Management provided the bid package to the following five contractors: PCW, Simich Construction, Ewell Construction, Rick Hamm Construction, and D&G Asphalt and Paving. Only three contractors (PCW, Simich, and Rick Ham) responded to the work statement and submitted proposals.
- The proposal evaluation criteria were developed as a tool for evaluating the contractors' proposals. The criteria had six areas of evaluation and were based on a total score of 100.
- PCW was eliminated from the Committee's consideration as they were deemed "non-response" to the bid package.
- Rick Hamm Construction has been in business since 1977, employee about 9- people, and has done HOA work, and multiple concrete jobs. They received excellent references. Their current proposal is for \$23,183.00.
- Simich Construction is a smaller company but did receive excellent reviews from their references. They have done similar work including driveways and foundations. Their current proposal is \$18,540.00.
- The Committee's recommendation is for the Board to accept Rick Hamm's proposal. Although it is more expensive than Simich's, the Committee feels more confident with the bigger, more experienced firm. The Committee feels that Simich Construction would do a competent job as well.
- Based on the cost breakdown by Rick Hamm, it will cost the Association \$5,184.00 to pour the driveway in two sections. The money could be saved if the job was done in a single pour. This would mean that the garage would be out of use for approximately five days.
- The Committee believes that a third alternative should also be considered with the winning contractor. It might be possible to do the job in one pour and only have the driveway out of commission for four days. The contractor might be willing to allow the residents to drive on the driveway right up until they do the cement pour.

A lengthy discussion between the Committee, the Board, and Homeowners present followed the Committee's verbal presentation. Following the discussion, Mr. Tache made a motion to move forward with just the drain part of the project. Mr. Engle made a second to the motion, and the discussion forum was opened. Mr. Parker stated that he would agree to this, on condition that a decision for either approach would be made at the February meeting. Ms. Schneider stated that she would be in favor of an amended motion, stating that the Committee should obtain estimates to perform just the drain part of the job, and that the Board will review these estimates, along with the other estimates already obtained for the full job, at the February meeting, and make a decision then as to how to proceed. All Board Members were in favor of this amended motion.

- 2011 Annual Budget – Status of Special Assessment: The special assessment ballot was mailed out to all Homeowners. Mr. Engle clarified that this proposed special assessment was to assist in covering the Association's operating expenses for the 2011 year. Should the ballot not pass, the Board may decide to cover the shortfall

via an increase in Homeowner monthly dues. The ballots will be opened and tabulated at the February 2011 meeting.

- Handrail Replacements – Review Quotes: To date one bid has been submitted to replace the front entryway handrail replacements. The proposal recommended replacing the handrails with trex material, instead of wood. Ellona Hess has contacted the company who installed the aluminum railing in the complex in approximately 1986. Their proposal to replace the front entryway handrails with aluminum instead of wood is still pending. Ms. Hess and Ms. Schneider are working on this agenda item. Mr. St. Rock volunteered to assist with this project.
- Inspection of Gas Connectors – Review Information/Schedule: The following was reviewed and discussed at the December meeting: “Ms. Gifford, of Unit #320, reported the following to the Board: ‘...the Gas Company out today to look at my fireplace as the pilot light has not been keeping lit. When they came out they said that the gas connector from the gas line to the gas logs is deemed unsatisfactory and that it needs to be replaced...He said that the connector itself becomes faulty over time and although it hasn’t been recalled yet it will be shortly and should be replaced in each Unit. Cost is approx. \$65.00 per connector.’ Ms. Hess contacted the Gas Company to discuss this matter. Ms. Hess was advised that the Gas Company would agree to come out and inspect all gas connectors from the gas lines to the gas logs, in all Units, at no cost to the HOA or Homeowner. They would most likely be able to perform the complete inspection in one day, assuming that access into all Units was provided. The Board would like for Ms. Hess to arrange a date with the Gas Company to send a technician out to perform the inspections. Once the date has been scheduled, a sign up sheet will be posted in the lobby areas. All Homeowners who would like their Units inspected will need to sign up on the sheet.” Per the Board’s request, the sign up sheet was posted in the lobby areas, with a January 25th deadline to sign up. Per a recommendation made by a Homeowner in attendance at the meeting, the Board would like a similar notice mailed out to all off-site Owners.
- Unit #319 – Plumbing Incident/Repairs to Unit – Status Update: Unit #319 experienced water damage in a recent plumbing back-up. Ms. Schneider and the Homeowner of the Unit did a walkthrough and reviewed the recommendations submitted by ServPro, for further remediation work. The Homeowner advised that he would like to see these recommendations fulfilled. ServPro has submitted a bid for the remediation work. Per the Board’s request, ServPro has submitted a revised estimate, excluding any work to the hardwood floor in the Unit. A proposal from a hardwood floor specialist, who visited the Unit, was recently submitted. The representative of the company felt that if there were any mold under the kitchen floor, there would be definite signs, such as black showing through, delaminating or warping of the floor. He stated that he did not see a need to remove the floor in the kitchen, and instead, recommended refinishing the kitchen, living room, and dining area, and applying a coat of polyurethane to the bedroom to freshen them, so that they blended with the front rooms. Ms. Schneider made a motion to accept the revised proposal submitted by ServPro of Culver City, and the Assured Quality Woodcraft proposal, and, once the remediation work is completed by ServPro, to obtain estimates for the repair work, i.e. drywall, paints, etc. Mr. Engle made a second to the motion. The motion carried with all in favor. Before the contractors are notified of the approvals, respectively, the Homeowner of the Unit will be contacted,

and the Board's approved approach will be presented to him. Once the Homeowner confirms that he is in agreement with the approved approach, the contractors will be notified and the work will begin.

- Unit #517 and 619 Deck/Drain/Flashing Repairs; Interior Repairs to Units: 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 requested written confirmation that they will not be held financially responsible for the repair work. Once they receive that, they will provide access to their Unit so that the work can be completed.
- 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 has been fixed.
 - A Homeowner present questioned whether or not the striker buzzing sound could be lowered, or changed to sound like a short beep. Ms. Hess will contact the sub-contractor who performed the job, to find out if either option can be done.

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

- The project is moving forward. The sliding glass doors and door pans for Unit #205 are to be installed tomorrow. Once they are installed, the project will be finished in approximately six weeks.
- Mr. Engle reviewed, in brief, a summary timeline of the project, so as to explain why it ended up taking closer to 10 months to complete, instead of the initial amount of about two months.
- Per a request/recommendation of a Homeowner in attendance, the Board would like for Ms. Hess to review documentation on file for other Associations that she, and Scott Management as a whole manages, to see if other Associations have a "list" that is distributed to Homeowners, reminding them what they are responsible to "repair, maintain, and replace," per their Association's governing documents, with recommendations as to how to best upkeep and maintain those components.

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

- Proposed CC&R Amendment – Review Information: The Board reviewed documentation presented to them from a Homeowner who is attempting to sell his Unit regarding a recommended amendment(s) to the CC&Rs, which would specifically address "timely notification" in regards to the mortgagee. A list of four recommended changes was submitted for Board review and consideration. The Board would like for Ms. Hess to investigate further and find out who the FHLMC organization mentioned in the list is and how, if at all, it relates to the FHA organization.

NEXT MEETING

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

ADJOURNMENT

Meeting was adjourned at 8:51 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; Mail: Scott Management Company, PO Box 3159, Torrance CA 90510-3159). Calls/correspondence should reference 555 Esplanade/Casa Bahia.