

**Telegraph Landing  
Board of Directors Meeting  
Tuesday, October 24, 2006**

**APPROVED**

**MINUTES**

**BOARD MEMBERS PRESENT:** President: Nancy Spero  
Vice President: Morton Beebe  
Treasurer: Barry Shiller  
Secretary: Marilyn Nichols

**PRESENT BY PHONE:** Director at Large: Karen Keese

**PROPERTY MANAGER:** Lori Eppstein  
CITISCAPE MANAGEMENT

**1. CALL MEETING TO ORDER & ESTABLISH A QUORUM**

President Nancy Spero called the meeting to order at 6:30 PM and noted that Director at Large, Karen Keese, would be connected and participating by phone during the meeting because she is out of town on business.

**2. APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

A motion was made and carried to approve the minutes for the September 6<sup>th</sup> and September 26<sup>th</sup> meetings. The minutes will be available on the Telegraph Landing Web site shortly.

**3. OPENING HOMEOWNERS' INPUT**

- A. An owner reported that the guards at the front desk are not familiar with many of the people who gain entrance to the complex. The owner added that the guards don't keep track of unknown visitors and are not very professional.
- B. An owner said the guards are absent from the desk often, and complained that Jolene was not properly notified of her shift change from day to swing.
- C. An owner said a high percentage of packages are logged and the owners not notified.
- D. An owner noted that the construction crew damaged his patio wall at #108 by climbing over it. Barry Shiller said he would address it at the next construction meeting.
- E. An owner asked if the Board intended to check the electrical panel wiring, which should be done every two years. He suggested that each Board pass on an information packet to the next Board so they know when to follow up on irregular routine maintenance.
- F. Barry Shiller replied that the electrical panels were checked 13 months ago and should be done every two years to check the wire and fuse connections so that the system doesn't overload and arc.
- G. An owner said Jolene was proactive when the owner's elderly mother was wandering lost around the complex. Jolene steered her back to the condominium. The owner noted that the other guards are not knowledgeable about routine events like water shut-offs and tend to pass blame to the other guards.
- H. Barry Shiller suggested that the Guardsmark supervisor be invited to the next meeting.
- I. An owner said the guards don't communicate well with one another.

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**4. TREASURER'S REPORT**

- Treasurer Barry Shiller reported that the Association's total expenses this year to date are \$91,000 under budget, although not all the bills for the year are in yet. Areas under budget are ground repairs, security and utilities. The Association will update the reserve study in December 2006.
- Treasurer Barry Shiller presented the Finance Committee's recommended 2007 pro forma budget. The Finance Committee thinks it is very important that the Association increase the amount it puts into reserves over the next several years so that we will not need to have another special assessment when the current one is finished. The Finance Committee strongly urges the Board to increase the reserve contribution by \$75,000 per year above its current level of \$275,000. This should avoid another special assessment in eight years. If the HOA adds \$75,000 per year to the reserve contribution until it hits the level of an annual reserve contribution of \$650,000, we should avoid a repetitive cycle of special assessments for long-term maintenance.
- Barry reported that construction spending for buildings one and three will be very close to a plan of \$1.9M and \$0.9M respectively. Spending for building two will be about \$0.4M higher than plan. Spending for building four will be about \$0.1M more than plan. Additionally, the 2005 Reserve Study failed to account for architectural engineering support costs of about \$0.3M for Ferrari & Moe. 'Other' expenses will be lower than plan in 2005 and 2006 by about \$0.2M. Therefore, in 2005 and 2006 net capital spending is expected to be about \$0.6M more than what was estimated in the 2005 Reserve Study.
- Three members of the Finance Committee, Steve Weiner, Bill Halprin, and Karen Keese, spoke in favor of this recommendation, stating that it was sound, financial policy to increase the contributions to reserves over the next several years. Otherwise the Association could find itself in a few more years underfunded, as it did several years ago.
- An owner asked what guarantees that a future board would continue to add annual increases of \$75,000 to the reserve. Nancy Spero explained that there is no guarantee that future directors would continue to increase the reserve contribution, as this Finance Committee recommends. The homeowners have the duty, and reap the rewards, of electing directors who will manage the Association's property and finances responsibly.
- Barry offered to investigate what could be done to institutionalize the increased contribution into reserves from year to year.
- A motion was made and carried to approve the 2007 pro forma budget, as proposed by the Finance Committee, which will allow increasing the contribution into reserves to \$350,000 in 2007.

**5. OLD BUSINESS**

- Mort Beebe gave a construction status report. Building one's scaffolding will be shifted around the building over the next several weeks to complete the project.
- Building two work has shifted to the Montgomery Street side with one more side to go before they complete the painting and waterproofing for that building. The roof repair work over the McDaniels' unit is proceeding.
- There is nothing to report on Building three.

- At Building four, the builders will remove scaffolding on the North side next week. A problem arose at building four with a first floor unit where dry rot was recently discovered by a homeowner's contractor doing a personal remodel. The Association's waterproofing architect engineer Ferrari & Moe is working in conjunction with the contractor to remedy the problem.
- Mort suggested a rooftop party with champagne in January to celebrate the projects' completion.
- An owner noted a problem with the contractors taking up all the available parking on all sides of the building with their construction zone parking signs. He requested that the signs be removed from Sansome Street or Chestnut Street to free up spaces for owners. Mort said he would take it up with the construction foreman.
- Barry Shiller reported that for Building two the contract provides for sealing of windows but not sealing of vertical sections of the solariums. However, during water tests the glazing in those sections failed. The Association authorized the builder to properly glaze the windows, which would require an additional expenditure. A motion was made and carried to approve a \$19,000 expenditure for the window glazing in Building two.
- Lori Eppstein reported that a PVC pipe at the bottom of a southwest courtyard planter would have to be relocated to above the planter level to accommodate the waterproofing of the planter. The Board indicated that the change would be acceptable.
- Barry Shiller asked the membership to comment on a hypothetical owner situation based on a real situation at an unnamed unit. As first reported by Mort Beebe, an owner's contractor discovered dry rot during a homeowner improvement project. Management was notified and Alpha inspected the area and reported its findings to the Association's waterproofing architect-engineer Ferrari & Moe. In addition to prescribing work by the Association to remedy the dry rot in the common area structure, Ferrari & Moe found that the owner's plans for the flashing detail of their proposed new window and door was inadequate to waterproof the area, despite the fact that the plans had been drawn by their own professional architect and approved by the City's building department. The owner wants the Association to take responsibility for the additional \$10-12,000 required to bring the flashing to the Ferrari & Moe standard because owner's architect and the building department already signed off on her existing plans, as did the Association's Architectural Control Committee, based upon the City's approval of the plans.
- N. Spero said that this type of remodel, extending the dining area of lower townhouse units, has been done by several other owners over the last 6-7 years and the Indemnity and Hold Harmless Agreement that the Association has required that these owners sign holds them, and those who buy from them, to be responsible for the consequences of their remodel.
- An owner said that owners assume the responsibility for the construction project and however it may develop.
- Another owner suggested that the HOA institutionalize the higher level of flashing which the Association's architect-engineer recommends for future projects and share the cost for this first incident with the owner.
- Mort Beebe suggested that, since the City issued a permit based on the owner's plans and the Architectural Control Committee approved the owner's remodel, a compromise between this owner and the Association on the work recommended by the Association's architect engineer would be in order.
- Barry Shiller said the owner remodel and dry rot work is underway and the situation must be resolved quickly. He said he would take it up at Thursday's construction meeting.

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- Marilyn Nichols said the owners tried to do the right thing and the higher-standard flashing issue came to them as a surprise.
- The Board agreed that the more extensive flashing would be the standard going forward.

## **6. PROPERTY MANAGER'S REPORT**

- Lori Eppstein presented a revised landscaping proposal from DiGrande Brothers to remediate some landscaping issues in the courtyard and on roof two, install bender board in the courtyard planters and install seven battery-operated solenoid valves to be installed on seven existing valves of the irrigation drip system in the courtyard.
- A motion was made and carried to approve \$6,264.00 for the DiGrande Proposal.
- Lori reported that the proposed emergency elevator lighting by Marilyn Nichols would not compromise the elevator maintenance contract with Star. The battery-operated models found at Home Depot would be less expensive than the \$1,400 per elevator estimated by Star. No action was required and the Board agreed to make the installation.
- A final draft of the Ken Carlisle security proposal was distributed to the Board. Pending their final review, Carlisle will issue seven final reports with color, bound and water-marked pages for security. The Board will respond to management with any last changes by Tuesday, Oct. 31, 2006.
- Also from Ken Carlisle was a \$1,320 proposal for an evaluation of the Guardsmark security team. Barry Shiller proposed holding off on the evaluation to give Guardsmark management a bit more time on the security transition. The Board agreed and took no action on the proposal.
- A revised copy of the Utilities Cost Management agreement was distributed to the Board. The Board had approved at a prior meeting this service if the contract was acceptable on a legal basis. Ann Rankin had supplied the Association with some recommendations for negotiating some terms. Based upon the legal advice, Lori Eppstein negotiated revised terms acceptable to UCM and submitted this revised contract to determine if it was acceptable to TL. Nancy Spero said she would review it, compared to Ann Rankin's advice, and let Lori know if it was sufficiently compliant and acceptable.
- Lori presented two contract fee proposals by a landscape architect and a landscape designer for a long-term plan for the courtyard and buildings one and two roof gardens. She asked the Board to review the fee proposals before either of the contractors develops a proposal of work to make sure the fees are line with the budget.
- Lori said she has been in touch with Inspector David Planka of the SF Fire Department and he proposes a 30-hour commission to develop a facilities emergency plan at \$90/hour. The Board said the funds have already been approved at a prior meeting and the work should be scheduled.
- Lori presented a renewal contract from Comcast for bulk broadband cable TV service but noted that it is for five years and not feasible for the Board of Directors to consider because of their term limits and the law. She said she would try to negotiate a shorter term and gain an understanding of how upgrading the service package works. An owner reported that he is paying the full amount for his digital upgrade and can't make use of the basic package even though his dues are paying for it.
- Lori presented a Property Manager project list to the Board and asked for feedback if any projects had been left out.
- Lori presented a CitiScape contract proposal for the services of CitiScape employee Antoinette DeHaas. The contract calls for matching CitiScape and Telegraph Landing

contributions of \$1,500 monthly as well as office set-up monies in the same amounts from CitiScape and Telegraph Landing. The contract would support three eight-hour days (to be determined) for the new assistant property manager. The contract would expire in six months at which time the Board would decide whether or not to continue Antoinette's services and execute a regular contract with CitiScape.

- An owner questioned whether an on-site office was a precondition for an on-site manager. Lori confirmed that a dedicated office space would be required and that the contract period would not begin until the space was ready.
- Several owners questioned why the Association needed an on-site management representative.
- Nancy Spero explained that our Association has a great deal of "customer service" issues (moves, remodels, maintenance requests, etc.) that would be better handled by an on-site manager. Yet our Association has benefited from the professional depth and broad experience of CitiScape and its portfolio management model. Moreover, each Board member spends a great deal of personal time on Association business, which would more appropriately be handled by an on-site manager. Future board members may not necessarily be as generous with their time. In the best interests of the Association in order to attract highly qualified members to serve on the Board, it should not be an onerous experience. CitiScape recommended after nearly a year of portfolio management, and the Board also agreed, that a second management professional, who could dedicate more working hours to homeowner support issues, would greatly improve operations. The first six months, a trial period, will involve 3 days per week. However both the Board and CitiScape will review and reconsider and adjust as needed, so that management performs the services needed by TL.
- A motion was made and carried to approve the three-day contract with the start date to be inserted at a later time. Nancy Spero and Mort Beebe signed the contract.
- The Board asked Mort Beebe and Norm Ditto to seek a \$400/month lease agreement by Nov. 1, 2006 with commercial space #5 owner Hans Treuenfels because his current proposal is exorbitant and unrealistic commercially. The Board approved Mr. Dito's draft letter to Mr. Treuenfels making a few editorial suggestions. Meanwhile, the Board agreed that Antoinette DeHaas should start as soon as possible in the commercial space office while the current lease is still active. If the lease renewal is not successfully negotiated, Antoinette's office will shift to the small Alpha building when it is available. Lori said she would make arrangements to get Antoinette started in the commercial space as soon as possible.

**7. NEW BUSINESS**

**8. COMMITTEE REPORTS**

The social committee reported that the Halloween party was cancelled for lack of interest, but goodies would be left in the lobby.

**9. SET DATE OF NEXT MEETING & ADJOURNMENT**

Meetings of the Board of Directors are usually scheduled for the fourth Tuesday of each month, with the next meeting on a different schedule due to travel plans of directors. The next meeting will be at 6:30 p.m. Tuesday, December 5, 2006. There being no further business before the Board, the meeting adjourned at 8:40 p.m.

**10. EXECUTIVE SESSION**

The Board reopened the meeting at 8:45 p.m. to discuss personnel-related transition issues with the new security guard team Guardsmark. No action was taken and the executive session adjourned at 9:00 p.m.

Respectfully submitted by CitiScape Management:

*Charity G. Nichols*  
Approved by the Board *(Sec'y)*

*12-5-06*  
Date approved by the Board

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